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Transnational Entrepreneurs Dynamics in Entrepreneurial Ecosystems: A Critical Review

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Abstract

A major challenge which has hindered our understanding of the entrepreneurial ecosystem is its lack of specification and conceptual limitations. Entrepreneurial ecosystems consist of complex components and actors. In addition, the concept has theoretical limitations because it is a multi-actor phenomenon with dynamic interactions. These complexities have limited our comprehension of the diverse nature of entrepreneurial ecosystems and their dynamics. Though the entrepreneurial concept recognises the role of the local entrepreneurial context, one critical aspect in broadening our knowledge is the role of nonlocal or transnational actors and resources in entrepreneurial ecosystems. Particularly, in entrepreneurial ecosystems where there are no close bonds with transnational actors and resources. This paper identifies the Nigerian entrepreneurial ecosystem to discuss the role of diasporans as nonlocal or transnational actors in the entrepreneurial ecosystem. It then outlines the theoretical explanations of the dynamics of diaspora transnational actors and resources and their interactions in entrepreneurial ecosystems, from the network and institutional theoretical standpoint. The conclusion suggests areas of future research that can inform policy interventions.

Introduction

An entrepreneurial ecosystem consists of 'dynamic local, social, institutional and cultural processes and actors that encourage and enhance new firm formation and growth' (Malecki, 2017, p.2). Entrepreneurial ecosystem and other established concepts such as clusters, industrial districts, innovation systems and learning regions are similar in that the focus is on the external business environment. However, an entrepreneurial ecosystem differs from these concepts because it often begins with the entrepreneurial individual (entrepreneur) instead of the company. The differences also include the emphasis on the role of the entrepreneurship context (Stam, 2015). Context is an important dimension of entrepreneurship because the specific internal organisational and external operating contexts provide the framework within which entrepreneurship activities can take place (Smallbone and Welter, 2006). It also has an impact on the nature and the pace of development, as well as the extent of entrepreneurship and the way entrepreneurs behave (Welter and Smallbone, 2011).

The context where entrepreneurship takes place can concurrently provide individuals with entrepreneurial opportunities as well as set boundaries for their actions. This is because the nature and structure of entrepreneurial activities differ across countries - in other words, individuals may experience it as asset and/or liability (Welter, 2010).

An entrepreneurial ecosystem is based on the understanding that, even though entrepreneurial activities happen within the business sector, society also influences entrepreneurship (Welter, 2010). Though the entrepreneurial ecosystem concept has overtaken other concepts such as environments for entrepreneurship, it lacks specification and has conceptual limitations. This has hindered our understanding of the complex organisms that make up the heterogenous nature of the concept. The major challenge of the concept is its theoretical limitations and considering that it is a heterogenous phenomenon requiring bespoke policy interventions (Brown and Mason, 2017). In addition, it involves multiple actors and entities that support

new and growing firms such as large firms, universities and public organisations (Malecki, 2017). Consequently, it recognises that entrepreneurship fundamentally takes place within a local context (Spigel, 2015; Brown and Mason, 2017) where circumstances, conditions, situations, or environments that are external to the respective phenomenon could enable or constrain it (Welter, 2010 p.167). However, equally important is the role of nonlocal interactions between entrepreneurs and nonlocal actors (e.g. transnational entrepreneurship) in developing some entrepreneurial ecosystems (Brown and Mason, 2017).

The Nigerian entrepreneurial ecosystem

This paper utilises a national entrepreneurial ecosystem to discuss the conceptual underpinnings of the role of transnational actors in entrepreneurial ecosystem. The Nigerian entrepreneurial ecosystem was chosen because it links the Nigerian diaspora to the access to market component of the ecosystem (Figure 1). The Nigerian context offers an opportunity to explore the role of transnational actors, considering socio-cultural and other institutional influences on entrepreneurial ecosystems.

Nigeria has a population of more than 170 million people and this makes up 18% of Africa's population. There are 36 states in Nigeria along with the federal capital territory in Abuja. Lagos is the economic and financial hub of the country. The Nigerian entrepreneurial ecosystem consists of seven components and various key players (Figure 1) with various programmes and initiatives. These are namely: policy and regulation, access to finance, capacity building, access to markets, access to resources, business support and research and development. These are the key components of the entrepreneurial ecosystem (Fate Foundation, 2016). The Nigerian diaspora is included in the entrepreneurial ecosystem through the Nigerian Diaspora Export Programme (NDEX), which seeks to tap into the vast

network of Nigerians around the world to support international market access (Iwuchukwu, 2014).

Through the revised Micro and Small-and Medium-sized Enterprises (MSME) policy (Federal Republic of Nigeria, 2014) the potential of the diaspora in providing support by meeting the resource needs of entrepreneurs is recognised. A harmonised support from the Nigerian diaspora would assist entrepreneurs through access to financial resources, technology transfer, networking and market development and help bring these objectives to reality. The support from the diaspora would help to strengthen access to resources for entrepreneurial activity in Nigeria. Therefore, as entrepreneurs thrive it is anticipated that the country will be closer to achieving its economic development strategy to reduce the high unemployment rate and alleviate poverty in Nigeria.

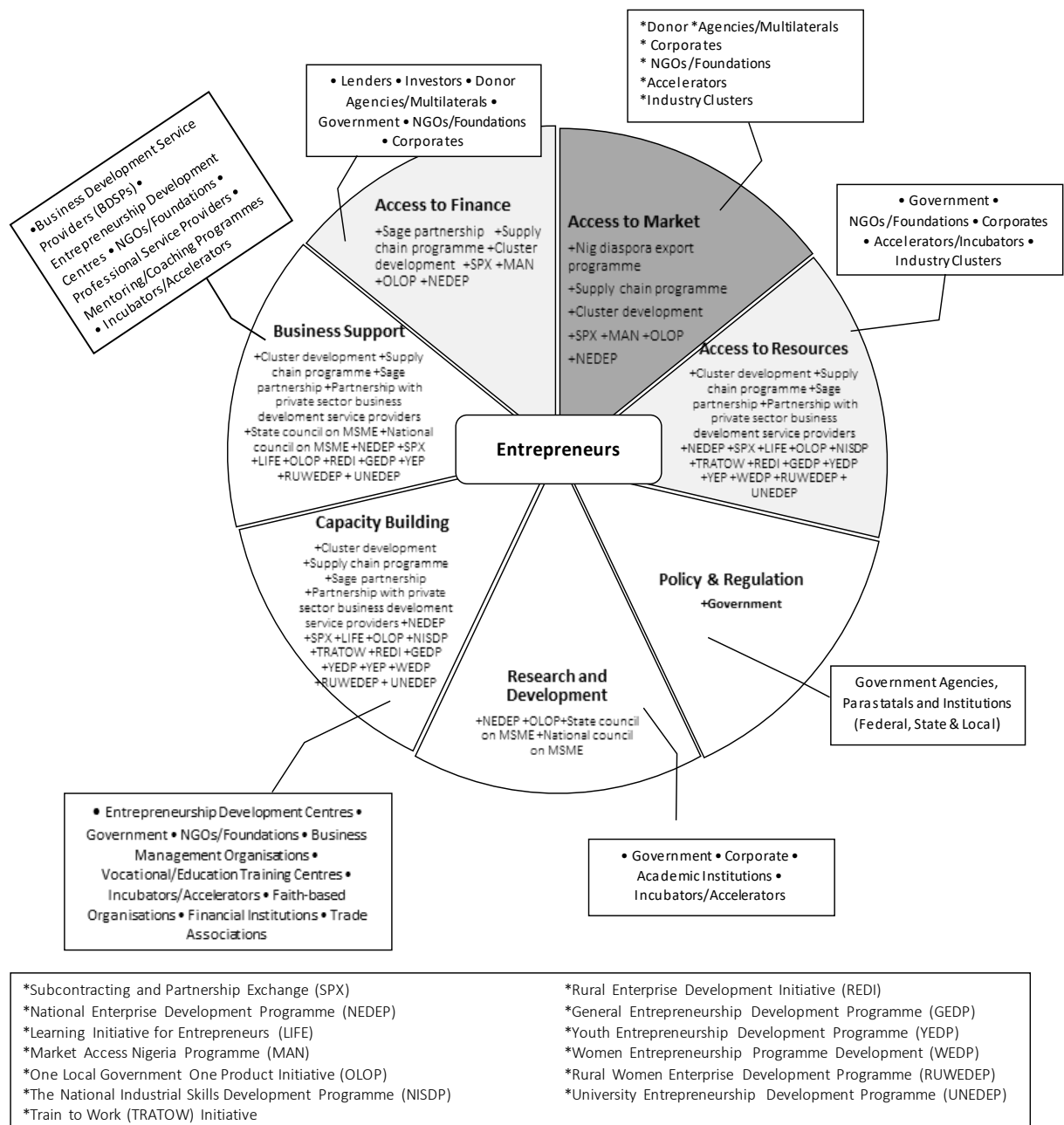


Figure 1: The Nigeria entrepreneurial ecosystem. Adapted from (Fate Foundation, 2016)

Generally, the Nigerian diaspora relationship with ‘home’ tends to be tentative and is usually conducted with caution because of mistrust. This gives an indication of the way in which mistrust often constrains and may even completely undermine collective transnational cooperation (Lampert, 2010). In the entrepreneurial ecosystem (Figure 1), even though there

is a Nigerian Diaspora Export Programme, diasporans do not appear to be prominent players in the access to market component. In addition, there are significant gaps in the entrepreneurial ecosystem around research and development and the entrepreneurial ecosystem programmes also fall short of meeting the objectives for which they were set out (Fate Foundation, 2016). Though there is an intention to improve market access through the diaspora export programme, the link between the ecosystem and transnational diaspora actors isn't strong. In embryonic entrepreneurial ecosystems, the fluidity and diversity of ecosystem actors are predominantly locally domiciled entrepreneurs with low levels of transnational entrepreneurs (Brown and Mason, 2017). The Nigerian entrepreneurial ecosystem is embryonic – there are no close bonds with international entrepreneurial growth nodes e.g. transnational entrepreneurs, resources (especially finance) and connections.

Although the role of local institutions is important for entrepreneurial activity, so too does interactions with international elements (Brown and Mason, 2017). On one hand, entrepreneurial ecosystems consist of multiple actors on different spatial levels. On the other hand, the transnational relationships of diasporans tend to be fluid and dynamic (Schiller et al., 1992). These transnational actors are highly heterogeneous due to the diversity of the people involved. The heterogeneous nature of entrepreneurial ecosystems as well as the fluidity and diversity of transnational actors therefore influence the extent to which set ecosystem objectives are met. This increases the complexities of entrepreneurial ecosystems and may make the local and international interactions not well-coordinated; increasing the possibilities of unmet objectives.

Drawing and reasoning from the Nigerian entrepreneurial ecosystem, this paper therefore explores the role of transnational diaspora as nonlocal actors in entrepreneurial ecosystem. The paper puts forward that in order to fully understand the nature and functioning of transnational actors in embryonic entrepreneurial ecosystems, there is a need to conceptualise

and theorise the role and interactions of transnational actors. This would pave the way for further empirical examinations and help prevent misconceived policy interventions.

The role of diasporans as transnational actors in entrepreneurial ecosystems

The maintenance of close links by migrants with the country of origin has given rise to transnational entrepreneurs. Transnational entrepreneurs are defined as 'self-employed immigrants whose business activities require frequent travel abroad and who depend for the success of their firms on their contacts and associates (Mustafa and Chen, 2010). Diaspora entrepreneurs are individual migrants who concurrently maintain business related linkages with their country of origin and current country of residence. The phenomenon therefore draws attention to the growing appreciation of migration as a positive force for both home and host countries (Terjesen and Elam, 2009). The conceptualisation of the diaspora as 'transnational' explores the processes by which diasporans link together their country of origin and their host country (Drori et al., 2009). These actors 'are individuals with unique perspectives and resources who are especially well equipped to navigate multiple institutional environments in the interests of transacting international business' (Terjesen and Elam, 2009, p.1096). Consequently, they make use of networks, ideas, information and practices for the purpose of seeking business opportunities or maintaining businesses. Transnational activities are those distinctive actions carried out by the entrepreneur such as opportunity recognition, access to resource and mobilisation, and the creation of an organisation (Hoang and Antoncic, 2003). Terjesen and Elam (2009) argue that even though diasporans may possess some of these resources, they do also require access to complementary resources such as information, exchange, and influence needed to establish and run their own businesses locally.

Transnational entrepreneurship stems from the individual-level approach to entrepreneurship which is concerned primarily about how prospective entrepreneurs go about acting. It focuses on how people are 'simultaneously engaged in their home country and the country in which they live, resulting in back and forth movement of people, goods, money and ideas' (Mazzucato, 2008, p.200). It is necessary to understand the processes underlying the experiences of the actors that span both the host country and the country of origin. McMullen and Shepherd (2006) explain that some nonlocal actors are more likely than others to pursue possible transnational opportunities.

Diasporans engage in cross-border activities because they have unique resources e.g. networks which can have a positive impact on their business success (Kuznetsov, 2006). This implies that the diaspora consists of multiple actors who adopt various modes in making use of the opportunities offered by globalisation in ways similar to transnational corporations (Mohan, 2002; Mohan and Zack-Williams, 2002). Their activities are therefore highly heterogeneous due to the diversity of the people founding such businesses. The transnational diaspora entrepreneurs vary in characteristics and modes (Elo, 2016). Table 1 shows a taxonomy of the modes of diaspora transnational activities identified from the literature. Diasporans' financial investments are transferred to the country of origin through money transfers or remittances (Ratha et al., 2011). Remittances represent money sent by diasporans to the 'home country through official channels from the country where they work or live' (Fonta et al., 2015 p.348). By 2010, world-wide remittance flows were estimated to have exceeded \$ 440 billion and amount received by developing countries is estimated at \$ 325 billion (Boly et al., 2014). Financial investments by diasporans are also in the form of diaspora portfolio investment (DPI) e.g. diaspora bonds (Elo and Riddle, 2016).

Taxonomy of diaspora actors	Transnational activities	
Diaspora financial investors	- Remittances - Diaspora bonds - Diaspora portfolio investments	Ratha et al, 2011; Boly et al., 2014; Fonta et al., 2015; Elo and Riddle, 2016.
Diaspora entrepreneurs/business connectors	- Circular migrants - Classic individual entrepreneurs, co-entrepreneurs, multi-entrepreneurs. - Knowledge transfer - International market linkages through diverse connections that straddle home country and country of resident	Gould, 1994; Gillespie et al., 1999; Saxenian, 2005; Tung and Chung, 2010; Elo, 2016
Diaspora institutional entrepreneurs	- Change agents for institutional development and reforms working closely with country of origin government, development agencies and non-government organisations (NGOs).	Terjesen and Elam, 2009; Bruton et al., 2010; Riddle and Brinkerhoff, 2011

Table 1: Taxonomy of diaspora transnational actors and activities

Diasporans provide linkages between the country of residence and the country of origin. Diaspora networks play a key role in fostering these bilateral linkages through their knowledge of home-country markets, language, preferences and business contacts (Gould, 1994). In terms of entrepreneurship and business linkages, diasporans may be circular migrants or professionals who carry out business activities. They may also be ‘classic individual entrepreneurs, co-entrepreneurs, business owners, investors or multi-entrepreneurs’ (Elo, 2016, p.123). Diasporans also make use of their diverse connections to engage in transnational entrepreneurial activities. For example, business linkages between China and Australia were facilitated by the Chinese diaspora in Australia who were either business owners or key decision makers in their companies (Tung and Chung, 2010). Diasporans in the Silicon Valley who facilitated the transfer of knowledge to improve technology entrepreneurship their home countries were not typical entrepreneurs but

engineering graduates (Saxenian, 2005). Diaspora entrepreneurs and investors in China and Egypt invested in their countries when such moves were deemed unattractive by multinational corporations. They were mostly professionals whose investments in the country of origin were their first business creations (Gillespie et al., 1999). Diaspora entrepreneurs and investors are important sources of capital for developing countries particularly in countries deemed unattractive by non-diaspora entrepreneurs and investors because of factors such as weak institutions, inadequate infrastructure and uncertain economic climates (Riddle and Brinkerhoff, 2011).

Institutional entrepreneurship is an entrepreneurial ecosystem nuance of policy makers. This mode of transnational entrepreneurship is pursued by 'targeting highly skilled individuals who have lived in other countries to start new firms' (Terjesen and Elam, 2009). This role also links the financial investments and other business activities of diasporans to wider issues such as export trade and economic development (Boly et al., 2014; Terjesen et al., 2010). As such, diasporans are perceived as change agents for institutional development and reforms in their countries of origin (Drori et al., 2009; Riddle and Brinkerhoff, 2011). They are perceived as market-relevant assets in their country of residence (Harima et al., 2016) and who can also contribute to the host countries economy (Peroni et al., 2016). Institutional entrepreneurship therefore represents the 'activities of actors who have an interest in encouraging particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones' (Bruton et al., 2010 p. 428). Even though not all institutions are conducive to socio-economic development or supportive of enabling investment climates (Riddle and Brinkerhoff, 2011), it is believed that because of institutional acculturation diasporans can be motivated to transform institutional arrangements in the country of origin. Governments of countries of origin, countries of residence and development agencies such as the World Bank and non-government organisations (NGOs) see diasporans as stakeholders in

development (Weinar, 2010). Developing countries of origin also have the expectation that the financial remittances of diasporans could be harnessed for poverty reduction and investment (Faist, 2008). Many countries are therefore seeking creative ways of promoting diaspora homeland entrepreneurship and investment (Riddle and Brinkerhoff, 2011, p.671) - some through entrepreneurial ecosystems. Some governments of countries of origin have started programmes to attract investments by diasporans (Faist, 2008).

However, there is a tendency among policymakers to import entrepreneurial ecosystem structures that appear to be thriving, without paying attention to the differences in the socio-cultural and individual attributes of actors that underlie their success (Spigel, 2015). Nevertheless, entrepreneurial ecosystems tend to differ according to how the actors operating within them respond to the business environment they face (Mars et al., 2012). Since the diaspora is fundamentally a transnational one, straddling both the country of origin and their country of residence, the way the actors respond to the business environment is expected to be different to those who operate simply within a national context.

Conceptualising entrepreneurial ecosystems

An entrepreneurial ecosystem is concerned with resource mobilisation by entrepreneurs for entrepreneurial action. The entrepreneurial ecosystem in a country therefore describes both the resource allocation systems within an economy as well as the individual-level opportunity pursuit, through the creation of new ventures and exploring the interdependencies between individual and institutional variables. At a spatial level, ecosystems attributes can be broadly classified into three and can help to create supportive environments for entrepreneurial activity. They are namely: the cultural, social and the material attributes (Spigel, 2015).

These are shown in Figure 2. The interactions and co-ordination between these attributes predominantly contribute to the success of an ecosystem (Isenberg, 2010).

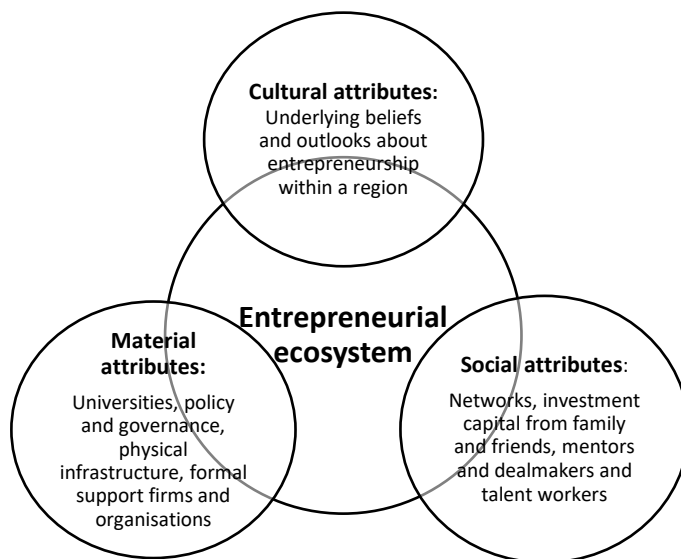


Figure 2: Entrepreneurial ecosystem attributes

The cultural attribute describes the informal institutional forces such as the values and norms that shape the mind-set of actors. It provides a supportive culture and attitude towards entrepreneurship. Culture refers to, 'patterns of human activity and the capacity to classify experiences and to communicate them symbolically' (Hechavarria & Reynolds, 2009 p.424).

The social attributes are the sources of social capital for the entrepreneurship process and refer to the resources owned or acquired through the formal and informal social networks within a region. These attributes provide complementary resources and consist of networks of entrepreneurs, investment capital from family and friends, mentors, a skilled workforce and role models (Spigel, 2015). The presence of the social elements and the interaction between them creates the network of advice, mentoring and moral support which contributes to the success of the ecosystem (Cohen, 2006; Mars et al., 2012).

The material attribute refers to the tangible presence within the region. It describes the combination of formal institutional forces such as: formalised rules e.g. entrepreneurial

policies and governance; well-regulated markets; and formal support organisations e.g. universities and higher education institutions that train entrepreneurs and generate knowledge spill-overs (Spigel, 2015). Federal, regional and local governments can support entrepreneurial ecosystems through supportive policies that could encourage innovation. Tax rates incentives, subsidies and grants and the elimination of bureaucratic 'red tape' also support entrepreneurial ecosystem (Cohen, 2006).

Government policy has the power to influence entrepreneurial activities. Policy discussions are centred on 'the idea that governments seeking to stimulate their economies should reduce constraints on entrepreneurship' (Minniti, 2008, p.780). These efforts help in creating an entrepreneurial country i.e. one where the regulations and broader institutional conditions are supportive of entrepreneurial actions, irrespective of the nature of activities (Ács et al., 2016). However, Minniti (2008) points out that policies need to take account of local differences, nature of existing resources, networks, and market capabilities. The institutional environment determines entrepreneurial behaviour because the formal and informal rules of the game place constraints on human interaction, and, possibly, reduce uncertainty. Institutions (such as the policy environment) allocate entrepreneurial efforts toward entrepreneurial activities by influencing the motivations and opportunities offered by the economy to such activities (Minniti, 2008).

Hitherto, the National Systems of Innovation (NIS), a country level perspective of entrepreneurship, rejected the relevance of agency and treated entrepreneurship as solely a process which portrayed infrastructures, policies and institutions that determine a country's ability to benefit from entrepreneurial activities (Ács et al., 2014). Even though this perspective helped us in understanding a nation's entrepreneurial position, it did not explain how to improve its position (Ács et al., 2016). A system refers to a set of institutions or components whose interactions work together to determine the performance of firms. Since

human interaction is fundamental to entrepreneurship, the individual perspective of entrepreneurship was a missing link in the NIS (Ács et al., 2016). This individual perspective describes institutional entrepreneurship which is defined as individual agency aiming at transforming existing institutions and creating new ones (Ács et al., 2014). Individual actors or institutional entrepreneurs may trigger transformations and ‘transform indigenous institutions so long as participating actors’ capital investment generates expected returns e.g., social status [or profits]’ (Lin, 2001, p.194). Unlike the NIS, the National System of Entrepreneurship or Entrepreneurial Ecosystems are ‘fundamentally resource allocation systems driven by individual entrepreneurship choice variables and institutional settings, reflecting costs and benefits of actions on the individual level’ (Ács et al., 2016, p.534).

They reflect the notion that institutions and linkages influence the kinds of incentives that individual agents must pursue, as well as the economic and social opportunities accessible through entrepreneurial activity (Ács et al., 2014). Therefore, entrepreneurship is now explored based on the premise that it is fundamentally undertaken and driven by individuals. Consequently, individual level action involves the mobilisation of resources to pursue opportunities through the creation of new firms. Entrepreneurial action therefore occurs within a complex economic, social and institutional context, facilitated by complex interactions of attitudes, abilities and activities, operating at the level of the society or culture. It is these interactions that drive economic productivity through the allocation of resources to efficient uses (Ács et al., 2014). Hence, the role of the entrepreneur’s context is seen ‘not only as regulators of opportunities and personal feasibility and desirability considerations for entrepreneurial action, but also, as the regulator of the outcomes of entrepreneurial action’ (Ács et al., 2014, p.479).

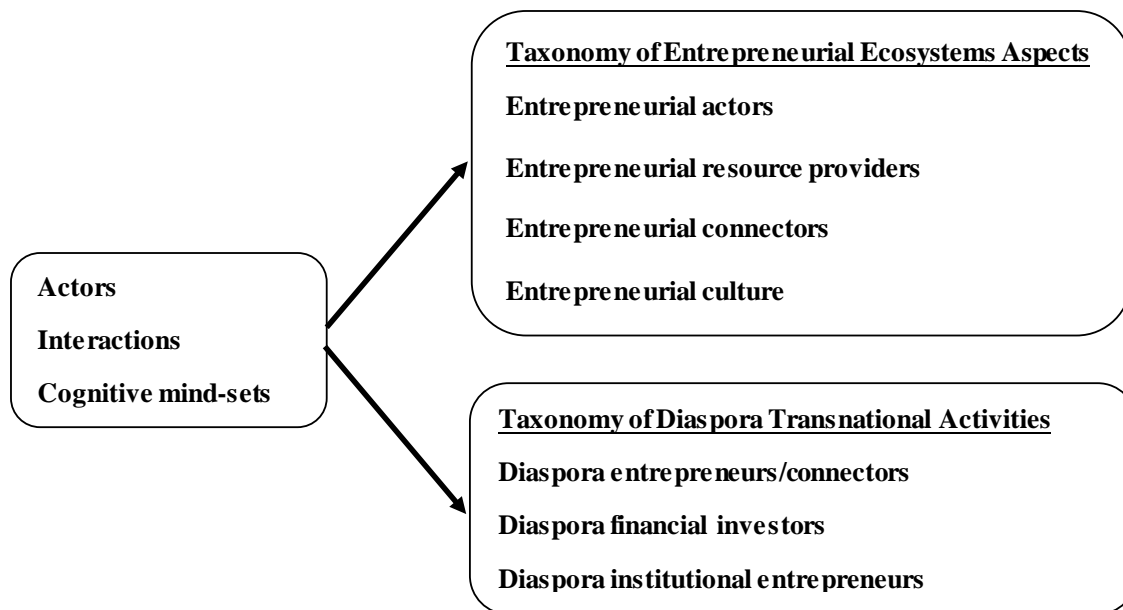


Figure 3: A taxonomy of entrepreneurial ecosystems and diaspora actors

At the heart of an entrepreneurial ecosystem are informal and formal institutions as well as other conditions which enable or constrain human interaction such as accessible markets, human capital, funding, support systems, networks and cultural support. Without the interactions between these conditions, there cannot be successful entrepreneurship because entrepreneurs depend on them (Henrekson and Stenkula, 2010; Ács et al., 2014). Ács et al. (2014) also point out that motivations, perceptions, desires, cognition, and judgment are critical regulators of entrepreneurial action. Likewise, as transnational actors, there is a ‘relationship between diasporans’ cognition, entrepreneurial action and institutional effects’ (Riddle and Brinkerhoff, 2011, p.679). In addition to the taxonomy of diaspora actors discussed earlier, Brown and Mason(2017) also proposed a taxonomy to delineate the entrepreneurial ecosystems according to the main actors, interactions and cognitive mind-sets within these complex systems. They propose a taxonomy featuring four main coordinative aspects namely, entrepreneurial actors; entrepreneurial resource providers; entrepreneurial

connectors and entrepreneurial culture. Both taxonomies (Figure 3) identify the influence of interactions and cognitive mindset of actors in entrepreneurial ecosystems.

The role of networks in facilitating or constraining transnational entrepreneurial activities

The fundamental role played by social and cultural factors in shaping entrepreneurship is one aspect of entrepreneurial ecosystem often overlooked by emerging literature (Venkataraman, 2004). Network and institutional theories show the linkages between social and cultural factors and how these conceptual standpoints help in understanding the fluidity and diversity of transnational entrepreneurs in entrepreneurial ecosystem (Brown and Mason, 2017). Firstly, resources for transnational entrepreneurial activities are accessed and mobilised through network relationships. Therefore, networks are ‘fundamental characteristic of transnationalism and the primary means of mobilizing resources for transnational practices’ (Chen and Tan, 2009 p.1080). Secondly, institutional factors determine the likelihood of diasporans’ engagement in transnational linkages between the host country and the country of origin (Bruton et al., 2010; Baltar and Icart, 2013).

Diaspora transnational actors’ business activities require frequent travel abroad and their business success also depend on their contacts and associates (Mustafa and Chen, 2010). They therefore concurrently maintain networks e.g. business-related linkages with their country of origin and current country of residence (Drori et al., 2009). This means they are predisposed to doing business with people they know well, because of greater levels of interpersonal attraction, trust and understanding that already exist between them (Grossman et al., 2007). Entrepreneurial activity is an action in response to a judgemental decision under uncertainty about possible opportunity for profit. It is undertaken in uncertainty because the future is not

known, and the action takes place over time. Uncertainty increases in risky environments and affects entrepreneurial activities in two ways: 1) the amount of uncertainty perceived 2) willingness to bear uncertainty. Entrepreneurs differ from non-entrepreneurs in their willingness to bear uncertainty inherent in a possibly profitable activity. Their willingness to bear uncertainty are distinguishable owing to differences in motivation, attitude, or risk propensity (McMullen and Shepherd, 2006). The actions that entrepreneurs take is therefore a manifestation of the assumptions they make about the nature of the context within which they are operating (Alvarez and Barney, 2007).

Network theory links institutional theory at the level of embeddedness

The content of a network can be characterised by three components: actors, activities, and resources (Björkman and Kock, 1995). These components shape the extent of resources which can be accessed from a network (Lin, 2001). Homophily is a network principle useful for understanding transnational entrepreneurial roles of diasporans; homophily predisposes people to others similar to themselves which can generate a greater level of trust. Homophily is the tendency for individuals to interact with others who share personal characteristics, such as age, gender and ethnicity with them. As a result of homophily, there is the tendency for groups to form from similar actors and then become more similar with time (McPherson et al., 2001). The homophily principle is useful for whether a set of relationships contains poor or rich resources by looking at three key elements, namely 1) sentiment of the actors which reflects their motivations 2) the nature of their resources and the resources they can access from others and 3) activities they are willing or capable of engaging in the entrepreneurial ecosystem and the type of interactions through which resources can be accessed.

Network patterns reflect the ongoing interactions that establish expectations and obligations for exchanges (Arregle et al., 2013). Therefore, network theory links institutional theory at the level of embeddedness (Figure 4) where informal relationships are reinforced by the environment in the form of informal institutions such as sanctions, taboos, culture, norms and traditions as shown in Level 1. Such institutions have an evolutionary origin and a lasting grip on the way the society conducts itself (Williamson, 2000).

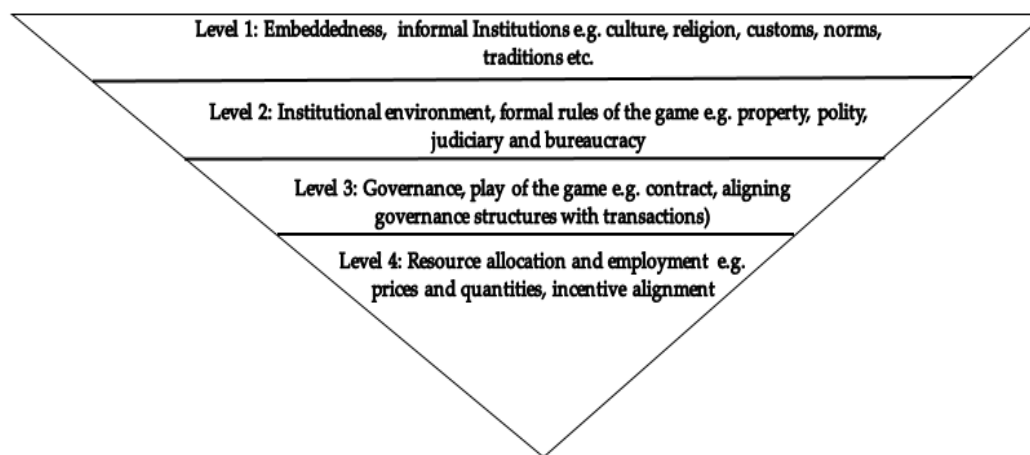


Figure 4: Network theory links institutional theory at the level of embeddedness

Embeddedness describes the nature, depth, and extent of individuals' ties with their environments (Arregle et al., 2013). It explains how resources take on values and how the valued resources are distributed in society (Lin, 2001). Entrepreneurial activities embedded in these relationships determine the extent of resource flows to entrepreneurs (Hoang and Antoncic, 2003). Lack of adequate resources (personal or accessed through others) and uncertainty 'prevents entrepreneurial action by complicating the need or possibility for action, the knowledge of what to do and whether the potential reward of action is worth the potential cost' (Minniti, 2008, p.139). Relational embeddedness is therefore an ongoing system of social relationships and a network characteristic which refers to the closeness or

intensity and the frequency of social interaction between network members, including reciprocity and trust (Granovetter, 1973).

Practical actions across multiple contexts such as transnational entrepreneurial activities of diasporans demand the navigating of complex relationships. Making use of strong ties are less costly and are characterised by trust and reciprocal relationships developed over time from repeated interactions. Weak ties can be costly to maintain but enable acquisition of diverse knowledge (Granovetter, 1973). Embeddedness can both facilitate and constrain entrepreneurial action. Under-embeddedness refers to when an actor does not have or does not have enough strong ties. Over-embeddedness occurs when there is excessive reliance on strong ties such that the obligations and expectations which are built into these relationships constrain them from forming new relationships or taking advantage of potential opportunities (Arregle et al., 2013). Relationships that make economic exchange possible are the joint outcome of both networks and institutions because networks and institutions are mutually reinforcing contextual features of social systems (Owen-Smith and Powell, 2008). On one hand, the weakest ties may not be useful because ties with no strength offer no incentive for exchanges. On the other hand, the resources from strong ties may restrict the range of resources. However, despite the restricted range of resources accessed, strong ties represent commitment, trust, and obligation and therefore the motivation to help. Willingness and effort to search for other ties using these strong ties may be critical under institutional uncertainties or constraints' (Lin, 2001, p.78). Therefore, a moderate level of embeddedness, which balances strong and weak ties, helps entrepreneurs to reduce uncertainty and increase opportunity for taking advantage of profit possibilities (Arregle et al., 2013).

Attempts to understand the diasporans' transnational role in the entrepreneurial ecosystem through the network and institutional theoretical lens is therefore justified. Firstly, because networks are important contexts for understanding the institutional process. Secondly,

institutional practices and forms emerge from networks through resources embedded in relationships.

Diasporans, sentiments, resources and interactions

Networks (formal and informal) can help to reduce uncertainties. They shape institutions and the process through which the shaping takes place can be understood through organisations and individuals who strive to navigate multiple institutional contexts (Owen-Smith and Powell, 2008). Diaspora transnational actors fit this notion because diasporans navigate between locales, usually the countries of residence and origin (Drori et al., 2009). This suggests that even though diasporans have the ability to affect change across geographic borders, the extent to which this change might occur and/or what duration and ties in different context are necessary to effect the change are unknown (Riddle and Brinkerhoff, 2011).

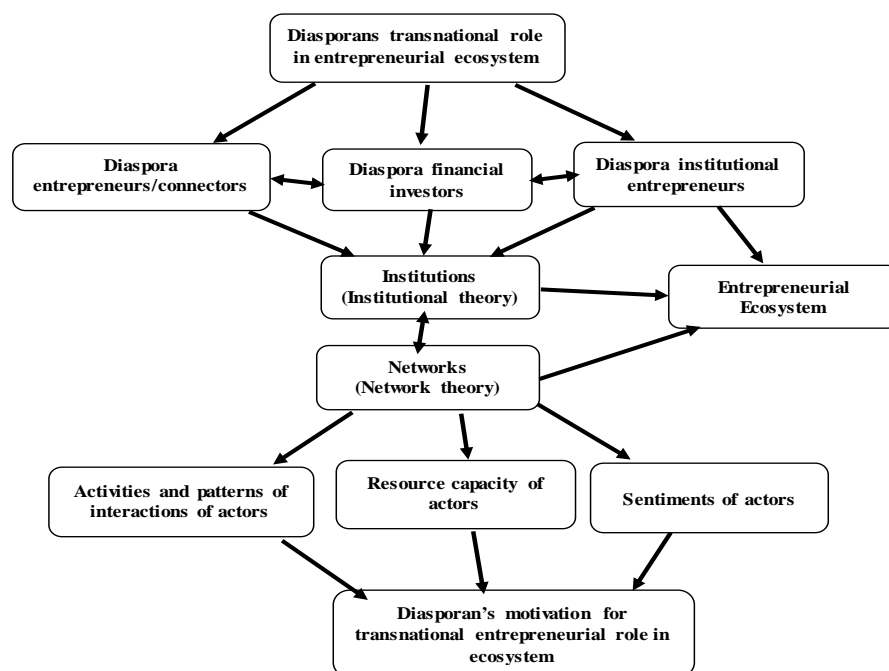


Figure 5: Linking diaspora transnational roles with network and institutional theories

The role of diasporans as transnational actors in entrepreneurial ecosystems can be understood through the relationship between diasporans' perception, entrepreneurial action

and institutional effects (Riddle and Brinkerhoff, 2011). As shown in Figure 5, by exploring the sentiments of diasporans - their resource capacity and interactions - motivations which propel actors to make choices can be understood (Lin, 2001). These factors are the regulators of entrepreneurial action (Ács et al., 2014) and these factors help to understand the relationship between entrepreneurial action and institutional effects and how entrepreneurial change might occur in the country of origin (Riddle and Brinkerhoff, 2011). The way diasporans can affect change across geographic borders and the process by which this might occur and/or what duration and ties in different context are necessary to effect the change (Riddle and Brinkerhoff, 2011). This suggests that the exploration of the individual transnational actor's mindset and resources is crucial in identifying whether some individuals are more adept than others in using their skills and resources for commercial advantages and how these could be transferred across institutional environments (Terjesen and Elam, 2009).

Conclusion

The paper reviewed extant literature to conceptualise transnational interactions of diasporans in embryonic entrepreneurial ecosystem by linking the network and institutional theories. The former explains how the personal networks of diasporans and the cultural components influence transnational entrepreneurial activities of diasporans. The latter explains how institutions enable or constrain entrepreneurial activities. In risky environments where uncertainty is increased, transnational actors may be unwilling to bear uncertainty or limit transnational entrepreneurial activities to interactions that minimises risks. In such instances homophilous interactions help to minimise risks in entrepreneurial action. Diasporans navigate these complex relationships at the level of embeddedness where entrepreneurial action can be facilitated or constrained.

The role of diasporans in the entrepreneurial ecosystem is therefore diverse, in some contexts diasporans may be more suited as support for local entrepreneurs while in others they may be active transnational entrepreneurs in entrepreneurial ecosystems. This means some individuals may be more suited as financial investors rather than connectors or as institutional entrepreneurs rather than financial investors or in other combinations borne through homophilous sentiments of the actors. The bespoke positioning of the diaspora as a transnational element of an entrepreneurial ecosystem can therefore be better understood by empirically exploring the sentiments, the activities and patterns of interactions and the resource capacity of individual diaspora transnational actors. These factors will help to better understand diasporans motivations for assuming transnational entrepreneurial roles. The knowledge would also help embryonic entrepreneurial ecosystems to improve interactions with transnational entrepreneurial growth nodes.

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