

The utilization of diasporas' knowledge in Finland

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This article is based on the master's thesis work entitled "An interaction framework for deploying the knowledge of diasporas: Using Finland as an example" (Harikkala 2013). The original work contributes to the existing literature on the concepts of diaspora and knowledge by linking the two concepts together in a novel way. Furthermore, the original work links the novel combination to economic benefit. This article has offered a shortened yet equally novel outlook on the concepts. Although this article examines only the situation in Finland more closely, the findings suggest the importance of continued work on the subject both theoretically and in other empirical settings.

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Introduction

Diasporas¹ have been studied for decades without reaching agreement on the true meaning of the term (cf. Bakewell 2006; Stratton 1997). Although the historical roots of 'diaspora' are in the Jewish diaspora (Butler 2001), the modern definition is rather wider (Stratton 1997). Nowadays 'diaspora' may refer to virtually any group of migrants sustaining a spiritual bond to their original homeland (Bakewell 2006). Nevertheless, the many benefits of diasporas may have on economies are widely acknowledged (cf. Vertovec 1997). For example, diasporas have been found to play a role in international learning (Kuznetsov & Sabel 2006), the distribution of foreign direct investment (Javorick, Özden, Spatareanu & Neagu 2011), and the development of the country of origin (Lin 2010; Riddle & Brinkerhoff 2008). In addition, diasporas are an

important source of remittances to countries of origin (see, for example Davies 2010; Leblang 2010; Lin 2010). Although the impact of diasporas is thus clear, most research focuses on the impact diasporas have on the country of origin (cf. Harikkala 2013). This article is most interested in the impact of diasporas may have in the host country.

Due to the heightened importance of knowledge as an input in economic growth (see, for example Caniëls 2000), knowledge transactions between immigrants and host countries have gained attention (Williams 2007). Knowledge spillovers² are of key importance as an effective way of transferring tacit knowledge.³ The diffusion of tacit knowledge seems to require much closer human interaction (cf. Caniëls 2000) than the mere trans-

¹ Diaspora: "the dispersion of any people from their original homeland" (Compact Oxford English Dictionary for Students 2005).

² Knowledge spillovers: often unplanned diffusions of knowledge from which the creator receives no remuneration (Caniëls 2000).

³ Personal knowledge embedded within individuals that is difficult to codify; compare to explicit knowledge, readily available and easy to codify and share (Alwis & Hartman 2008).

fer of data, which has become increasingly easy following the development of modern information technologies (Cohendet, Kern, Mehmanpazir & Munier 1999).

This article argues that the human interaction required in the efficient transfer of tacit knowledge offers a possibility for utilizing the knowledge of diasporas' to the host country's benefit. The importance of knowledge as an economic input is particularly detectable with regard to innovation (cf. Oettl & Agrawal 2008). Innovation, a driver for economic growth (cf. Grossman & Helpman 1990) requires the making of new combinations of knowledge (cf. Oettl & Agrawal 2008). Because research seems to point that knowledge spillovers happen more easily in a localized context (cf. Branstetter 2001), it seems a viable option for host countries to seek to widen their endogenous pool of knowledge from within the national borders. Diasporas, as members of different nationalities and possessors of knowledge born in different contexts, make this possible. It is the purpose of this article to shed light on how the knowledge of diasporas' is currently utilized in Finland.

The meaning of diaspora

The term diaspora has its roots in migration. It could most simply be defined as dispersal. In the modern world, migration is more common than ever before. Individuals wish to leave their native lands for a myriad of reasons, ranging from warfare to the pursuit of dreams. However, not all migration is diasporic. (cf. Butler 2001.) Although a myriad of definitions have been used to describe diasporas (see, for example, Harikkala 2013), similarities between different definitions can be found. For example, it is most often agreed that diaspora refers to the dispersal of people from their homeland, that diasporic groups consist of people that could also be labeled migrants, and that what separates diasporas from other migrants is the strong connection they feel toward the original homeland (cf. Bakewell 2006; Butler 2001; Clifford 1994; Tölölyan 1996).

However, most definitions of diaspora stem from single instances where it is necessary to define the term for the purpose of a research project (cf. But-

ler 2001). Thus it is necessary, for the purposes of this article, to arrive at a definition which serves the purpose of the research as well as fits into the existing definitions. For the purposes of this article, diaspora is defined quite simply as a group of immigrants that have dispersed from their original homeland yet still maintain a strong emotional tie to the homeland. In addition, it is required that the dispersion is divided to at least two different destinations; that the emotional tie to the original homeland acts as the basis of the group's identity; and that the group has a strong consciousness of its ethnographic identity (Butler 2001).

By adopting this rather wide definition of diaspora, this article attempts to ensure that all instances of diasporization can be considered. However, due to the purpose of this study, the knowledge that resides within diasporas is of utmost interest. That is why this article only considers highly educated diasporans. The increased amount of suitable knowledge a diasporan possesses heightens the potential of beneficial knowledge spillovers. In addition, highly educated diasporans are, arguably, more likely able to communicate with individuals from the host country, for example due to increased proficiency in the English language.

The economic impact of diasporas

The effects of diasporization can be viewed from two perspectives; with regard to the host country and with regard to the original homeland. Whilst most of the roles diasporans can play in international economy impact the homeland, very few studies focus solely on the host country. However, in many situations the impact reaches both countries. (cf. Harikkala 2013.) Although the impact of diasporas on the homeland is vast and important, this article focuses on the impact diasporas may have on the host country.

Diasporas can act as a source of information. They have characteristics making them more adept than other sources of information in certain situations. Diasporas are interested in aiding both home and host country. Thus they are less likely to be involved in aggressive power struggles. In addition, diasporas are simultaneously free of prejudice

against foreign nations (which some homeland nationals may not be) and free of imperialistic hidden agendas (which foreign companies are often thought to have). (Kuznetsov & Sabel 2006.)

Similarly, diasporas act as a connection between host countries and countries of origin. They possess knowledge of the home country that may be critical to investors; this enables them to impact international investments (Leblang 2010; Javorick et al. 2011; Madhavan & Iriyama 2009). The benefit of diasporas as sources of information may expand to investment situations also in the reduction of costs a host country investor incurs when researching a new market; diasporans employed in the host country may be considerably less expensive to consult than, for example, consulting companies. (Javorick et al. 2011.)

A by-product of the increased international information exchange is the emergence of transnational communities; international communities that have been born through improved communication technologies, better transportation, and free trade. Transnational communities create value by sharing information, building trust among members, and making new contacts between members. Members of transnational communities are frequent travelers, and thus enhance the diffusion of technologies and skills – as well as political and cultural flows – between nations. (Portes 1996; Saxenian 2002.)

Due to their ability to aid the flow of knowledge and technologies from innovative hubs to other regions, transnational communities may aid the advancement of any region. One of the advantages of transnational communities over corporate networks is their personal nature; this makes them more flexible and adaptive. (Saxenian 2002.) Diasporas connect at least two nations together. Often the members of diasporas also become more mobile, and create extensive networks. Thus diasporas also create and belong to transnational communities. (cf. Harikkala 2013.)

The movement of people across the globe also creates the circumstances for brain circulation. In contrast with the concepts of brain drain, the emigration of skilled labor, and brain gain, the immigration of talent, brain circulation considers the movement of people between nations as a win-win situ-

ation. (Tung 2008.) Brain circulation enables skilled migrants to transfer knowledge between regions and thus create value not only in the destination country but also elsewhere. Brain circulation can also happen via investments; it does not require physical movement. (Saxenian 2005.) Thus the concept of brain circulation is close to that of transnational communities. Knowledge, however it is circulated, nevertheless seems to be a key asset of diasporas.

Knowledge as an economic input

The importance of knowledge in creating economic growth has increased in the past thirty years (Caniëls 2000). Although knowledge is a good like any other, the creation of knowledge differs from the creation of other goods. Newly created knowledge does not have a physical form, although imprints such as a patent may exist. Knowledge, as something intangible, will also flow away from the original source with moderate ease. In fact, public knowledge is a non-rival good; the usage of knowledge does not exhaust the supply. (Soete & Ter Weel 1999.) When considering the importance of knowledge, it is necessary to draw a line between knowledge and information. Information is easily codified, shared, and transferred. Knowledge, however, requires a certain level of proficiency and aptitude; knowledge is akin to the utilization of information. (cf. Antonelli 1999.)

In the creation of new knowledge the interaction between different types of knowledge, and the interaction between individuals, is crucial (Cohendet et al., 1999). Knowledge transfer processes enable the acquiring of critical knowledge from outside. Knowledge can be transferred between individuals or larger entities, such as companies. Knowledge transfer is most often a planned and controlled process. Simply put, knowledge transfer is a five step process. First the receiver detects a wanted piece of knowledge that the source retains and is disposed to share. Second, the piece of knowledge is transmitted to the receiver for example through data. Third, the knowledge is transformed into a format and context that suit the receiver. Fourth, the transformed piece of knowledge is related to a need and thus utilized. Fifth, the

receiver gives an account of the perceived success of the process to the source. (Liyanage, Elhag, Balal & Li 2009.)

Specialized knowledge tends to be localized, even idiosyncratic. Knowledge often resides within companies or regions, and may not be easily utilizable elsewhere. Thus it is not a given that knowledge should flow between regions. Efficient communication channels are a prerequisite for the transfer of knowledge. (Antonelli 1999.) One such channel is a knowledge transfer network; a network which enables the utilization of outside knowledge that would normally be beyond the reach of the organization (Bond, Houston & Tang 2008). A knowledge network consists of organizations that agree to share knowledge so that their combined ability to discover and exploit new technologies increases. Such cooperation strengthens the organizations' knowledge base. (Peña 2002.)

Knowledge does not, however, always disseminate easily; international diffusion may take time (Grossman & Helpman 1990). Still, in time the common pool of knowledge grows. This enables differentiation without increases in research and development costs. This process is known as knowledge spillovers. (Branstetter 2001.) Knowledge spillovers are intellectual exchanges of knowledge between the creator and a receiver. The creator of knowledge receives no payment when knowledge spills over; the process is highly social and may happen for example in conferences or business meetings. (Caniëls 2000.) Thus, knowledge spillovers may be geographically scoped (Audretsch & Aldridge 2009). In diffusion theory, two main types of flows have been found. First, diffusion may happen from a center to surrounding regions. Second, diffusion may happen from the original center first to other centers and only in time to surrounding areas. Often these flows happen simultaneously. (Caniëls 2000.)

Because technological development has eased the diffusion of information – and codified knowledge – the role of tacit knowledge as a key component in competitive knowledge creation is heightened (cf. Alwis & Hartman 2008). Interaction is a key element in the transfer of tacit knowledge. The successful transfer of tacit knowledge is based on sharing experiences, and thus building towards

shared know-how. This sharing may enable the individuals to create novel combinations, which in effect becomes new knowledge. Due to the importance of sharing and understanding, transferring tacit knowledge requires close proximity. (Cohendet et al. 1999.)

Nevertheless, knowledge flows have been found economically significant. This is due to the amplifying impact knowledge spillovers have on innovation. Innovation is the product of the search and discovery of novel combinations of knowledge – thus it is logical to argue that a wider pool of knowledge as a basis of innovation should improve the efficiency of the process. This is mainly due to the decreased need of rediscovering knowledge created elsewhere. (Oettl & Agrawal 2008.) Innovation and economic growth have been linked since the first half of the 20th century (cf. Schumpeter 1928). It has also been long agreed that knowledge accumulation increases growth (Soete & Ter Weel 1999). Due to the correlation between knowledge accumulation, innovation, and growth, it seems that innovation is also a driver for national competitive advantage.

The importance of diasporas' knowledge

National competitive advantage can arise from many situations. One such is knowledge resources. (Porter 1990; cf. Bruche 2009.) Because evidence suggests that knowledge spillovers are stronger in a localized setting, it is possible that intranational spillovers may increase national competitiveness. (Branstetter 2001). Migration allows knowledge sharing between individuals from different backgrounds. Host countries are able to impact the degree to which knowledge is shared via policy. (Williams 2007.) Thus, diasporas' knowledge may have an impact on host countries' national competitive advantage. Diaspora networks (cf. transnational communities, Portes 1996; Saxenian 2002) can transfer information speedily and reliably. It has been found, that diaspora networks ease the flow of tacit knowledge. (Meyer 2007.) Access to these superior knowledge transfer networks would aid host countries in building their knowledge pool (cf. Harikkala 2013).

Government policy is among the main means host countries have to impact national competitive advantage. It is the aim of government policy to drive the nation towards maximum productivity and sustained growth. Often the policy field becomes rather tangled due to the vast array of aspects that have an impact on competitiveness. One of the more recent aspects of competitiveness is building a stock of knowledge and enhancing knowledge diffusion. (Porter 1990.) Managing investments into knowledge is, however, a difficult task. As innovation has shifted from technological advancement towards the creation of new knowledge, access to existing technologies has become increasingly important. This correspondingly increases the necessity to share knowledge. This is evident in the emergence of innovative hubs and national systems of innovation. How to access existing knowledge resources has become an increasingly important issue. (Soete & Ter Weel 1999.)

Research methodology

It is the purpose of this article to shed light on how the knowledge of diasporas' is currently utilized in Finland. The first parts of the article have consisted of a theoretical discussion on the importance of diasporas and knowledge. The following discussion, however, will also consider the findings of a qualitative study conducted by Harikkala (2013). In Harikkala (2013), the empirical material consists of eight expert interviews conducted with five representatives of expert organizations and three immigrants. Due to the agreement of the usage of the interviews, the data gathered is not used as is, but only the interpretation will appear in this article. For a full description of the interview findings, see Harikkala (2013, 70–84).

“Interview methodology begins from the assumption that it is possible to investigate elements of the social by asking people to talk, and to gather or construct knowledge by listening to and interpreting what they say and to how they say it” (Mason 2002, 225). Thus, due to the wideness of the objective, which causes the necessity of in-depth discussion, interviews were deemed the best possible option for empirical data collection. Due to the time-limits

proposed by master's thesis work and the necessity to find proficient participants (see, for example, Bogner, Littig & Menz 2009), expert interviews were chosen.

The interviewees were chosen from expert organizations (the Finnish Immigration Service and the Institute of Migration as experts of migration, the Ministry of Foreign Affairs and the Ministry of Employment and the Economy as experts of the host country and government policy, and the Helsinki Region Chamber of Commerce as an expert of economic life in Finland) and immigrants residing in Finland (deemed experts of immigration into Finland). The interviews were conducted in the fall of 2013 in Helsinki and Turku. The interviews were based on a loose, themed interview guide, which provided suggested questions should the conversation lack. For full information on the interview process, see Harikkala (2013, 58-63, 106-107).

Thematic analysis was chosen as the appropriate method of analysis due to the thematic nature of the interviews themselves. Thematic analysis enables the usage of descriptive and categorizing themes as the basis of interpretation. This increases the precision of the analysis process. (Boyatzis 1998.) Thematic analysis, and more precisely thematic networks (Attride-Stirling 2001) were used to categorize the collected interview data. Four heading themes were formed (diaspora, knowledge transfer, host country, and policy) to act as the main interpretive categories. For a full description of the thematic networks and analysis process, see Harikkala (2013, 64-66, 108-109).

In the following chapter the main findings of Harikkala (2013) are discussed in the viewpoint of the degree to which diasporas' knowledge is utilized in Finland. In the following section the theoretical discussion presented above acts as a link to the findings of Harikkala (2013) in order to arrive at a comprehensive view of how the knowledge of diasporas' is currently utilized in Finland.

Main findings and discussion

The purpose of this article is to shed light on how the knowledge of diasporas' is currently utilized in Finland. The importance of diasporas' knowledge for

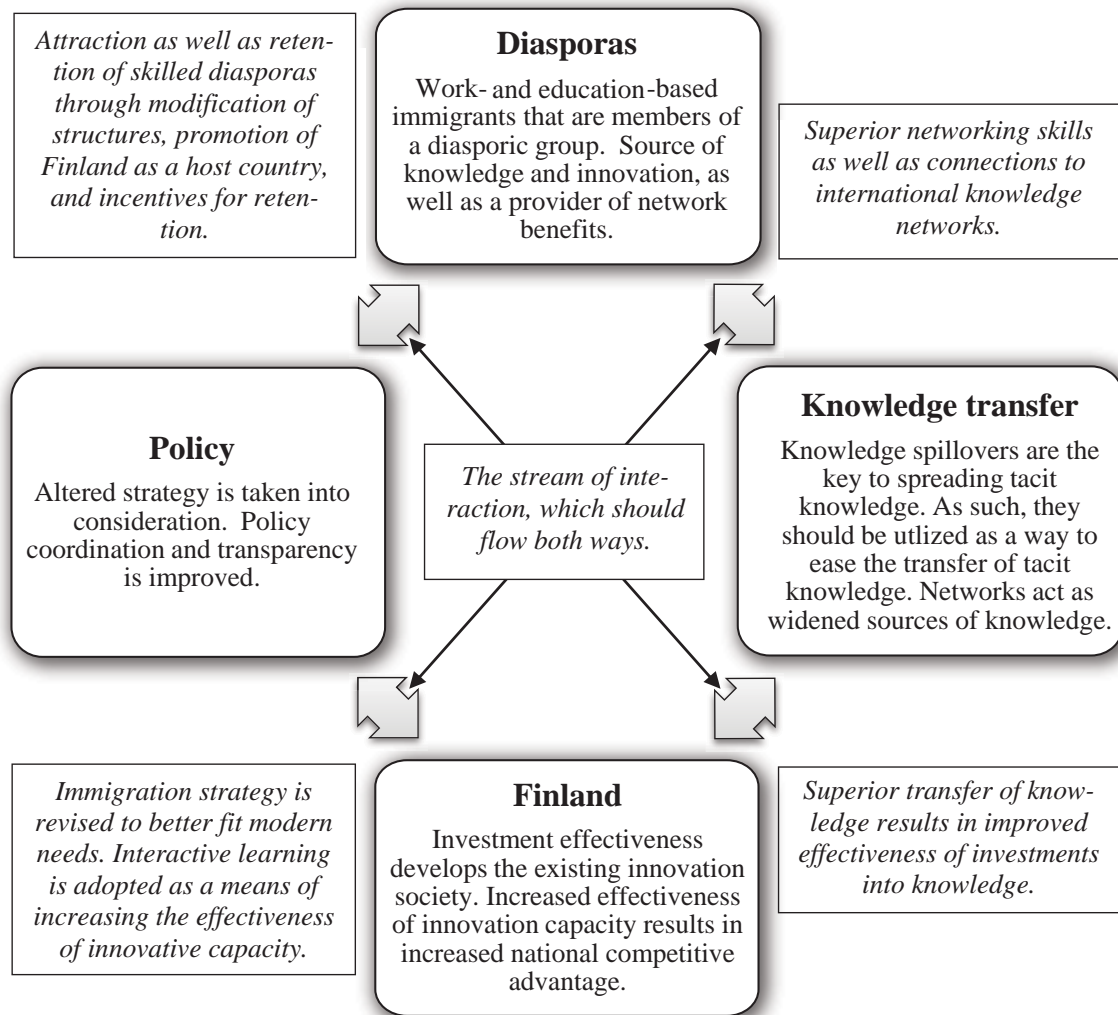


Figure 1. How diasporas could increase the national competitive advantage of Finland (modified from Harikkala 2013, 90).

Finland is argued to culminate in increased national competitive advantage as a result of improved innovation practices due to increased knowledge resources. The empirical findings confirm the close connection between knowledge and innovation on the one hand and national competitive advantage on the other hand (Harikkala 2013). Thus it is safe to argue that the promotion of knowledge transfer is indeed beneficial.

The importance of immigration is threefold; immigrants provide labor, international presence, and intercultural understanding (Harikkala 2013). Diasporas are a group of migrants, thus the same should apply to them. Furthermore, diasporas have been found to have a special bond to their homeland (see, for example, Butler 2001) and superior knowledge transfer networks (Meyer 2007). Thus it would seem that the last two impacts might be even greater with diasporas (Harikkala 2013).

The interview material emphasized the importance of work-based immigration. It was also noted that work-based immigration should be much better promoted in Finland. It was found that immigration is an aid in both accessing and utilizing foreign networks. Immigration was seen as a source of knowledge, learning, and innovation. In addition to workers, foreign students were discussed as an attractive group due to their future potential. (Harikkala 2013.) This suggests that the importance of transnational communities (Portes 1996; Saxenian 2002) and brain circulation (Tung 2008) is acknowledged. It also implies that the importance of knowledge as an economic input (Caniëls 2000) is recognized.

The empirical evidence suggested that the distinction between information and knowledge is also applicable in practice. It was further noted that information is nowadays readily available. The distinction between tacit and explicit knowledge was likewise

acknowledged, and the special nature and importance of tacit knowledge recognized. Knowledge transfer networks were seen to work not only as diffusion channels but also as organizational cooperation. (Harikkala 2013.) This is in accordance with the theoretical separation between information and knowledge on the one hand (Antonelli 1999) and explicit and tacit knowledge on the other hand (Alwis & Hartman 2008). It also further emphasizes the importance of networks and knowledge.

In the empirical material, Finland was deemed to have good access to knowledge. Knowledge spillovers, however, were not knowingly utilized. Finland was seen to be an innovation centric society, but investments into knowledge and innovation were deemed to have poor results. This was seen particularly challenging due to the acknowledged assumption that innovation is the basis of national competitive advantage. Thus strategy revision and policy coordination were discussed at great length. (Harikkala 2013.) This heightens the importance of efficient innovation promoting practices. It is also in accordance with the above discussed link between innovation and national competitive advantage. Furthermore, it seems to call for ways in which to improve the effectiveness of investments into knowledge and innovation.

All in all, it is found in Harikkala (2013) that diasporas have the potential to majorly impact the competitiveness of Finland. Figure 1. (Harikkala 2013, 90) summarizes the most important aspects of effective and fruitful diaspora-host country interaction.

Figure 1. gives an overview of an ideal situation. It states that diasporas are not only a source of knowledge and innovation, but also a link to important networks and improved networking skills. These assets would aid the flow of knowledge. Although the empirical material did not mention knowledge spillovers by name, informal knowledge exchange was found to have a significant role. In addition, the transfer of tacit knowledge was found important yet difficult. Thus the basis for promoting knowledge spillovers exists; raising awareness of knowledge spillovers might increase the effectiveness of knowledge transfer. International networks should then work as a widened pool of knowledge. It seems logical that networks should be easier to join through an existing member; this

elevates the importance of diaspora contacts. Tapping into the superior knowledge transfer channels possessed by diasporas should enhance the effectiveness of investments into knowledge. This, in turn, should result in increased innovative capacity and improved national competitive advantage. (Harikkala 2013.)

However, in Harikkala (2013) it is also found that the current situation in Finland is not ideal. Although the major potential of immigration is acknowledged, very little is done in order to realize that potential. Finnish policy is currently rather protective; opening up and willingness to learn are crucial if Finland is to succeed in the future. Openness to change and acceptance of diasporas as an asset is a prerequisite of utilizing diasporas' knowledge. For this reason the immigration strategy of Finland must be modernized. The current system is extremely fragmented and difficult to understand. Clarity and tailoring towards different groups of immigrants is necessary. Instead of protective, Finland should become proactive. By adopting interactive learning practices Finland could boost the creation of new knowledge, and thus remain among the modern innovation societies also in the future. (Harikkala 2013.)

In addition to changes in strategy, changes in policy are crucial. Coordination and transparency should be increased. Currently there are too many actors in a scattered policy field. The structures of strategy should be changed and Finland should be better promoted. In addition to gaining knowledge and innovation capacity, Finland should utilize diasporan knowledge in building suitable policy and strategy. Currently the political leadership is too far detached from the grass roots to be able to write the best possible immigration strategy. Revision is, nevertheless, necessary; the improvement of strategy and policy should result in increased attraction and retention of skilled diasporans. (Harikkala 2013.)

Conclusion

It has been the purpose of this article to shed light on how the knowledge of diasporas' is currently utilized in Finland. In doing so, this study has argued for the importance of diasporas in building

the national competitive advantage of Finland. It has been suggested that through the promotion of knowledge spillovers as an aid for transferring knowledge, diasporas' knowledge could be better utilized.

This article has emphasized the importance of knowledge, especially tacit knowledge, as an input in innovation as well as the importance of innovation as an input in economic growth. Diasporas have been found an interesting potential source of new knowledge, which correspondingly makes diasporas a potential source of national competitive advantage. However, host country strategy and policy have been found to have a major influence on the successful utilization of diasporas' knowledge.

This article has utilized the empirical material gathered in eight expert interviews for Harikkala (2013). Although the raw data was not described in this article, the thematic interpretation of the data was used to describe how the knowledge of diasporas' is currently utilized in Finland. Finland was found to have a fragmented strategy in need of modernization. It was also found that currently Finland is unable to utilize the innovative potential of diasporas' knowledge. Thus it was suggested that strategy and policy revision is necessary in order to enable Finland to utilize the knowledge of diasporas. Instead of protective, it was found that Finland should become proactive. Otherwise it is possible that Finland will fall behind of the development of modern innovation societies.

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