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6th Corfu Symposium on Managing and Marketing Places

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Conference contribution :

Bowen, R. (2019). *Connecting Places: Harnessing Diaspora Networks to Promote Food and Drink Internationalisation*. 6th Corfu Symposium on Managing and Marketing Places, Corfu, Greece: Managing and Marketing Places.

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Connecting Places: Harnessing Diaspora Networks to Promote Food and Drink Internationalisation

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Abstract

The aim of this study is to investigate the role of national diasporas in facilitating SME internationalisation. As the world becomes more globalised and interconnected, there is an increasing move away from nation states towards globalised networks. With over 215 million people now living outside of their country of birth (Aikins & White, 2011) new collective identities are emerging which challenge the traditional concept of citizenship and the nation-state (Appadurai, 1996; Jackson, 2004; Robertson, 1992). Consequently, a number of countries and organisations recognise the need to develop diaspora networks, that is, developing strategies of uniting expatriates situated across the world, as well as foreign nationals with a strong affinity for their country, together in networks to create mutual benefit (Aikins, Sands, & White, 2009). Diaspora networks act to bridge the gap between the home and host countries (Banerjee, 1983; Boyd, 1989; Gurak & Caces, 1992).

Countries such as Ireland, India and Israel are proactive in establishing diaspora networks with expatriates, particularly in the USA. Highly-skilled expatriates are increasingly seen as 'national assets' rather than a 'loss' to their country of origin (Aikins et al., 2009) and diaspora networks should be considered a resource for a country (Gamlen, 2005). Aikins et al. (2009) point to the ability of diaspora networks to foster strong international relationships, which could enhance tourism, philanthropy and culture, as well as political and economic development. A key advantage of diaspora networks is knowledge development, which could significantly influence the economic development of the home country in various forms, such as sharing ideas of innovation, entrepreneurship and enhancing international market opportunities (Isenberg, 2008). These networks can be used to gain knowledge of foreign markets, languages, preferences and contacts, which could lead to a decrease in trading costs (Rose & Stevens, 2004). The importance of localised networks in triggering the first steps of the internationalisation process is highlighted through the case of fish exporters from the Azores. Due to its isolated location, fish exporters rely on links to emigrants in Canada and the United

States (Camara & Simeos, 2008). This study, therefore aims to contribute to the limited body of research focussed on the role of diasporas in developing internationalisation opportunities. Specifically, it explores the opportunities that exist in Wales and Brittany to engage with expatriate networks and how these opportunities can be harnessed for internationalisation.

Theoretical Background

Network theory is used as a theoretical basis for this study, which acknowledges that successful internationalisation is dependent on developing networks of business relationships (Johanson & Mattson, 1993). Networks can include a number of players involved in internationalisation, including customers, suppliers, competitors, governments, distributors, bankers, agents, consultants and families (Johanson & Vahlne, 1990). Such players are often vital in providing support and advice to facilitate internationalisation (Suárez-Ortega & Álamo-Vera, 2005). It has been widely acknowledged that the use of networks is a way for small companies to overcome the challenges of limited resources, experience and credibility (Lu & Beamish, 2001), as well as trigger knowledge opportunities for businesses and motivate firms to enter international markets (Andersen, 1996; Ellis, 2000; Korhonen, Luostarinen, & Welch, 1995; Sharma & Johanson, 1987). Developing relationships between the exporter and intermediaries, such as agents, distributors or sales representatives serves as an important competitive advantage (Kuhlmeier & Knight, 2010; Wilson, 2006). Although the literature on diaspora networks is limited, they are recognised as social network ties that can trigger internationalisation (Camara & Simeos, 2008; OECD, 2009).

Methods

Given the limited research on diasporas in internationalisation, this study heeds calls from Fillis (2008) for a pluralistic research design in order to conduct a more comprehensive analysis. As such, a sequential mixed methods approach was chosen, in which an online questionnaire was succeeded by follow-up interviews. The study focusses on food and drink SMEs located in Wales and Brittany, two regions that share similar geographical and cultural characteristics, where the food and drink industry is economically significant. Data obtained from 169 questionnaire responses (107 Wales, 62 Brittany) was analysed using a correlation analysis. Follow-up interviews with 18 respondents (9 Wales, 9 Brittany) were analysed through thematic analysis (Braun & Clarke, 2006).

Findings

Collective results from both phases of this study lead to conclusions that diaspora networks are not definitive in effecting internationalisation, however, they can open doors to international markets through existing contacts, or contacts which have knowledge of the product or may be sympathetic towards a company's efforts to internationalise due to common origins. Traditional SME internationalisation theories of the Stage Approach (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975) imply that internationalisation occurs in incremental steps initially to culturally and geographically close markets due to 'psychic distance'. Network connections in international markets, particularly through national diaspora networks, can bypass this 'psychic distance' and instigate a more rapid internationalisation process for SMEs. Certainly, Ireland has been a leading example in how countries can engage with their diasporas for economic benefit, expanding the population of 4.4 million people to a diaspora network of 70 million people (Aikins et al., 2009). As regions of similar sizes and with similar cultural values, both Wales and Brittany have the potential to tap into their global diaspora networks. The reach of the *Produit en Bretagne* association is significant in the growth of Breton SMEs, but initiatives such as *Breizh Amerika*, the Breton diaspora association in America, or *Global Welsh*, the Welsh diaspora network, play an important role in supporting companies from their home region in seeking foreign market connections that can lead to internationalisation.

Contribution

This study focusses on the role played by diasporas in facilitating SME internationalisation. The notion of connecting places can be seen in the way in which export-seeking SMEs can connect with expatriate contacts in international markets to develop international sales. SME internationalisation theory recognises the significance of networks to the export propensity of small businesses, however, the role of diaspora networks represents a more recent, yet under-researched area that merits closer investigation, particularly with a view to shaping policy to enhance the influence of diasporas on internationalisation.

Keywords: Diaspora, networks, expatriates, SME internationalisation

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