Edited by Dieu Hack-Polay and Juliana Siwale

AFRICAN DIASPORA DIRECT INVESTMENT

Establishing the Economic and Socio-cultural Rationale

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Editors

African Diaspora Direct Investment

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"The book addresses highly relevant 21st century matters on migration and the brain drain, neo-colonialism and its impact on African countries and economies, as well as issues of governance and trust. Such extant coverage has broad appeal to educators, government, international aid agencies and policymakers."

—Prof Boris URBAN, *Wits Business School, University of the Witwatersrand, South Africa*

"A timely contribution about people from a rich continent, this collection is broad in scope and of interest to a wide range of readers."

—Prof Léo-Paul DANA, *Professor, Montpellier Business School, France*

Foreword

African Diaspora Direct Investment—Economic and Socio-cultural Rationality

The book on African diaspora direct investment by Hack-Polay and Siwale is timely and of great importance. The book brings together a number of scholars who are experts on the topic, many of them also having backgrounds in Africa, thereby showing an understanding of the topic not only at the academic but also at the personal level, through which the whole book is not only informative, but also a very engaging and inspiring read. The topic of African diaspora is timely and important, as both the population of Africa and the number of Africans travelling across the globe in search of job opportunities will be rising over the coming decades. A Westernised perspective perceiving diaspora as a threat is not only populist, but also deeply flawed and disrespectful of the dignity of people across the world. It is a pleasure to see this book being published which reverses this perspective, and departs from a view that diaspora can first of all lead to reversed cash flows, where money earned across the world is sent back to Africa to aid both local communities through the financial support of families and friends. Moreover, when these cash flows returning to Africa are taken into account, they may form a significant contribution to the development and strengthening of local communities. However, the diaspora can also account for a process of global inspiration, as Africans travelling the world may either help local communities in Africa, not only through building possibilities for development of capital (financial, human, social, etc.), but also through personal development overseas which can be brought back to Africa. Various chapters in the book serve to illustrate the effectiveness of such efforts, and show the conditions under which these efforts are more and less useful (e.g. corruption, lack of reliable partners and bureaucracy). It thereby not only contributes to theoretical understanding of diaspora direct investment, but also to more practical understanding which may be crucially important for governments and decision makers.

The various authors of the chapters in the book discuss direct investment in a variety of countries in Africa, including Ethiopia and Zambia, countries that are still struggling with economic and social development. The insights presented by these authors may provide useful answers to the development of stronger economies in Africa, which are sustainable both for the people and the countries themselves. A note here needs to be made about neocolonialism of Western countries, who continue to profit at the expense of many African countries, both in terms of exploitation of natural resources in Africa as well as exploitation of cheap labour. These practices continue to lead to greater and sustaining inequality across the world, and there is a strong need among the Western countries to realise that inequality between the West and the rest of the world is persistent, and this book should be another reminder for the West to rethink exploitative dimensions at a global scale (such as eloquently expressed in Chapter 4). Too often exploitation has co-aligned with international development, and global sustainability and combatting of climate change have strong connections to the well-being of Africa and the African people.

These issues related to direct investment do not just concern the financial aspects of doing business between the West and Africa as being part of the diaspora, but also has profound emotional and physical implications, which people have to deal with. Networks are important here, but the book is one of the first to raise the importance of these in relation to diaspora direct investment, and are worthy of further investigation and research. Moving between continents, living and working in multiple places across the world becomes increasingly normalised, yet also has profound effects on people individually and collectively. More research is therefore needed to understand how this can be effectively managed and supported, and the book provides a first step towards this. One part of the book is solely dedicated to the role of gender—an enormously under acknowledged dimension in relation to diaspora and direct investment. There are many lessons which can be learned from this book on the role of gender, and especially the importance of the role of women in the diaspora.

A final word from the author of this foreword concerns the personal relationship of the author to the topic: as a white academic from Western Europe, the author feels a deep gratitude for having the possibility to write a foreword to such an important piece of work which sheds light on a number of important contemporary global issues in relation to work and business. The book will certainly help in raising new insights as well as new questions that scholars may investigate and generate further insights. There are many links to other areas of research including Organizational Behaviour, Human Resource Management, Microfinance Research, etc., that may be worthwhile for further study. It is important to not only be able to travel, move and work globally, learn and develop oneself, but also be able to generate questions about practices which may seem 'normalised' in some countries and which may not be supporting development elsewhere. In that respect, we have to continue reflecting upon the contemporary, neo-liberal capitalist system that dominates the Western world and is increasingly penetrating economies and countries worldwide. Hybrid forms including authoritarian neo-liberalism make their way across the world, and we have to perpetually raise questions around what a dignified course of action is, and how we can sustain a global economy whilst protecting people, the climate, animals, the land and the dignity of all of them. This is the true global concern that we are all facing, and which can only be solved through collaboration and cooperation, not in persisting exploitation by the Western countries.

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Introduction: Overview of the Book

Dieu Hack-Polay and Juliana Siwale

The Making of the African Diaspora

The existence of the diaspora is as old as human history. Migration is therefore inherent to human existence and societies. These continuous migratory movements happen for a diversity of reasons: subsistence, augmentation of wealth, safety, etc. (Price and Benton-short 2008; Hack-Polay 2016). This has been sustained from primitive societies to Roman times till today. The diaspora is formed as some groups of migrants stay for a protracted amount of time in the host country and some do not return to the homeland.

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In the case of Africa, painful events such as slavery and colonialism have sent a greater number in the diaspora than any other continent has. For example, it is argued that during slavery time C1500–1865, over 20 million Africans were taken to the Americas. The number of those displaced during the main colonial period (1860s–1960s) is not always agreed on. However, estimate figures from various sources point to somewhere around 10 million. The African migration out of Africa continued in the post-independence period. These recent migrations are largely due to poverty, unceasing wars, unemployment and further education. The United Nations (2016) estimates the number of Africans in the diaspora to be in the region of 160 million. However, this figure could be contentious because it is dependent on the meaning that one attributes to diaspora. The African Union (AU) defines the African diaspora anyone of African descent who lives in a country outside of Africa. This definition is arguable because on this premise Black Americans, Caribbeans and established Black Europeans (British, French, Dutch, Portuguese, etc.) are included in the figure. However, it can be argued that the aforementioned groups are now distinct groups, some of whom no longer associated themselves with Africa, or at least do not keep in touch with Africa and its contemporary affairs.

Reconceptualising the Diaspora

In the context of this book, we found it indispensable to revisit the definition of diaspora and consider a meaning that is more relevant and meaningful for the modern world with changing identities. We perceive the diaspora as a group of people who have left their country of origin (COO) to settle for a protracted period or indefinitely in a foreign country and have recent ties or maintain ties with the COO. In this perspective, the diaspora includes economic migrants and dependants who have been abroad for a number of years (we suggest five years and more), and refugees. This definition excludes diplomats and students as well as tourists. It will also exclude third or later generations of migrants settled in foreign countries who become citizens since these are likely to identify with the host collectivities, for example referring to themselves as Black Americans, Black British, Caribbean, etc. This perspective is supported by Crush (2011) who argues that a more realistic definition of diaspora will include those who contribute to Africa or have the potential to do so. In the case of the African diaspora, if our definition is applied, the figures will be around 25 million which, though significantly lower than the UN's earlier stated 160 million, represents a sizeable population.

The African diaspora has grown over time. This spans through slavery times to the present. It is clear that part of this diaspora has emerged to become 'natural' citizens of other geographical spaces, e.g. African Americans, Black British whose fore parents were taken to the UK many centuries ago and they identify themselves as fully fledged parts of the British ethnic architecture. For the purpose of this book, we consider the African diaspora to comprise people who are recent comers to the host countries outside of Africa and maintain ties with the COO.

Such a diaspora plays a critical role in the African Renaissance. This is exemplified in Kajunju's (2013) article which terms the diaspora 'Africa's secret weapon'. Many African countries and African families look up to the diaspora for ideas and economic support. This stems from the belief that being in the diaspora signifies better lives and enhanced learning opportunities placing the migrant in a position to transfer knowledge and economic capabilities. It is estimated that over 25 million people of African descent within our diaspora definition live outside of Africa. However, the African diaspora in the broader sense accounts for over 170 million people (World Bank 2012).

Part of the literature has characterised the African diaspora as 'brain drain'. This signifies the loss of talent from Africa to other socio-economic and culture spheres of our globe (Network of African Science Academies (NASAC 2009)). However, more and more voices are emerging to acclaim the same migratory movements as vital to the reconstruction and development of African economies and politics (Boyo 2013; Mugimu 2010; Easterly and Nyarko 2007). This reversing trend in the perception of migration out of Africa is referred to as brain gain, to show the extent to which the diaspora could be a resource to development and peace initiatives in Africa. This trend repositions the diaspora a key player and match maker in terms of the continent moving forward (Starkab et al. 1997; Lee and Kim 2010; Batistaab et al. 2012).

Diaspora Direct Investment and Remittances

It is well established that many African migrants living abroad make significant investments in their countries of origins (COO) (Plaza and Ratha 2011). The issue of remittances is well documented. This area of investment, i.e. remittances, provides direct support for the living cost of relatives left back home, e.g. left-behind children and spouses but also the extended families comprising cousins, grandparents and parents. According to a World Bank report authored by Plaza and Ratha, African economies received US$40 billion worth of remittances in 2010 alone. Remittances for non-commercial activities represent a significant aspect of the maintenance of ties with the homeland and families and the construction and negotiation of space (Arthur et al. 2012). However, there are other types of investments made by the African diasporas that are less investigated. These investments concern the direct investment in SMEs set up by the Diasporas in the home countries. The notion of transnational diaspora is an interesting one to explore in this perspective. This concept is central to Chapter 2 where diaspora transnationalism is perceived as the impact of migrants who settle abroad or frequently travel between the home country and the country of residence to bring back economic resources to better the lives of their families as well as improve their own status within the social structure. Transnational diasporas are, therefore, both opportunity seekers and creators of opportunities. A further interesting and associated concept in relation to diaspora investment is remittances. Remittances do not often come into the equation when diaspora investment is dealt with in the debate. A part of the literature (Hellen 2011) views remittances as cash for consumption by relatives or other beneficiaries. This perception is linked to the fact that there are limited tangible or measurable financial returns on remittances. However, this book acknowledges remittances as forms of diaspora direct investment (DDI). This position builds on the understanding that funds remitted enter the economic system either through the increased purchasing power of the recipients or through enterprises created by the recipients.

This book aims to examine the experiences of Africans setting up businesses and remitting money back home. The main focus of the book is to establish the economic, social and psychological reasons for such 'home direct investment'. As in the case of remittances, DDI in business does not happen without significant financial and health sacrifices (Rodriguez-Montemayor 2012). Numbers of migrants work longer hours and live in very humble accommodation in order to save the required funds for their 'direct diaspora investment'. This affects their work-life balance in the host country and leads many involved in DDI to put professional careers and sometimes family life on hold in view to secure sufficient capital for their home investment venture (Hack-Polay 2008). Yet the diaspora invests relentless effort and special motivation in the pursuit of their home ventures (Nielsen and Riddle 2007).

The international literature has shown some engagement with the field of remittances and DDI in the past decade but research in the area remains patchy despite the significant inflow of capital from the diaspora into COO. Critically the gendered perspective in the study of DDI has not always attracted the coverage commensurate with the growing involvement of women. This issue is one of the main contribution of this book (in Part III) which expands on postmodernist female achievement by African diaspora women who are increasingly defying cultural constraints to assert themselves outside of male control; this theme is dealt with in depth in Chapter 9. We also consider the role of religion and faith in relation to women involvement in diaspora investment; Chapter 10 in Part III brings to light the use of religious networks and faith as spiritual capital and empowerment based on the notion of work ethics emanating from God.

The question of the psychosocial, cultural and economic reasons for DDI is poignant because a significant part of the existing literature shows that many in the Diasporas do not return to their home countries. Those who eventually return do so close to retirement. This is, therefore, what we perceive in this book as building a future without self at the centre. However, such investment is often portrayed as critical and beyond the individual interest of the investor; DDI is equally critical as part of post-conflict effort to rebuild the countries affected by upheavals (AfDB 2012), making African exiles key players in the development of the continent (World Bank 2011; Batistaab et al. 2012).

Critical areas that the book aims to explore centre on the social and psychological pressures on African diasporas for investing in their home countries, the management of diaspora businesses and the contribution of such investment to local economies.

Business development in Africa has been increasing over the years, whether from small local investors or from multinationals. This is because many recognise the tremendous potential that Africa harbours, not just in terms of its growing population (over 1.2 billion people) according to the United Nations (2017). The African population is forecasted to experience further growth, reaching 2 billion by 2050 (United Nations 2017). This population presents numerous opportunities for businesses. This is the subject of Chapter 7. Conscious of this potential, diasporas are weighting in the gold rush through their direct investment to empower left-behind families and the development of small- and medium-size enterprises (SMEs).

Success could potentially contribute to poverty alleviation in Africa (World Bank 2011). This topic is covered extensively in Chapter 4. Here, the impact of remittances and business venture creation is assessed. Remittances benefit families and individuals. The funds transferred by the diaspora contribute to increase the buying power of the recipients and assist them in covering daily living as well as more substantial long-term needs such as education, health and saving for rainy days. Some recipients go on to venture in small business creation, which addresses not only micro-level issues at individual and family unit levels but also remedies some more national issues in terms of job creation. An important concept developed is that of compassionate investment. The notion derives from the fact that part of the money remitted is altruistic.

However, successful DDI may rely on networks. This study explores the role of local networks of transnational diaspora entrepreneurs in their COO. Drawing on findings from two extensive data sets, Chapters 5 and 6 show that local networks particularly family ties may be counterproductive of diaspora entrepreneurs as they engage in transnational entrepreneurship. This means that a wider network is essential. And the diaspora, aware of this sine qua non condition, strive to use their professional and educational networks to ensure greater oversight of ventures. Chapter 8 pursues some of these important themes by examining the lessons that can be learnt from the way in which the diaspora manages DDI and its relationships with home national government. The chapter makes suggestions for greater capacity of action on both the diaspora's side and the local players' including political authorities, SMEs, large companies and individual families who are recipients of remittances.

Audience and Structure of the Book

The book will appeal to academics, including lecturers and students in various fields, such as economics, management, entrepreneurship, sociology and politics. This stems from the extant coverage which considers the place of remittances and DDI and their importance in the international political economy. Critical aspects in this domain are captured in the book, e.g. aid and development, migration and brain drain, neocolonialism and its impact on African countries and economies, issues of governance and trust, etc. The book will also appeal to government, international aid agencies and policymakers. This stems from the fact that we identify vectors and blocks to the effective mobilisation and utilisation of remittances and DDI. Chapter 3 particularly maps the critical areas of investment that the diaspora embraces, namely farming improvement and house building. These are strategic areas for all African nations and the input of the diaspora could soothe some shortages.

The book is divided into three parts. **Part I** sets the contexts of diaspora investment and considers, beyond economic rationale, why the diaspora will take risky ventures often managed remotely, despite issues of trust and lack of formal framework for channelling investment funds securely. **Part II**, building on the difficulties identified in the earlier part of the book, assesses the mechanisms put in place to manage diaspora investment in the COO and the degree of effectiveness of management structures as well as what could be learnt from the experiences of the diaspora. **Part III** examines the little-explored issue of gender with regard to diaspora investment, to unveil the women's drive to reposition themselves as key players by seeking to free themselves from some traditional cultural 'burden'. We hope the book provides insights for all parties interested in investment and development issues, particularly with regard to the role of the diaspora and that some of the ideas discussed here will benefit governments in Africa and groups of diasporas around the world. The authors will value feedback on this first edition of this important contribution to our understanding of cultural, economic and psychological complexities surrounding DDI.

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Part I

Diaspora Direct Investment: Rationalities and Impact

2

Understanding Diaspora Transnationalism

Osa-Godwin Osaghae

Introduction

Most recently, the surge in immigration and increase in diaspora investment in the country of origin (COO) have drawn attention to the concepts of diaspora and transnationalism, two concepts commonly used to describe immigrant settlement in the host countries and their activity that span across national borders. Diaspora symbolises someone who has emigrated from his or her COO to another country and has integrated into the new-found country but has no intention of abandoning the COO. Such a person shuttles between host and home countries for opportunities. The concept of transnationalism was coined to give theoretical form to empirical observation that migrants through their daily activities (social, economic and political) create activities that cut across national boundaries (Basch et al. 1994; Portes and Fernández-Kelly 2015). A perspective that symbolises diaspora as

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a bridge between countries in terms of national economies, NGOs, globalisation and multiculturalism issues (Portes and Fernández-Kelly 2015). In the past decade or so, both terms have been used to refer to the cross-border movement of people from one country to another and cultural linkage to diaspora ancestral home. This is a process that has increased the inflow of capital, communication and investments in many emerging economies.

The increases in capital accumulation, communication and investments have increased the flow of culture, capital and populations across national borders, resulting in a new global, theoretical context and interests in cultural diffusion (Schiller et al. 1995). This transmission of elements or features of one culture to another leads to the process whereby immigrants and their descendants constantly shuttle between host and home countries for entrepreneurial, political and social activity, known as diaspora transnationalism (Basch et al. 1994; Portes 1997). Transnationalism has created a scenario whereby culture and immigration are fast becoming the eroding and defining factors in the political, social and economic life of every nation. For example, migration and immigrant issues were some of the defining factors in the 2016 British European Union (Brexit) referendum and the election of Donald Trump as President of the USA. Whatever the issues that are associated with immigration, immigrants' contribution to home and host countries' economy, social and political relations far exceeds any issues surrounding immigrant and human settlement in a country other than their country of birth (Portes 1997; Green 2016).

A settled immigrant in a country other than the COO is dubbed 'diaspora'. The concept of diaspora was first introduced by social anthropologists, who noted the intense interaction between the place of origin and destination among immigrants (Basch et al. 1994). Sociologists and social geographers followed with a string of empirical studies, suggesting that diaspora in the modern world is an alternative concept or a variance of traditional immigrants (Levitt 2001; Smith 1998; Smith and Guarnizo 1998; Kyle 1999). While diaspora is a very old concept associated with the exile of the Israelis from the holy land, the concept of transnationalism was first used in the 1960s by economics students in reference to corporate structures with established organisational bases in more than one state (Martinelli 1982; Aikins and White 2011). Afterward, scholars have used the adjective (transnational) to signal an abatement of national boundaries and the development of ideas or political institutions that spanned across national borders (Schiller et al. 1995). In the literary definition of 'transnational', it is understood as the 'extending or going beyond national boundaries' (Webster's Third New International Dictionary 1976).

A growing body of evidence suggests that diasporas play a critical role in supporting sustainable development by transferring resources, knowledge and ideas back to the COO. In addition, countries finding it difficult to compete for FDI have turned their attention to their diaspora for investment in the COO. Diaspora investors are facilitators of transnational knowledge linkages that contribute to the diffusion of technology and product knowledge from individuals in the COO to the country of residence (COR) (Saxenian 2006). As an investment, diaspora transnationalism provides economic development benefits to post-conflict countries beyond the immediate influx of capital (Nielsen and Riddle 2010). Empirical findings suggest that diasporas are not only investors, but they also often share market information about the COR (information about import and operational regulations, consumer demand and competitive intelligence), with other investors and firms in the COO (Riddle 2008; Riddle and Marano 2008).

This means that diaspora investment, remittances and know-how activities have fast become important sources of social capital and political relations for COO (Efendić et al. 2014). The literature on diaspora transnationalism recognises that diasporas might support development programmes in the COO, lobby their governments, appeal to international institutions or work to raise awareness in the broader population about contributing to national development (Newland and Tanaka 2010; Efendić et al. 2014). Diaspora transnational remittances and investments are well documented. For example, the first Afghan shopping mall was an investment of an Afghan diaspora. According to a World Bank report authored by Ratha et al. (2016), African economies received US$33 billion worth of remittances in 2015 alone, down from $40 billion in 2010. The diaspora invests relentless effort and shows special motivation in the pursuit of COO ventures (Nielsen and Riddle 2007).

Thus, the chapter will help to create an understanding of diaspora transnationalism and provide a brief historical discussion of some events that have been dubbed diaspora transnationalism and the motivation for the diaspora. To create an understanding of the two concepts (diaspora and transnational), the next section looks at some of the events describing cross-border movements.

The chapter is meant to be theoretical in the wide sense of the term. The aim is not to develop a comprehensive theory or a synthesis of a theory, nor to apply a distinct set of theories to diaspora transnational phenomena. The term 'theory' here relates to theoretically guided empirical propositions, covering descriptions aiming at particular events and sites. Neither is this an effort to develop an integrated theory of diaspora and transnationalism.

Historical Perspectives on Diaspora Cross-Border Business Activity

Historical evidence suggests that the movement of people across the national border has led to the settlement, trading of food across national borders and the cultural integration of immigrants in the local ways of life of their host countries (Dees 1998). As evidenced in the historical artefacts and discoveries from the prehistoric, middle and modern ages, members of a trading diaspora cultivated their networks across space and travelled back and forth in pursuit of their commercial ventures (Skaff 2003). Merchants have also (in the prehistoric ages) engaged in commerce and integrated into the local ways of life in host countries (Curtin 1984). Excavation records and Chinese documents have also supported the idea of the existence of transnational trade by migrant traders as early as the sixth century B.C. Furthermore, Chinese records, documentation and discoveries from the ancient burial grounds of Astana (Asitana) and Karakhoja (Halahezhuo) and ancient monuments dating back to the prehistoric age show evidence of trading of food or essential resources for survival purposes (Dees 1998). The trading of goods and services along the borders of city-states like Palmyra and Petra (Syria) has also been highlighted as evidence of cross-border movement of people for trading purposes in the fifth to seventh centuries (Massey 1990; Skaff 2003).

Those settled abroad or frequently travelling between COO and trading places abroad brought back economic resources and other goods to better the lives of their families as well as improve their own status within the social structure. The Nomadic Period and the ancient Bronze Age civilisation of Dilmun are regarded as landmarks in the evolution of cross-border entrepreneurship and can be considered to be the embryonic forms of diaspora transnationalism or cross-border investment. As claimed by scholars such as Tarrius (2001) and Bruneau (2010), this era in history ushered in the transportation of goods for sale from one city to another. While all this trading era signifies trade between nation-states, it also brought about cross-cultural links between different ethnic communities (Sandip 2006). This era marked the beginning of what the modern cultural theorist regards as cultural diffusion, the integration of different cultures, leading to intercultural connectivity of nation-states.

As the nation-states became more connected, intercity and international trade grew. Prominent in this intercity trade was the trade between Venice and Genoa in the middle age and the arrival of Arabic spices in the European market (Sandip 2006). The arrival of Arabic spices, exotic medicines, new drugs, the mass movement of people and capital from the Old World ushered in a periodic trading between cities and nations. For example, the trading link between Mesopotamia and the Indus Valley, and the trade between Tibet and India as early as 5000 years ago are evidence of intercity trades (Pelliot 1912). As shown in the work of Anas and Xiong (2003) and Casale (2006), the intercity trade of intermediate goods introduces pecuniary links among cities, creating positive intercity production externalities, the evolution of transportation and cross-border communication among people of different ethnic backgrounds. This trading period promoted and improved cross-border entrepreneurial activity and the shuttling back and forth across national border referred to in the 1960s by students of economics as transnationalism (Martinelli 1982). As argued earlier, the aim of these nomadic diasporas was to make sufficient economic gains to send back home to care for families and enrich the nation-state and their own social status.

Shuttling back and forth was the result of improvement in transportation and communication, an improvement that brought about a new era of trade and industrialisation. According to the neoclassical theorists, this resulted in a mass exodus of people across the national border, a process linked to factors, such as family reunification, war and famine, and unequal distribution of wealth. From the theoretical perspectives, mass immigration was a result of the unequal distribution of wealth and the advent of trading treaties between nations and countries (Dees 1998; Djajić and Michael 2013). The treaties allowed movement and work and the need to fill the vacuum created as a result of industrialisation. In addition, cross-border movements resulting from industrialisation played a major role in the cultural, religious and social integration of immigrant in host countries (Christian 2000; McIlroy and Croucher 2013). While the discussed historical paradigm suggests the existence of cross-border trading during the middle and modern ages, the lacks in extensive documentation during the prehistoric age create difficulties in accessing early historical evidence on cross-border trade during the prehistoric time. However, historical artefacts and discoveries show that humans have moved from their community to another either in search of food or essential resources for survival. This led to the claim of the existence of transnationalism during the prehistoric age (Dees 1998; Massey 1990; Skaff 2003). Thus, the historical concept allows for an understanding of how and why people immigrated and integrated into a country other than their own COO and participate in the political, social and economic activity of home and host countries.

Modern Transnationalism and the Diaspora

The variation in views on what diaspora is makes defining diaspora and transnationalism a difficult task. Diaspora, in particular, has become an all-purpose word used to describe all activity from immigrant and immigration stand point, something that scholars such as Bruneau (2010) and Aikins and White (2011) have warned against. In addition, linking diaspora with all immigration will trigger the neoclassical view of immigration being a pitfall of the economic imbalance that exists in the world. Hence, defining diaspora and transnationalism brings to mind what to include in the definitions, as both have different terminologies that best describe what they stand for. Theoretically, diaspora and transnationalism often overlap and are sometimes used interchangeably. Both concepts usually involve using terminologies such as globalisation, cross-border, culture and integration or adaptation. Globalisation and enhancement in communication, transportation and technology have improved our ways of doing business and human connectedness. This issue of connectedness means increased human interactions, multiculturalism and linkages to COO.

While the impact of globalisation, communication, networking, policies and cultural issues are important factors in defining the diaspora and transnationalism, the suggestion is that diaspora and transnationalism phenomena occur within the limited social and geographical spaces of a particular environment (Bauböck and Faist 2010). In a host country, for example, diaspora investments are mostly found within an immigrant enclave. An immigrant enclave is a distinct spatial location and organisation of a variety of enterprises serving an immigrant community in host countries. This community of people of similar immigration and cultural background creates the essential resources and environment for diaspora investment in host countries. Transnationalism affects the culture, environmental conditions and infrastructure in the COO. Thus, diaspora transnationalism draws a similarity with emigration. While emigration is the act of leaving one's own country to settle in another, diaspora transnationalism involves a process of diaspora shuttling between COR and COO for business opportunity and investment. As Aikins and White (2011) found, the current increase in circular migration flow creates difficulties and limitations in defining today's notion of transnational diaspora. Diaspora transnationalism is, according to Levitt (2001):

> A process of living within transnational social fields and the possibility of being exposed to a set of social expectations, cultural values, and patterns of human interaction that are shaped by more than one social, economic and political system which enable one to engage in cross-border investment (Levitt 2001).

This definition encompasses the current way of looking at diaspora transnationalism. This definition looks at the social field, social expectations, cultural values and human interaction that are involved in a transnational diaspora. The human interactions in diaspora transnational is identified as a network. Network within diaspora transnationalism consists of ties or relationships built on trust between the investor and the community. What this symbolises is that network improves ties between the transnational diaspora and home country. Although the network is regarded as informal relations that a person has with others (Reese and Aldrich 1995), it can serve as contract-enforcement mechanisms that promote information flows across international borders (Javorcik et al. 2011). Close comparison of emigration and diaspora transnationalism suggests that both involve cross-border movement out of a country by residents; while diaspora transnationalism describes the movement of the diaspora out of their host countries for opportunity formation and investment in the COO, emigration also describes as 'brain drain' (highly trained or qualified people from a particular country) involves the movement of native born population out of their COO.

To date, people migrate for various reasons ranging from war, unemployment, the chance of a better life, family reunification and often for investment (Hammar et al. 1997; Kingma 2007; Portes and Fernández-Kelly 2015). Over the past two decades, international migration has been on the rise and the number of migrants worldwide has continued to grow rapidly reaching 244 million in 2015, up from 222 million in 2010, and 173 million in 2000 (IOM 2016). This makes immigration a well-debated social and political issue in the twenty-first century, and it focuses on policy makers, governments and organisations around the world. Thus, as the gap between the economies of the developed and developing countries continues to grow, immigration from the developing countries will continue to rise. This steady increase in the number of people moving out of their COO will also increase the number of diaspora transnational investment in their COO.

The next section defines the diaspora transnational investment and describes the motivation for diaspora transnationalism.

Transnational Diaspora Investment

Diaspora transnationalism, as described in some entrepreneurial models, involves the commuting of resources across multiple borders (Goldring 1996; Guarnizo 1997). By concurrently engaging in two or more socially-embedded environments, diaspora transnationalism creates, develops and deploys its resource base to exploit comparative advantages in both COR and COO (Thieme 2008). Due to the sentimental attachment to the COO, diaspora transnationalism initiates investments; connects home and host countries in political, economic and social issues; creates jobs; and provides business, technical and technological information about host countries to their COO (Oviatt and McDougall 2005). Diaspora transnationalism understood to be a process of living within transnational social spheres and the possibility of being exposed to a set of social expectations, cultural values, and patterns of human interactions that are shaped by more than one social, economic and political system that allows a diaspora to engage in the cross-border activity. The concepts convey the idea of transnational populations living in a host country, while still maintaining economic, social and political relations with their COO (Debass and Ardovino 2009). Therefore, the term symbolises, those ethnic minority groups of migrant origins residing and acting in host countries but maintaining strong sentimental and material links with their COO.

This suggests that for diaspora transnational investment to succeed, immigrant cultural and capital (human, social, financial capitals and networks) resources, previous country knowledge, understanding of ethnic capital and types of network that exist in the home and host country are key to the diaspora transnational business opportunity formation. Diaspora transnational investment is an investment by the diasporas in their COO, which may provide economic development and employment benefits to post-conflict countries beyond the immediate influx of capital (Nielsen and Riddle 2010). This investment needs not be for the purpose of profit alone, but also to improve the political, social and economic relations between countries. For example, diaspora transnational investments, such as the Mexican Talent Network, The South African

Diaspora Network, GlobalScot, Armenia 2020, Ethiopia Commodity Exchange and Fundación Chile, promote networking, mentoring and training, investment and venture capital initiatives for the development of their home countries promote cultural linkage between diasporas and their COO with less focus on profit-making, which dictates the financial resources that they deploy.

However, some diaspora transnational investment do create manufacturing facilities in the COO, producing goods for locals or export sale or establish subsidiaries for businesses based in the COR. Others set up service operations such as restaurants, retail chains, consulting companies, or tourist-oriented ventures, using the unique market and operational knowledge acquired from working in a different institution in COR (Riddle and Marano 2008; Dai and Liu 2009). The motivation driving diaspora investors' interest is often complex and may involve pecuniary and non-pecuniary investment motivations, including feelings of duty and obligation to contribute to the development of the COO (Gillespie et al. 1999; Nielsen and Riddle 2010), for example the motivation of Sylvia Gavigan, a Ugandan resident in Ireland, to invest in Uganda based on the need to help in the education of female entrepreneurs in her local region (Masaka) in Uganda (see Africa inventory 16 for Uganda in the Appendix section), which echoes the sentiments of most diaspora transnational investors; this is to give back to their COO experiences acquired in COR. Diaspora sentiments are often affected by their integration process in COR.

The literature on management and marketing has focused on how migrant acculturation affects their behaviour in COR; others examine the impact of migrant acculturation and how acculturation can lead to institutional change (Riddle and Brinkerhoff 2011). Findings suggest that institutional changes resulting from acculturation in COR put the diaspora transnational investor in the position of understanding opportunities in COR and COO (Cohen 1997; Riddle et al. 2010). Culture is a unique element that brings people of similar ethnic identity together to create unity and embedded environment for diaspora investment in COR and COO. This cultural knowledge of home countries held by the diaspora has made it possible for many developing and transition countries that find it challenging to compete in the global race for investment capital to target their diaspora transnational for investment. This strategy of targeting diaspora transnational investors has been particularly useful for countries that might be deemed less attractive to non-diaspora investors because of small domestic market size, inadequate infrastructure or less attractive structural characteristics such as political instability (Gillespie et al. 1999).

The diasporas not only invest in the COO but also continue to live in a COR, moving between the two nations as they run their businesses. Due to diaspora transnational ability to manage networks and resources in multiple environments, circular migration fosters and creates very specific opportunities for diaspora transnational investors (Portes 2003). For example, the Moroccan monarchy, for years, controlled its expatriate population and prevented them from adopting European citizenship. However, the country now uses a less controlled measure and is engaging in a partnership with immigrant organisations in the re-assimilation of its diaspora (Lacroix 2005, cited by Portes and Fernández-Kelly 2015). They do this by implementing policies that favour the return of their diaspora to the COO, allowing dual citizenship and the right to vote and contest political positions in the COO. However, the interest of some of the African governments in their diasporas has focused largely on those residing outside the Africa continent and on the diaspora in the OECD countries. The reason for this could be drawn on the expertise of the developed economies of the OECD countries that favour immigrants from less developed countries. See the attached appendix for inventories of Africa diaspora transnational activity worldwide. This investment opportunity created by diaspora transnationalism has led Western European governments to the enactment of policies to attract the diaspora.

Policy Support for Diaspora Investment

According to scholars such as Godin et al. (2005), the enactment of diaspora policies, provision of resources for the implementation of philanthropic projects and the creation of diaspora transnational organisations by Western European governments have strengthened ties between Western European countries and the diasporas. Portes and Fernández-Kelly (2015) suggested that whether or not this form of attracting the diaspora has brought with it a new set of social-economic development, political behaviour by the diaspora in the host country or a new set of problematic issues is yet to be seen. Arguably, these new policies of the transformation of the grass-roots organisations into a new layer of quasi-official bureaucracy between sending and receiving countries loom as a threat to this form of sponsored transnationalism (Delgado-Wise and Cypher 2007; De Haas 2012). However, the recent increase in immigration and immigrant entrepreneurship points to the direction of continual improvement of diaspora policies by sending countries. The enhancement of diaspora attraction policies by sending countries is what can be termed sponsored transnationalism which ensures that diaspora investments in Third World countries continue to assist in philanthropic activities, knowledge exchange, increased trade links and better access to foreign capital markets.

Motivation for Diaspora Transnationalism

A study by McClelland (1965), redeveloped by Royle and Hall (2012), claims that the drive to achievement is a defining trait that drives individuals to investments. What this implies is that the drive for diaspora transnational investment rests on the need for diaspora transnational investors to achieve recognition and the desire to create jobs opportunity and give back to the COO the knowledge gained from the host country. McClelland, in explaining the individual motives, suggested that there are motives which are exhibited by people (explicit motives) and there are motives that are unconsciously present (implicit motives). Explicit motives help to determine the goal-setting activities whereas the implicit motives target the developmental activities of the individual. Sokolowski et al. (2000) suggest that these motives are influenced by two categories, one is the approach (hope), i.e. the desirability for positive experiences, and the other is avoidance (fear), i.e. the sensitivity to negative experiences. From the first approach (hope), the cultural knowledge of COO serves as motivation for COO investment; on the second approach (fear), the understanding of business networks and business culture eliminates the fear that might have arisen due to the lack of country knowledge.

Based on Maslow's (1943) theory of needs and McClelland's (1965) motivation theory, individual needs vary, so do the needs and motives for investments. Different investors have different needs and motives, varying between achievement, power and personal needs or a network characteristic which makes it possible for them to predict the kind of opportunities that they identify and the utility value extracted from this motivational element (McClelland 1965; Sokolowski et al. 2000). Diaspora transnational entrepreneurship identifies with the need to affiliate and connect with the home country, acquire power and for a sense of achievement. In COOs, for example, appreciation for the diaspora can steer greater motivation and sharpen the individual drive for investment. Some cultures place a high value on personal attributes and individual achievements, which can drive diaspora transnational investment in the COO. For example, Americans generally see one's social class as primarily reflecting one's income level, which in turn is believed to reflect (at least in part) one's professional merit. But to the interdependent Chinese, class reflects not only one's achievement, but also the position of one's group, usually one's family, relatives and kinship clan (Hsu 1981, cited by Nancy and Aaron 1998). What this suggests is that cultures that place high value on achievement, put the diaspora investors in a different class and are highly respected with the community.

For example, entrepreneurs in the Andhra Pradesh region in India were most strongly motivated by the desire for independence/autonomy (to be their own boss) and to increase their income (Benzing and Chu 2009). In the validation of entrepreneurship in China, Pistrui et al. (2001) found that personal and family security were the primary reasons for entrepreneurs to start a business. Let us take the African country, Ugandan, for example, where entrepreneurs indicated that 'making a living' or 'making money' is the most important reason for owning a business (Bewayo 1995). This finding from the study on the Ugandan entrepreneurs also indicated that a majority of entrepreneurs (61%) preferred business ownership over working for a corporation because of autonomy, freedom and independence (Bewayo 1995). As found in the study of Kenya and Ghana's entrepreneurs by Chu et al. (2007), increase in income and gainful employment were motivation to undertake of entrepreneurial activity. Likewise, entrepreneurial activity in microenterprise in some West African countries were motivated by a desire to satisfy basic physiological needs (food and shelter). In general, it appears that microenterprise and SME entrepreneurs in low-income countries are more likely to be motivated by income needs, whereas those in higher income countries are driven by higher order needs.

Diaspora transnational investment in modern times therefore capitalises on the cultural knowledge, social networking, electronic bulletin boards and other online venues in COR and COO. Furthermore, diaspora transnational is strengthened by social recognition, friendliness and receptiveness of the home country (Nkongolo-Bakenda and Chrysostome 2013). However, the willingness of the diaspora entrepreneur to engage in transnational entrepreneurship depends on the diaspora's knowledge and the intensity of the understanding of the entrepreneurial culture of COO. In this way, culture provides the investor with the drive to undertake investment. For example, diaspora willingness to transcend business between COO and COR is largely dependent on the stable political situation, regulations, immigrant-friendly policies, healthy economy and policies that protect investment in COO. According to Aldrich and Waldinger (1990) and Neuman (2016), government policies in regard to the re-assimilation of the diaspora serve as motivating factors in the diaspora's decision to invest in the COO.

Thus, the motivation behind diaspora investment can be attributed to the changing nature of international migration and diasporas (Light 2007; Riddle 2008) and to the complex nature of international business environment and entrepreneurial activity (Yeung 2002; Zahra and George 2002). Such an environment is made fertile by the advent of email, fax, internet, cheap telephone services and air travel as well as increasingly heterogeneous populations in many formerly monocultural cities and nations. This provides a measure of material and social support. These elements encourage cultural diffusion and sharing of information, the development of social networks and the creation of new markets that serve as motivation for diaspora investment in COO. Thus, diaspora investment suggestively can be regarded as an investment motivated by the desire for autonomy, cultural sentiments and the need for recognition driven by the desire to move their families and countries from lower to higher income.

Conclusion

The rise in the intensity of human migratory movements in the last three decades has increased the geographical concentration of immigrants in host countries. The term diaspora transnationalism conveys the idea of transnational populations living in a host country, while still maintaining economic, social and political relationships with their COO (Debass and Ardovino 2009). Therefore, the term symbolises those minority groups of migrant origins residing and acting in COR but maintaining strong sentimental and material links with their COO. Diaspora transnationalism, as discussed in some entrepreneurial models, involves the commuting of resources across multiple borders (Goldring 1996; Guarnizo 1997). According to Thieme (2008), by concurrently engaging in two or more socially embedded environments, diaspora transnationalism creates, develops and deploys resources to exploit comparative advantages in both the diaspora's COO and COR. Scholars such as Kuznetsov (2006) and Sorenson (2007) have suggested that the resources and employment opportunities created by diaspora transnationalism have a profound impact on the economic and social development of their COO. From this perspective, diaspora transnationalism fills a structural vacuum (human exchange and interaction) that may have arisen within many emerging and developed market economies (North 1990). In addition, it serves to reduce transaction costs and encourages interactions between economic actors in both countries concerned. According to Khanna and Palepu (2010), diaspora transnationalism helps to overcome many of the structural challenges in emerging markets and enables firms to succeed in multiple environments.

Thus, diaspora transnationalism once viewed as a money remittance process has now wider social and economic ramifications and serves as a bridge between national economies in the areas, such as politics, economics, social and cultural relations and fast becoming the backbone of many emerging economies. Not only in many African countries, such as Morocco, Nigeria and Ghana have transnational diaspora investments fast becoming the bridge between national economies, but also in countries, e.g. China, Mexico, the Philippines, the designing of diaspora transnational policies has increased inflow of diaspora investments. With the increase in the rate of human movements and trade between the developed and developing countries, diaspora investment and remittances will remain major sources of capital for the countries that are finding it difficult to compete internationally for capital. However, whether these strategies or policies to encourage diaspora investment in their COO are the future of international business can only be effectively evaluated with further substantial research and over time.

Appendix

See Tables 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7 and 2.8.

Table 2.1 Inventory of Burkina Faso

Name	International Organization for Migration Burkina Faso
Location countries	Benin and worldwide
Profile bio	Due to its geographical position, Burkina Faso is a West African crossroad between coastal countries and land-locked countries. The Government of Burkina Faso faces several challenges relating to the management of large flows of incoming and outgoing migrants including both regular and irregular migrants with concomitant challenges, such as counter-trafficking, migration and development, migration and health, border management. These migration issues are addressed by IOM in close partnership with the Ministry of Foreign Affairs and Regional Cooperation of the Government of Burkina Faso. From July 2005 to January 2007, the Ministry of Foreign Affairs and Regional Cooperation received funding to conduct a project entitled 'Mobilizing the Diaspora of Burkina Faso and Identifying Priority Needs of Burkina Faso'. The programme 'Migrant Women for Development in Africa (WMIDA)' was launched in March 2008 with the financial support of the Italian Government (Ministry of Foreign Affairs) in order to involve more West African migrant women living in Italy in the development of their countries of origin
Level of impact	**High**
Keywords	Burkina Faso, diaspora organisation for Burkina faso, international organisation

Table 2.2 Inventory of Côte d'Ivoire

Name	The United Nations Migration Agency Côte d'Ivoire
Location countries	Côte d'Ivoire
Profile bio	Côte d'Ivoire became an IOM Member State in June 2000. IOM Côte d'Ivoire falls under the purview of the IOM Regional Office for Central and West Africa in Dakar, Senegal. Its main activities are in the areas of emergencies and post-crisis operations, migration health, immigration and border management, migrant assistance, and labour migration. Côte d'Ivoire has no migration policy explicitly formulated and fitting into a global framework. However, recent migration policy elements can be found in different statements by the country's authorities, enactments on the entry, identification and stay of foreigners in Côte d'Ivoire and the creation of public structures in charge of managing an aspect of the migration phenomenon. The Ivorian migration phenomenon also fits into the regional (ECOWAS) and international cooperation framework. Indeed, Ivorian migration policy lays emphasis on the regional management of migration issues, since the national framework is inappropriate to tackle all issues related to the movement of persons
Level of impact	**High**
Keywords	The UN migration office Côte d'Ivoire, diaspora Côte d'Ivoire

Table 2.3 Inventory of Ethiopia

Name	International Organization for Migration Ethiopia
Location countries	Addis Ababa Ethiopia
Profile bio	IOM's presence in Ethiopia goes back to 1995, when it initially implemented the Return of Qualified African Nationals (RQAN) project. The objective of this project was to compensate for the shortage of qualified human resource in developing countries like Ethiopia and thereby assist national development. In 2005, IOM took a bold step to designate the mission in Ethiopia as Special Liaison Mission (IOM/SLM) with liaison functions to the African Union (AU), United Nations Economic Commission for Africa (ECA) and the Intergovernmental Authority on Development (IGAD). Since 1995, IOM has been contributing to the efforts of the Government of Ethiopia to manage migration effectively through a wide variety of projects and programmes. IOM in Ethiopia has also been involved in the resettlement of refugees and the movement of various migrant groups for family reunification and other opportunities to various countries throughout the world. Furthermore, IOM has expanded the focus of its activities to include Counter-Trafficking, Assisted Voluntary Return and Reintegration (AVRR), Migration and Development, Labour Migration and Migration Health
Level of impact	**High**
Keywords	IOM Ethiopia, diaspora organisation Ethiopia

Table 2.4 Inventory of Guinea

Name	International Organization for Migration Guinea
Location countries	Guinea, Australia, Canada, USA
Profile bio	The region of Guinea Forestiere is also of concern, as it is likely to be the recipient of people fleeing from humanitarian crisis in the area. As a result of recent conflict, many vulnerable groups such as Internally Displaced Persons (IDPs), former combatants and returnees need to be included in reintegration programmes in order to guarantee the very fragile and relative stability of the region. IOM Guinea undertakes medical health assessments on behalf of the resettlement countries for the refugees migrating to these countries. These include among others, but are not limited to, the medical health guidelines and protocols of the respective countries. The mission also engages in HIV counselling for refugees being processed for resettlement. IOM Guinea undertakes other medical activities on behalf of requesting embassies and countries, in the area of DNA sample collection, medical health assessment for sponsored prepaid cases for persons not covered under the government resettlement programme **Projects** Australian Migrant Health Assessment Programme US Resettlement Health Assessment Programme Canadian Health Assessment Programme
Level of impact	**High**
Keywords	International organization for migration in Guinea, diaspora organization in Guinea

Table 2.5 Inventory of Mali

Name	The United Nation Immigration Agency in Mali
Location countries	Mali
Profile bio	Mali has a long history of emigration and has also become an important transit point for migratory flows within the region and beyond. The country is characterised by migration trends that range from cultural practices that promote migration as a rite of passage for young men, to circular and seasonal migration including pastoral and nomadic movements. Factors that drive migration in Mali include interrelated economic and environmental pressures, as well as the impact of recent conflicts in the region: Economic, conflicts, environmental factors, etc. **IOM in Mali** IOM in Mali has significantly increased its operations in response to the crisis in 2012. The activities are implemented countrywide. The IOM mission in Mali was established in 1998. Since then, IOM has worked hand in hand with the Government of Mali to meet the needs of the most vulnerable and help tackle the migration challenges such as forced migration, irregular migration, trafficking in persons and smuggling of migrants, among others
Level of impact	**High**
Keywords	The UN agency in Mali, diaspora agency in Mali

Table 2.6 Inventory of Nigeria

Name	Association of Detlans Back Home from Diaspora
Location country	Nigeria
Profile bio	Association of Detlans Back Home from Diaspora is a non-profit affiliated (NGO) located in Nigeria. The organisation provides humanitarian aid to individuals. Activities include: advocacy, consulting/training, research and development, funding, grant-making and events. The aims and objective of the organisation is to develop a capacity and skills of the members of the socially and economically disadvantaged community of Delta State and Nigeria in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society. Also, to advance the education of the general public in the history and culture of Delta State and Nigeria. The organisation's aim equally includes prevention or relief of poverty in Delta State in Nigeria by providing: grants, items and services to individuals in need and/or charities, or other organisations working to prevent or relieve poverty
Level of impact	**High**
Keywords	Detlans, association of detlans, back from home diaspora

Table 2.7 Inventory of Zambia

Name	International Organization for Migration Zambia
Location countries	Zambia
Profile bio	Established in 1951, IOM is the leading intergovernmental organization in the field of migration and works closely with governmental, intergovernmental and non-governmental partners. The organisation is working closely with the Government of the Republic of Zambia and other stakeholders to provide durable solutions for refugees. The return of relative peace to Angola after over three decades of political turmoil made it possible for Angolan refugees in the subregion to return home. In Zambia, the organised Voluntary Repatriation (Volrep) of Angolan refugees was first launched in 2003 and a total of 74,000 refugees were repatriated in safety and dignity between 2003 and 2011. However, some Angolan refugees are still living in the settlement of Mayukwayukwa in the Western Province and Maheba in the North-Western Province. The end of June 2013 saw the invocation of the cessation clause for Angolan refugees. Nevertheless, there are still an estimated 23,793 former Angolan refugees still in Zambia (Maheba refugee camp: 7441; Mayukwayukwa: 8044; and urban and spontaneously settled: 8310). From 16 June 2011 up to 31 August 2014, a total of 5214 refugees have been repatriated to Angola using Chartered Zambia Air Force aero planes
Level of impact	**High**
Keywords	Diaspora agency in Zambia, the UN agency in Zambia

Table 2.8 Inventory of Zimbabwe

Name	International Organization for Migration Zimbabwe
Location countries	Zimbabwe
Profile bio	IOM Zimbabwe Mission was established in 1985. The main office is in Harare, with suboffices in Bulawayo, Mutare, Beitbridge and Plumtree. In an effort to address the needs of returned migrants and mobile populations, IOM maintains Reception and Support Centres at the border posts of Beitbridge and Plumtree which, since opening in May 2006 and April 2008, respectively, have provided food and transportation assistance, basic health care and a referral service for further treatment, information distribution for returned migrants, as well as training to immigration officials and relevant local authorities on such issues as trafficking in persons, migrants' rights and irregular migration **Projects:** Comprehensive Humanitarian Emergency Assistance, Early Recovery and Livelihoods of Internally Displaced People and other vulnerable populations affected by displacement. Humanitarian Assistance to Returned Migrants and Mobile Populations at the South Africa- Zimbabwe and Botswana-Zimbabwe borders at Beitbridge and Plumtree, respectively
Level of impact	**High**
Keywords	The UN agency in Zimbabwe

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3

Diaspora Investment and African National Economies: Case Studies

Gift Mugano

Introduction

The purpose of this chapter is to examine African diaspora investment through the lenses of two cases and to offer governments' insights for further strategy formulation to unleash the diaspora's potential by turning remittances into investments. Plaza and Ratha (2012) define diaspora as people who have migrated to a foreign country but still maintain a connection to their motherland. Statistics on Africans living outside their countries (regardless of educational attainment) vary, but some sources estimated that the new African diaspora consisted of more than 30 million people by 2009; the majority of these migrants live on the continent of Africa (IFAD 2009). Population census figures in 2013 showed that a total of 34 million emigrants live outside their country of origin (COO). This figure, as noted by World Bank (2016) and United Nations (2016), represents 2.5% of the total African population and is set to

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increase. Top ten emigration countries as noted by World Bank (2016) are Somalia, Burkina Faso, Sudan, the Democratic Republic of Congo, Nigeria, Côte d'Ivoire, South Africa, South Sudan and Zimbabwe. The major recipients of African immigrants are high-income Organisation of Economic Cooperation and Development (OECD) countries (26.1%), high-income non-OECD countries (5.0%), intra-regional (65.6%) and other developing countries (2.9%) (World Bank 2016).

Diaspora Direct Investment (DDI) refers to direct investments from firms linked to diasporas in productive activities in the home country of such diasporas (Plaza and Ratha 2012). Diaspora members can foster those investments in two ways. First, diasporas who are top executives of firms abroad can use their managerial experience and technical know-how to persuade their respective companies to invest in their COO. Second, diasporas who are managers or owners of firms whose parent companies are in their countries of destination work with start-ups in their COO to help them develop and finance commercially viable projects. In other words, diasporas drive part of foreign direct investment (FDI), particularly investments that rely on a multinational social network made up of migrants and migrant mechanisms operating between host and home countries.

DDI, as noted by Orozco (2007), is a part of a larger transnational superstructure contributing to the integration of societies into the global economy through an interconnectedness of donations, small and large investments, trade, tourism and unilateral transfers. Countries with mature diaspora networks also seek to encourage domestic companies to expand abroad through the diasporas. A boost in investments through DDI becomes an alternative for countries that are lacking sufficient investments through 'traditional' FDI (Rodriguez-Montemayor 2012). This is the case in Africa, where FDI has been steadily declining due to a combination of cultural barriers and inappropriate policies (Rodriguez-Montemayor 2012). United Nations Conference for Trade and Development (UNCTAD) (2011) noted that for developing countries remittances are large relative to other financial flows. UNCTAD (2011) noted that between 2000 and 2009, remittance flows became as large as FDI flows to developing countries, amounted to an average of about one-third of export earnings, more than twice the private capital flows, almost 10 times official capital flows, and more than 12 times official transfers.

Empirical evidence in this regard shows that the inflow of remittances by the migrant workers and professionals from a developing country helps in increasing the investment activities in the recipient country. UNCTAD (2011) revealed that nearly 30% of remittances in Ghana are used for the purposes of investment and construction of houses. Although the results are different for literate and illiterate migrants, the general conclusion derived was that two factors—namely, time spent working abroad and total amount of money saved abroad—have positive and significant effect on the likelihood of migrants becoming entrepreneurs on their return to the home country (UNCTAD 2011).

The chapter discusses diaspora investment from a theoretical perspective and analyses trends in diaspora investments in Africa with two case studies of diaspora investments in Africa. Through the analysis of the selected cases, the coverage in this chapter showcases local best practices in engaging the diaspora in the continent's development effort. Finally, we offer policy recommendations in the concluding remarks.

Trends of Diaspora Investments in Africa

African migrants, in recent years, have become a major source of official development assistance (ODA). The World Bank (2016) noted that net bilateral ODA from members of its Development Assistance Committee (DAC) donors to sub-Saharan Africa (SSA) 2013 totalled $46.77 billion. In the same period, FDI to Africa was in the region of $36.54 billion (World Bank 2016). In the same year, SSA recorded inward remittances amounting to $33.2 billion (see Table 3.1).

Table 3.1 shows that inward remittances were growing at a steady rate. For example, in 2006 SSA received remittances amounting to

Table 3.1 Inward remittances ($billion) (*Source* World Bank 2016)

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Remittances	23.5	26.1	28.7	27.4	29.7	33.6	34.1	33.2	34.5	34.8

$23.5 billion. SSA continued to witness upward surge in remittances which reached $34.8 billion in 2015. Although these figures do not disaggregate between consumptive and productive remittances, this upward trend demonstrates the importance of remittances in economic development of the receiving countries in SSA.

Remittances, over the years, were observed to be more stable than other capital inflows (Africa Development Bank 2011). Newland and Patrick (2004) and Africa Development Bank (2011) underscored that household remittances, if significant and supported by appropriate policies and enabling conducive environment, can generate multiplier effects, which may provide the basis for more sustainable poverty reduction. On country-by-country cases, in SSA, Nigeria, the largest recipient of remittances in Africa received about US$20.8 billion in remittances in 2015 (World Bank 2016). Other countries which received notable receipts are Ghana, Tunisia, Kenya, South Africa and Ethiopia with remittances earning amounting to $2 billion, $1.8 billion, $1.6 billion, $1 billion and $0.6 billion, respectively (World Bank 2016). The International Fund for Agricultural Development (IFAD) (2010) reported that Africa is receiving in the region of about $40 billion yearly. The amount of remittances remained flat for the last six years as noted by World Bank (2016). Interestingly, Nigeria received just above 50% of the remittances in 2016, that is, $21 billion.

The foregoing discussion shows that remittances have witnessed tremendous growth since the turn of the new millennium and represent the most significant and stable flow of financial capital to Africa.

Case Studies of Diaspora Investments in Africa: Ethiopia and Tunisia

The Governments of Ethiopia, Nigeria and Tunisia came up with different instruments to maximise diaspora investments. Some of these include the use of direct initiatives such as diaspora bonds and bank accounts to target remittances, as well as indirect instruments, through reforms in the banking and regulatory framework of financial institutions. In what follows, we give a brief account of the various instruments used to target diasporas and examine the outcomes, with a view to draw some lessons.

Ethiopia: Leveraging Remittances Through Diaspora Bonds and Securitisation

Ethiopia is one of the largest and poorest countries in SSA. With a population of 80 million, Ethiopia has about 2 million of its nationals in the Middle East, North America, Australia, other parts of Africa and Europe (Ministry of Foreign Affairs 2013; Kuschminder and Siegel 2010). In order to escape poverty, with the support of the United Nations Industrial Development Organization (UNIDO), Ethiopia has embarked on an Inclusive and Sustainable Industrial Development (ISID) framework. As part of measures aimed at implementing the ISID, the Government of Ethiopia, with the support of development partners, is working on improving the business-enabling environment, access to finance, market linkages and infrastructure development (Africa Development Bank et al. 2017).

With respect to infrastructure development, the Ethiopian Government is mobilising diaspora investments from its diaspora. According to Africa Development Bank (2011), Ethiopia is one of few countries in Africa which issued diaspora bond as a tool of fostering diaspora investment. The Millennium Corporate Bond was issued in 2008 by the state-owned utility, that is, Ethiopian Electric Power Corporation (EEPCO) for the construction of the Grand Ethiopian Renaissance Dam (GERD). In order to raise confidence of the subscribers, the bond was underwritten by National Bank of Ethiopia (NBE). The bond was marketed through networks in countries of the OECD and the Middle East by the Commercial Bank of Ethiopia (CBE) (Government of Ethiopia 2010). This raised the impetus of the bond and helped the Government to reach as many Ethiopians in the diaspora as possible. The interest rates on the bonds varied from 4%, 4.5% and 5%, respectively, for 5, 7 and 10 years bonds (Africa Development Bank 2011). The face value of the bond as noted by

Africa Development Bank (2011) is $100 and the Government required a minimum investment of US$500 dollars or its equivalent in selected convertible currencies. To make the bond attractive, investments in the diaspora bond can be used as collateral for borrowings from local banks in local currency and the interest is tax exempt at the source.

GERD will be the largest hydroelectric power plant in Africa (10th in the world) with over 6000 megawatts (MW) capacity when completed by 2037 (Tesfaye 2016). The dam will increase Ethiopian installed power generation capacity by 200% (Tesfaye 2016). With a potential capacity of 45,000 MW hydropower potential, Ethiopia will become a major power exporter (Africa Development Bank 2011). In the medium term, Ethiopia could generate US$1 billion foreign currency from power export and reduce the countries' dependence on imported petroleum (GERD 2016).

In addition to potential export earnings, reliable and affordable electricity will help Ethiopia to achieve its ambitious strategy of industrialisation which it recently embarked. Moreover, the dam construction process builds local capacity through learning by doing, knowledge spillover and the transfer of technology. A case in point is the role of the Metal and Engineering Corporation (MEtEC), which is the main contractor on divisions of the electromechanical and hydraulic steel structure.

The construction of the dam has already created employment opportunities for over 10,000 people and at its peak will employ 15,000 (Tesfaye 2016). The resource mobilisation process, as noted by Tesfaye (2016), has encouraged the culture of saving which has seen the country realise saving at the rate of 22%, up from 9.5% in the last five years. Beyond the benefits of industrialisation, job creation and foreign exchange generation and 74 million metric cubes of water, the project will create a man-made lake double the size of Lake Tana, unlocking huge potential for agro-fishery development and tourism (Tesfaye 2016).

The diaspora bond interestingly drew significant subscriptions from stakeholders outside the diaspora (see Table 3.2). The diaspora purchased shares amounting to US$30 million (GERD 2016).

Table 3.2 Bond purchase and donations (as at April 2016) (*Source* GERD 2016)

Socio-economic category	Bond purchase (USD million)	%
Employees	200	47
Businesses	80	19
Farmers	40	9
Diaspora	30	7
Other sources	75	18
Total	425	100

To date, US$425 million has been raised with employees, businesses, farmers and government of Ethiopia being major subscribers (see Table 3.2). So far, the diaspora contributed on 7% of the total revenue raised from the bond. Although significant efforts have been made in mobilising funds for the dam construction, the amount raised is far short of the amount required. The GERD, as noted by Tesfaye (2016), requires a staggering $5 billion to complete.

Of serious concern is the fact that the diaspora who were largely targeted by the bond did not fully subscribed to it. This is quite worrying considering the fact that average income of the 2 million Ethiopian diaspora is $14,000. If the Ethiopian diasporas were able to remit home $3.7 billion they could significantly subscribe to the bond (NBE 2014). This means that there is scope for the Ethiopian government to mobilise more investments from the diaspora. However, in order to increase investments from the diaspora, Tesfaye (2016) noted that the Ethiopian government must pay attention to the following:

- Remedy the drought of confidence and trust between Government of Ethiopia and some sections of the diaspora community. In order to address this anomaly, the government should remove potential barriers and obstacles and create further opportunities for the diaspora to participate in economic development by mapping out and profiling the diaspora population, building sustainable partnerships, facilitating the involvement of the diaspora in Ethiopia (Tesfaye 2016).

Further, the Government of Ethiopia should develop actionable strategies and strengthen institutions with a view of creating an enabling business environment (Tesfaye 2016). If these measures are put in place, this will help in consolidating the diaspora's sense of attachment to their home country.

- The diaspora bond was largely marketed on a patriotic basis which seeks to persuade the Ethiopians in the diaspora to invest in their home country based on moral suasion. However, in addition to making the 'patriotic case', it is important to make the 'business case' for purchasing the diaspora bond considering the fact that the GERD Bond provides return on investment which is higher than the one offered by London Interbank Offer Rate (LIBOR) or other interest rates offered in Europe and North America. Most importantly, recent rating of Ethiopia by Moody which ranked the economy at B+ shows healthy and credible economy. These factors provide the rationale for the Ethiopian Government to market the diaspora bond to the Ethiopians on a business case patriotism.

Tunisia: Tunisia's Diaspora Mobilisation Framework

Tunisia established the Office of Tunisians Abroad (OTA) under the Ministry of Social Affairs and Solidarity in 1988 through Government Law (Art. 14 Law No. 60-88). The mandate of the office is to manage the major decisions and actions aimed at promoting active participation of Tunisians abroad in national development and for ensuring the welfare of transnational families, both abroad and at home (Africa Development Bank 2011).

Of interest, the OTA facilitates investments, savings, business development and entrepreneurship activities of the Tunisian Diaspora in their COO and provides government with necessary data and other information for policy formulation on services to the migrants and their transnational families (Africa Development Bank 2011).

Box 3.1 Tunisia's Diaspora Mobilisation Framework

Incentives for the Diaspora: Economic and financial incentives to facilitate diaspora contributions include exemptions from customs duty on imported equipment, rolling stocks are available to Tunisians who have lived abroad on a continual basis for more than two years and who have invested in any activity listed in the investment incentives code upon definitive or provisional return to Tunisia. Each year, OTA organises Development Support Days in collaboration with the country's provincial regions. Activities include tour of investment projects undertaken by the diaspora, and opportunities for the Tunisian business community and the diaspora to interact as a way of boosting partnerships between entrepreneurs who are resident abroad and counterparts at home.

Remittances: Remittances from Tunisians abroad are among the main sources of foreign currency for Tunisia. These transfers constitute the fourth foreign currency resource and they play an important role in the balance of payments and national reserve currency of Tunisia. Remittances represent 4.8% of GDP, 21.8% of national savings and 43.7% of trade deficit. According to OTA, these remittances totalled about $16.5 billion between 1987 and 2008 of which, 76.6% were in cash and 23.4% were in-kind transfers (such as equipment acquired for economic activities in Tunisia, vehicles and movable goods imported as part of provisional or definitive return, etc.). OTA reported that in 2007, Tunisians abroad sent home $1.716 billion, which amounted to an average of $166 per Tunisian abroad, compared with $125 average for Arab States (UNDP 2009).

Engaging the highly qualified Tunisian diaspora: OTA maintains and regularly updates a database of Tunisian expertise located abroad, and facilitates their connections to home country institutions. The database improves knowledge about diaspora contributions to technical, economic and social development.

Economic impact of diaspora engagement: The economic instruments and incentives instituted by the Government have led to 11,815 ventures with a total investment of about $308 million and employment for about 48,000 people. These ventures have been mainly in the service sector (65%); industry (25%) and agriculture (10%).

Source Republic of Tunisia (2010)

Lessons from the Tunisian case study which African countries should consider adopting are as follows:

- The Tunisian Government established a department which was given a mandate to engage the Tunisian diaspora with a view of facilitating their investments back home. This institutional set up provided a platform for coordinating diaspora investment in a structured manner which rarely exists in a number of African countries.

- The Tunisian Government provided numerous incentives and reforms which are aimed at creating and enabling environment and the ease of doing business for the diaspora;
- There is continuous engagement between the Government and the diaspora. Platforms such as diaspora day provide opportunity for dialogue between Tunisian Government and its diaspora thereby helping parties to address areas of concern. Unlike in the Ethiopian case, this has helped in building consensus, sense of patriotism and shared vision among the Government and the diaspora.

Global Practices on Engaging the Diaspora: Lessons for Africa

Asian countries which were successful in attracting diaspora investments such as China, India and South Korea premised their strategies on using highly skilled professionals in the diaspora for nation-building, mobilising diaspora investment and entrepreneurship for private sector development and creation of an enabling environment for diaspora investment.

The Enabling Environment

Shared national vision between government and diaspora: In as much as the diaspora may be capable and willing to contribute to national development, efforts must be made by government to develop objectives that are charming to the diaspora. South Korea, for instance, as noted by Chun (2010), crafted a shared national vision of industrialisation, underscored it with the slogan we can live well, too, and mobilised its friendly troops (the diaspora) around it. Korea realised in the 1960s in defining its own path for reconstruction, noted that an industrialisation strategy was the most credible avenue to eliminate poverty and create long-term economic prosperity.

The Korean industrialisation strategy was underpinned by its diaspora based in Japan. The Korean incorporated its diaspora as partners of development in the technology complex that would be established in Seoul (Chun 2010).

This measure, in addition to others put in place, helped to transform the Korean economy from a basic economy (where most Africans economies have remained or retrogressed) to one driven by industrial processes. As a result, the Korean economy grew from one that exported fish, plywood and around 1961 to one that exported seagoing vessels, automobiles and wireless communications in 2009; from one that imported minerals, fuels, machinery and electrical equipment valued at about $344 million to one that imported about $323 billion worth of the same categories of raw materials; and from a negative balance of payment of $311 million to a positive figure of $51.1 billion in 2014 (Bank of Korea 2015). This trend has continued which has seen the country exports in 2016 ballooning to $495.5 billion while imports stood at $406.1 billion thereby giving a trade surplus of $89.4 billion (Bank of Korea 2017).

The experience of China also supported the need for a well-articulated and shared a national vision around which to mobilise the diaspora. The Chinese government understood that Chinese diaspora would be vital allies in the reconstruction, modernisation and nation-building. According to Lin (2010), there are over 40 million Chinese in foreign countries, that is, more than 24 million of them live in Southeast Asia (most of them in Singapore, Indonesia, Thailand, Malaysia, Vietnam, the Philippines, among others). In these countries, the Chinese banked on the size of its population as an asset which the country used in strengthening itself in a global world.

Against this background, the Chinese government developed policies aimed at building cohesion and mobilise financial, political and diplomatic forces, with Beijing at its hub, instead of being a global scattering of individual Chinese (Young and Shih 2003). Favourable policies including generous investment incentives were instituted at all levels of Chinese government to attract diaspora capital. The post-1978 economic reforms which saw multiple investment friendly reforms including flexible labour laws, efficient administrative procedures, tax incentives for investment, and massive investments in physical and social infrastructure implemented (Africa Development Bank 2011; Morrison 2017). In building on the impetus brought about by the reforms, aggressively engaged the diaspora as an integral part of the 'Chinese Dream' of economic modernisation, scientific and technological innovation and cultural revival (Liu and Dongen 2016). These reforms were not only attractive to the diaspora but also non-Chinese investors. These measures boosted FDI flows from the diaspora and increased bilateral trade between diaspora host countries and homeland China (Newland and Patrick 2004). Unlike the African dismal experience, the Chinese diaspora was not a global scattering, but a cohesive community of overseas Chinese people worked jointly with it to mobilise financial, political and diplomatic forces.

Unlike China, over the years, India had no comprehensive strategy on diaspora engagement. Evidence shows that there are only sporadic stories, but the government provides some incentives for the diaspora to make contributions, for example, returns on investments (Pujari 2010). However, in 2000 the Government of India tasked a High-Level Committee to analyse the potential development role of Non-Resident Indians for policy considerations. The Committee released its report in January 2002, and recommended a 'new policy framework for creating a more conducive environment in India to leverage these invaluable human resources' (Newland and Patrick 2004).

Much of the analysis showed why FDI and other business flows from the Indian diaspora have been low relative to, in particular, the Chinese. 'Indians abroad generate an annual income equal to 35% of India's GDP, that is, about $406 billion equivalent of India's $1.16 trillion in 2008, yet have contributed less than 10% of India's modest $3.55 billion of FDI.' Overseas Chinese, by contrast, contributed half of China's $48 billion FDI flow in 2002 and increased to $64 billion in 2016 (World Bank 2016). India's lack of a specific strategy to engage the diaspora saw its ability of its expatriates to invest in their country weakened.

Interestingly, India successfully launched and sold US$4.2 billion five-year bond in 1998 and US$5.5 billion India Millennium bond in 2000 with the former being fully subscribed in just two weeks

(Ketkar and Ratha 2007). These bonds were bought based on national patriotism.

Going forward, in subsequent issues, the government recognised that patriotism alone could not bring about the targeted funds; it, therefore, provided incentives such as an interest rate two percentage points higher in dollar terms than the US bond market, option to redeem in US dollars or German marks, bond guarantee by the State Bank of India, and exemption from Indian taxes. Further, India launched these bonds, which were available specifically to Non-Resident Indians, with intensive marketing campaigns in the US and Europe (Pujari 2010).

Using Highly Skilled Professionals in the Diaspora for Nation-Building

South Korea, India and China have shown international best practices in attracting diaspora through the use of explicit instruments for attracting highly skilled professionals in the diaspora to home country institutions. Korea, for example, provided high-quality research environments, remuneration and incentives as in advanced countries (Africa Development Bank 2011).

India also provides some incentives that have contributed to the establishment of subsidiaries of multinationals and of joint ventures between multinationals and Indian firms. According to Africa Development Bank (2011), these were often driven by scientists who emigrated and subsequently returned and started inter alia information engineering and biotechnology businesses.

China also provides a good practice in reversing the brain drain. The Government of recognised the importance of reversing the brain drain, publicly support it and make it an important component of a national strategy of building the country through science and education (Africa Development Bank 2011).

Under these strategies, universities and research laboratories under the Chinese Academy of Sciences compete among themselves to attract good talent. Since early 2000, rewards from China's market for those who transfer new technology into the country has been a force behind reversing the brain drain (Zweig 2006). The government established high-tech development zones and returned overseas students' enterprise parks to accommodate the upsurge of investment by overseas Chinese. Young graduates are encouraged to return to China by offering them preferential treatment in job placement, remuneration and tax incentives (Lin 2010).

The policy supported Chinese to study overseas, promoting return home, maintaining freedom of movement was adopted to encourage Chinese abroad with professional or business ties in both China and overseas to regularly travel back and forth. Overseas Chinese academics and young professionals are enabled to contribute to the homeland from overseas by means of cooperation with China's research institutes, research visits, joint conferences, special discussion groups, taking up short-term part-time jobs, and so on.

Critical mass and technology parks help to reverse brain drain: Science and technology parks have characterised government infrastructure and incentives to attract highly qualified professionals from the diaspora and investments from diaspora for industrialisation. The basis of the technology park is that creative, highly skilled people work and live best when surrounded by similar people (O'Neil 2003).

Highly educated migrants are often reluctant to return to places where such people are lacking. China-Taiwan's solution to this challenge was to subsidise the formation of a community of well-educated people at the Hsinchu Science-based Industrial Park. The result was a critical mass of creative, Western-educated people who have been able to significantly transfer knowledge to power China-Taiwan's industrialisation. This measure, however, succeeded because of an already positive political and economic outlook and real demand for the returnees' skills (Newland and Patrick 2004). As part of this brain trust, the government established a database, tracked skilled migrants and matched them with job opportunities at home; annual reports on employment needs in China-Taiwan were widely distributed abroad. Scientists, professionals and highly skilled technicians were systematically invited back to China Taiwan to teach and network with Taiwanese counterparts, officials and investors.

Mobilising Diaspora Investment and Entrepreneurship for Private Sector Development

Diaspora source countries can take advantage of their citizens in OECD nations to extend their reach into the international marketplace, using these as intermediaries between the private sector in the host country and as potential partners in their COO. Expatriates with one foot in each country are often revealed to be excellent ambassadors of national interests and valid negotiators between businesses in the two countries. Kugler and Rapoport (2005) showed that labour flows can lead to formation of business networks, and that migration can actually facilitate FDI. Javorcik et al. (2006) have also shown that networks of diaspora can positively affect FDI flows from their country of residence to the COO through information sharing and contract enforcement mechanisms.

Evidence shows that Indian software industry indicated that 14% of businesses received investment from Indians abroad; in 25% of those cases, they accounted for more than 50% of new investments (Javorcik et al. 2006).

China has also been highly successful in securing investments from overseas Chinese into mainland China: about 70% of China's FDI in the last two decades has come from overseas Chinese, including Hong Kong and China-Taiwan, whose transfer of labour-intensive industries to Special Economic Zones on the mainland in the 1980s was a defining feature of Deng Xiaoping's economic reform period (Africa Development Bank 2011).

Securitising and leveraging remittances: Remittances are now factored into sovereign ratings in middle-income countries and debt sustainability analysis in low-income countries, as they have contributed to reducing current account deficits of low-income countries (Ratha et al. 2010). Remittances, therefore, can significantly improve a recipient country's credit ratings and provide opportunities for governments and financial institutions in receiving countries to access international credit at better interest rates and longer-term financing via securitisation of future remittances.

Countries, such as Brazil, El Salvador, Mexico, Panama and Turkey, have used future flows of migrant workers' remittance-backed securities to raise external financing. Brazil's Banco do Brasil, for example, in 2001, issued $300 million worth of bonds with five-year maturity, using as collateral future yen remittances from Brazilian workers in Japan. The terms of these bonds were significantly more generous than those available on sovereign issues: they were rated BBB+ by Standard and Poor's which was higher than Brazil's sovereign foreign currency rating of BB at the time.

Securitisation, according to Africa Development Bank (2011), normally involves the financial entity pledging its future remittance receivables to an offshore special purpose vehicle, which in turn issues the debt. Designated correspondent banks are directed to channel remittance flows of the borrowing bank through an offshore collection account managed by a trustee. The collection agent makes principal and interest payments to the investors and sends excess collections to the borrowing bank. Since remittances do not enter the issuer's home country, the rating agencies believe that the structure mitigates the usual sovereign transfer and convertibility risks. Such transactions also often resort to excess coverage to mitigate the risk of volatility and seasonality in remittances.

Conclusion

Undoubtedly, remittances have become a major and stable source of financial flows to Africa since the turn of the new millennium. As shown in the analysis earlier, diaspora remittances is now surpassing the amount of international aid when considering the inflow of capital to Africa. This signifies that remittances and DDI are resources that African governments could significantly support and strategise about. The distribution of remittances has, however, remained skewed towards few countries. The cases of Ethiopia and Tunisia examined in this chapter demonstrate that there is tremendous potential in formalising working relationships with the diaspora who may have greater financial capabilities when efforts are brought together.

At a global scale, remittances coming to Africa are by far lower than regional counterparts. Other regions such as Southeast Asia and South America are drawing far more investment from their diasporas than Africa. In order to unleash diaspora investments, African governments must come up with a number of measures to remedy some of the blockages to diaspora investment flow. For example, there is a critical need to improve the regulatory environment and the ease of doing business. This could help develop trust and reassure investors of certain insurance on their monies in the case of direct investment in government bond scheme such as the Ethiopian example. Blockages to African DDI could be eased through a necessary dialogue as both the diaspora and national governments engage as full partners in a meaningful and sustained way.

The need for African governments to develop a variety investment vehicles aimed at fostering diaspora investments is not arguable from the literature perspective. Major financial institutions such as the African Development Bank, World Bank are unanimous about the need for proactiveness in this area. Frameworks such as inter alia diaspora bonds, revenue bonds and deposits accounts are enjoying a degree of success in other regions that seek to attract diaspora investment and African countries and their diasporas could learn from those. These investment vehicles must be supported by a sound regulatory environment as well as promotional forums in major countries that are recipients of African migrants and benefit from African diaspora labour. The Ethiopian and Tunisian examples are worth further scrutiny and research in order to establish good practice models for the rest of the African continent.

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4

Mapping of Diaspora Direct Investment: Critical Areas of Investment

Juliana Siwale

Introduction

There is an increasing recognition at a global level about diasporas being the new actors in development and the value that they can bring to development efforts in their country of origin (COO). The African diasporas[1] in particular, are being identified as important sources of external finance as well as potential development actors in their COO (Bakewell 2015). Yet, for a long time now, much of the diaspora's contribution to development in their COO has

[1]There is no widely accepted definition of 'diaspora' and the term can command multiple realities. Agunias and Newland (2012) note, the term can also be used to signify many different phenomena. Nonetheless, in this chapter we follow Agunias and Newland's broad use of the term as referring to 'emigrants and their descendants who live outside the country of their birth or ancestry, either on a temporary or permanent basis, yet still maintain effective and material ties to their coo'.

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primarily been viewed in terms of remittances[2] that go to support families (Chrysostome 2014; Kamau and Kimenyi 2013; Newland 2010; Nkongolo-Bakenda and Chrysostome 2013). According to the World Bank (2016), migrants sent earnings back to families in developing countries at levels above US$441 billion, a figure three times the volume of official aid flows. For instance, out of US$441 billion remittance inflows, US$33 billion flowed into sub-Saharan Africa (SSA) (World Bank 2017).

Furthermore, Vaaler (2013) notes 'a growing stream of research that suggests that, remittances from immigrant diasporas substantially enhance entrepreneurial business activity in developing countries' (p. 27), thus viewing remittances as diaspora direct investment (DDI). In particular, further evidence points to Africans in diaspora becoming key contributors to the continent's economic development through diverse entrepreneurial investments (Boly et al. 2014; Chrysostome 2014; Ojo et al. 2013), thereby shifting the traditional view of remittances as mostly for consumption smoothing. Moreover, Dhanani and Lee (2013) note that, with the right incentives and policies, diaspora members can be positioned to play an even larger role in contributing to the region's development by investing their capital in new ventures or existing businesses. In addition, Ojo et al. (2013) also observe that DDI can be an authentic avenue that unlocks untapped investment opportunities in respective countries. Riddle (2008) and Plaza and Ratha (2011) similarly note that these investments by diaspora members in the COO attain a particular significance given the scarcity of capital in developing countries.

In view of the developmental niche that investments by diaspora can fill, there is scholarly benefit in shifting the focus from the macro-level of foreign direct investment (FDI) by multinational companies to micro-level individual private investment decisions. Thus, Dhanani and Lee (2013) support the view that the most impactful contributions diaspora members can make are through their investments in

[2]Remittances are defined as the private money transfers by the migrants residing abroad for more than a year to their home countries (Tansel and Yaşar 2010: 132).

business ventures back home. Contributing to the discussion around Diasporas' potential as agents of economic development, Nielsen and Riddle (2007) note that many developing and transition countries have targeted diaspora communities for capital investment. Additionally, several international organisations have come up with initiatives to promote and encourage diaspora investments in developing and emerging economies.

In Africa, the African Diaspora Marketplace (ADM) and the Migration for Development of Africa (MIDA) are among the many to be set up. In addition, several African governments have set up special agencies to work with diaspora members (Chrysostome 2014) in order to leverage this hitherto underutilised important resource. Boly et al. (2014) particularly note the establishment of investment promotion agencies in countries like Ethiopia, Ghana, Nigeria and Uganda that are targeting diasporas as potential investors. While several studies so far have focused on quantifying the amounts of inflows, the impact of such investment and why they invest in the COO, much less is known about what they are investing in at an individual level (Mullings 2011; McGregor 2014) and the role institutional environments in both the host and home countries play in influencing their investment preferences. This discourse is important from a policy perspective because of the crucial role DDI can play in boosting economic development and employment creation. Countries like Lebanon, India and China have been cited as typical success examples of leveraging diasporas as strategic partners (Boly et al. 2014; Chand 2016; Geithner et al. 2004).

This chapter contributes to the ongoing debate on diasporas by focusing on diaspora investment at an individual level and asks the following questions: what sectors of the economy diasporas are most active in? Which business types are preferred by diasporas for investment in the COO? What factors condition their preferred sectors or business types? The chapter draws on academic and policy literature as well as data from a pilot study conducted in February 2017, with the Zambian diaspora in the UK. The chapter, however, is not much concerned with the debate around the definition of the term—diaspora, nor does it engage with the discourse on the impact of diaspora investment activities on economic development. Instead, the chapter seeks to explore from a transnational perspective (Brzozowski et al. 2014; Drori et al. 2009) the investment choices diasporas make with regard to specific industry or sector preferences, typology of businesses and influencing factors. We explore these issues from a perspective of Zambians living in the UK and investing in the home country. In so doing, the chapter does not claim to make a general representation of Africa as a whole, but situates the Zambian case within a comparative literature on diasporas as investors in SSA and beyond.

The rest of the chapter proceeds as follows: the subsequent section provides a general overview of the emerging literature that positions diasporas as investors, beyond the traditional consumptive narrative. This is followed by a brief outline of diasporas as investors and entrepreneurs and the challenges they face when they choose to invest back home. I then briefly review literature to identify the most preferred sectors and business types for investment, before considering Zambia and its related discourse on diaspora investment. A section on the research methodology employed is presented, followed by a discussion of findings. I close with some thoughts on policy implications.

Brief Overview of Diaspora Investment

A growing interest and body of evidence in the role of migrants as development actors is premised on the neo-liberal and transnational approach. This view recognises the potential to promote development as migrants engage with both the home and host countries (Chikanda and Crush 2014). The emerging body of research seems to suggest that diasporas not only play a critical role in supporting sustainable development, but that their roles as played out in their COO can also be different. Newland (2010), for example, has identified the following roles as played by diaspora members in their COO: entrepreneurs, investors in capital market, tourists and 'nostalgia' traders, philanthropists, volunteers and advocates. Extensive evidence has emerged over the years supporting the role of diasporas as 'resource multipliers' (Newland 2010) and as direct investors in small businesses in their home countries (Terrazas 2010). However, focus on remittances as a form of capital flow and investment has largely dominated research (Ratha et al. 2011; Vaaler 2013; Vertovec 2004). For example, the total amount of officially recorded remittances from the diaspora (worldwide) to SSA increased from US$3.2 billion in 1995 to about US$32 billion in 2013 and US$33 billion in 2016 (World Bank 2017).

However, opinions over developmental effects of remittances remain divided. International agencies such as United States Agency of International Development (USAID) have in recent years pushed for a policy shift that takes a 'beyond remittances' view in order to align diasporic wealth with broader development aspirations of receiving countries (Kuznetsov 2006; Nielsen and Riddle 2007; Terrazas 2010). Other debates have engaged with multiple forms of diaspora capital with implications for long-term development (Chukwu-Emeka 2010), and in particular, productive investments. For instance, Dhanani and Lee (2013) in their study of Caribbean diasporas conclude that investments in business ventures back home are the most impactful contributions diaspora members can make. Consequently, some scholars have prioritised productive remittances that serve to start entrepreneurial activities with the potential to create jobs (Agunias and Newland 2012; Newland and Tanaka 2010). Other studies have sought to trace the uses that remittances are put to by recipients in home countries, often stating that remittances merely redistribute migrant's incomes and serve to alleviate poverty by providing for basic needs of diaspora family members left in the home country (de Haas 2012). Yet, others have gone further to question the generalisations and logic behind the assumed benefits of productive investments (Terrazas 2010), as others posit that the divide is too simplistic (Newland 2010; Smith and Mazzucato 2009; Vertovec 2004).

Diasporas as Investors and Entrepreneurs

Globalisation, together with increased factor mobility, has led to a growing research interest in transnationalism and transnational entrepreneurship of immigrants (Brzozowski et al. 2014; Drori et al. 2009).

The literature assumes that migrants as investors can benefit from their superior knowledge of the COO regarding investment opportunities as well as navigate the high-risk contexts most developing countries present. To throw more insights into the diaspora's home investments, research is now paying attention to the home country conditions which, to a large extent, have a potential to shape and influence diasporas options relating to 'what', 'how' and 'where' they invest. Thus, in seeking to explore preferred sectors for investment [as this chapter does] and why they appeal to diasporas, Brzozowski et al. (2014) suggest institutional and socio-economic characteristics, including entrepreneurial attitudes of COO are taken into account for a better understanding of their decision making and further engagement. Therefore, the relevance of the transnational entrepreneurship discourse to this chapter lies in its focus on individual actors—diaspora private direct investment.

Significant research points to the role of diasporas as investors-that take the form of diaspora portfolio investment (DPI) or DDI through which business operations are brought to, and started in the diasporas' home country (Debass and Ardovino 2009; Riddle 2008; Terrazas 2010). For instance, Nkongolo-Bakenda and Chrysostome (2013) have proposed a theoretical framework, in which they consider the main determinants of transnational entrepreneurship. They find the institutional and socio-economic environment of the home country, receptivity of the national government towards diaspora members, and specific entrepreneurial culture in the home country to be a set of most interesting factors in fostering the creation and success of businesses by diasporas. Furthermore, Riddle (2008) and Chrysostome (2014) point to significant economic gains from diasporas investing their capital in existing businesses or setting up new ventures.

Notwithstanding the benefits of investing back home, there is anecdote evidence to suggest that diaspora investment can be political and, in other cases, amplify already existing local inequalities. However, the discourse in this chapter lends itself to exploring the entrepreneurial activities diasporas undertake in the home countries and focuses on identifying which sectors diasporas go to invest in by way of new ventures or buying into existing businesses and why.

Diaspora Investment—Related Challenges

In spite of the enthusiasm to remit money home for investments, research has noted several challenges to investing in the COO. Notable among the challenges are less predictable legal, political and other formal institutions (Guler and Guillén 2010; Riddle et al. 2010). In Ethiopia, for instance, Chacko and Gebre (2013) cite lack of reliable information, logistical and bureaucratic barriers as well as frequent changes in government policies as challenges to further investment. Other challenges relate to ethical issues such as mistrust, especially when it comes to finding reliable partners for their business initiatives. Elsewhere, diaspora investors have complained about infrastructure problems and the untrustworthiness of the 'agents' promising to provide intermediary services (Chrysostome 2014; McGregor 2014). Specific to experiences of African diasporas are enduring challenges with power interruptions (IFC 2014), water shortages and weak implementation of incentives. Overall, diasporas are faced with tax uncertainty, cloudy regulatory systems, currency fluctuations, dysfunctional institutions, sparse information, ineffective legal systems and political instability.

Sectors and Business Types Most Attractive

Having noted the attention given to the potential of diasporas' productive remittances to development of COO, we now turn to mapping the most preferred sectors and business types. Interestingly, investments in houses in COO has been noted by several scholars as a global phenomenon among migrants (Grant 2007; Mazzucato 2011; Smith and Mazzucato 2009; Erdal 2012; Osili 2004). Boly et al. (2014), for example, find that in countries like Burkina Faso, Kenya, Nigeria, Senegal and Uganda, more than 20% of international remittance income was spent on physical capital investments such as buying land or equipment, starting a business, or improving a farm. An earlier study by Mazzucato et al. (2005) found Amsterdam-based Ghanaians to be spending 16% of their remittances on housing investments. Osili (2004) also reports of Nigerian immigrants living in the United States preferring to invest in housing and real estate. In other studies, investments in agriculture and real estate were found to be most common by Somali diaspora, followed by education and fishing (Benson et al. 2016), while Bloch (2008) and McGregor (2014) report significant amounts of remittances to Zimbabwe from UK to be for building a house, buying property or land. Furthermore, Chacko and Gebre (2013) examined diaspora investment in Ethiopia and found main investment areas to be real estate development, construction machinery lease, food processing and manufacturing, hospitality service facilities, information technology and retail stores. Interestingly, most of these investments tended to be small and family-owned.

Outside Africa, several studies document similar diasporic property investment interests and preferences. For example, Dhanani and Lee (2013) find the Caribbean diaspora to have an interest in a wide range of sectors with the following ranked as most popular: Agriculture (41%), Green energy and technology (40%), Education (37%) and Real estate (33%). Interest in manufacturing came at only 16% and 12% for retail and wholesale. Erdal (2012) and Tansel and Yaşar (2010) likewise found the same trend with Pakistan and Turkish migrants respectively. In both countries personal investments in land and housing dominated the investment landscape largely because investing in housing is perceived to be a public manifestation of migrants' transnational ties and a testimony to a worthy life.

Zambia and Diaspora Investment: Investment Destination

The majority of Zambians in the diaspora are located in the UK, USA, Canada, Australia and the Southern African subcontinent. According to the Zambian Diaspora Survey conducted in 2011, 30% of the respondents were residing in the UK, 18% in the USA, 14% in South Africa, 6% in Botswana, 4% in Australia, 3% in Canada and 26% gave varied locations (2013, PMRC Diaspora series). But, there is a dearth of public data highlighting the dynamics of diaspora engagement with business activities. Henry (2015) notes that diaspora engagement in Zambia is far behind advances made by other African countries like Ghana, Ethiopia, Nigeria and Kenya. The Zambian government only embarked on formulating the diaspora engagement framework policy in 2015. Furthermore, Zambia ranked 95 out of 116 countries in 2015 for remittance inflow (The Global economy 2015). In 2013, Bank of Zambia noted an increase in the value of in-bound international transactions to K522.4 million from K368.8 million in 2012, which it attributed to a general rise in remittances from Zambians in the diaspora. Nationally however, remittances themselves are considered important but not huge.

The 2014 Diaspora Survey reported that 59% of Zambians abroad wished to engage in national development, while 94% sent remittances home. These figures, however, fail to distinguish between consumptive and productive remittances making it difficult to have a comprehensive picture of the emerging trend. Differentiating between the two is important to the conversation on DDI and to designing policies that would enhance diaspora entrepreneurship in Zambia. Available anecdotal data nonetheless suggests a growing interest involving investments in Zambia.

Sector and Business Type Investment Preferences

The International Organisation for Migration (IOM) in 2010 conducted an online survey that was open to all Zambians in diasporas. Based on this survey, Zambian diasporas indicated an interest in embarking on various enterprises such as real estate development, manufacturing, agro-industry and charities. Table 4.1 shows the percentages for the sectors of interest from the diasporas that responded to the survey. Agriculture and horticulture at 45% was the most preferred sector followed by supplying at 29%.

Table 4.1 Private investment sectors of interest (*Source* Author's re-construction from Zambian Diaspora Survey 2011)

Preferred sector	Percentage
Agriculture/horticulture	45
Supplying	29
Manufacturing	28
Tourism	26
Transport	23
Mining	14
Various sectors	35

Worth noting is that mining received the least interest even though Zambia as a country is endowed with minerals such as copper, and has been engaged in mining for several decades. The report notes that many in the diaspora were also interested in manufacturing, auto-trading, information technology, real estate and retail trade businesses, but only 25% visited Zambia for business purposes.

Methodology

In addition to a review of relevant literature on diaspora as investors or entrepreneurs in their COO, this chapter draws on primary data collected from Zambian diaspora in the UK. It was important to collect primary data as further literature search on Zambia and its diaspora investment activities yielded scanty information. The data currently existing is in the form of reports prepared by and for sponsoring institutions such as the International Organisations for Migration (IOM), USAID and other local government organisations. Thus, there is a gap in what we know about sectors and business types for DDI in the context of Zambia, making this small-scale study relevant in strengthening the discourse around the diasporas' investment preferences and the factors shaping these preferences. The study therefore served the purpose of adding as well as connecting to what has previously been published mainly by international organisations interested in promoting diasporas as development actors.

To meet the objectives of the chapter and capture more current opinions on investing in Zambia, the author decided to conduct an online survey in February 2017 on a small-scale study basis. The survey was restricted to Zambians in the UK due to financial and time constraints on the part of the author. A questionnaire which required no personal details was administered through online survey monkey. The link was then posted directly to various social online networks. In addition, a female Zambian entrepreneur known to the author posted the survey link on her Facebook page for wider circulation. Therefore, the findings are not intended to provide a basis on which generalisations can be made. But, they do provide some thematic insights into investment sector destinations as well as challenges faced. In total, 78 responded to the online survey, and out of 78 respondents, 43 were male and 35 female. In addition, 48.72% were aged 50 and above, and 51.28% were between 31 and 50 years old. Of the total, 90% had lived in the UK for 10 years and above. This profile represents a relatively settled and integrated community within the host country's environment.

Findings

The objectives of the chapter were to find out where the Zambian diaspora in the UK were investing and the type of business activities. Thus, respondents were asked to indicate if they had business investments in Zambia. 69% indicated they currently didn't have any business investments, and only 31% said they did. Surprisingly, out of the 31% that had investments, only 3% were female. Overall, this low number of those investing could reflect a lack of financial resources or respondents not wanting to disclose their private business activities, and more importantly, majority of Zambians in the UK are in full-time jobs and therefore entrepreneurship may not be a priority. Nevertheless, the discussion below examines diasporas sector investment preferences and related business types. To build on their preferences, the discussion then moves on to analyse the factors shaping the decisions of which investments to undertake.

Most Attractive Sectors and Business Types

In a 2011 report by the IOM, the agriculture sector attracted the most interest at 45%. For this study, real estate and property was the most popular form of investment (43%), followed by agriculture (see Fig. 4.1). Over the years, Zambia and, in particular, the capital city Lusaka has experienced a construction boom, thereby attracting investment in real estate. One respondent noted: 'investing in real estate and in particular housing property, is the easiest to manage from outside of Zambia because with the right tenants, you get your money paid directly into your bank'. Two factors stand out in support of investing in property. First, diasporas investing from a distance perceive it as a 'safe' haven given the political and economic uncertainties in their home countries. Secondly, it is a tangible reminder for some of a possible return migration (McGregor 2014). Studies suggest that investments in houses and real estate offer unique advantages in that they are associated with relatively low-risk and monitoring requirements (Grant 2007; Osili 2004; Smith and Mazzucato 2009). But, popularity of real estate as destination for DDI could yet be a reflection of limitations in the

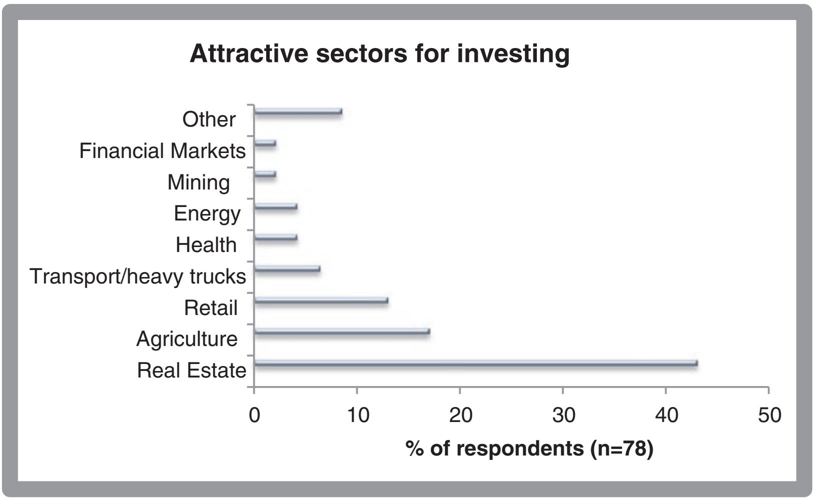

Fig. 4.1 Preferred sectors for investment

options of investment choices in the COO (Osili 2004). Other studies, however, find diasporas investing in property as a way of making a 'public statement' of the migration success story, and in other contexts, it is about the cultural expectations and importance attached to visible wealth (Erdal 2012; Osili 2004; Tansel and Yaşar 2010). Seen from this socio-economic status perspective, investing in real estate can assume multiple meanings that transcend opportunity-driven entrepreneurship.

Interest in the agriculture sector is derived from Zambia's endowment in natural resources such as large tracts of fertile agricultural land. The sector presents huge investment opportunities not only to locals, but to Zambian diasporas as well as other foreign nationals such as the Chinese. And if rightly supported, investment in agricultural activities can create jobs, contribute to national food production and provide business opportunities for small-scale food processing plants. The retail sector came in third place due to its ability to generate fast returns, especially where the diaspora is directly involved and less dependent on local actors to manage business transactions. Of concern is the absence of interest in manufacturing—a sector with huge potential for job creation. However, this is not surprising given the reasons behind their choices of businesses. In response to the question on motivations behind their investment sector preferences, the most occurring motives were listed as; less risky, have good returns, easy to manage from a distance and require minimum supervision. Clearly, manufacturing does not easily fit into this kind of description. Elsewhere, a Caribbean Diaspora Survey in 2013 also found limited interest in manufacturing as an attractive sector at 16% compared to agriculture which recorded 41%.

Preferences for types of business tended to reflect an inclination to risk aversion, mainly influenced by their limited presence in Zambia. Consequently, the most occurring business activity was land acquisition and house building for self and for rental. McGregor (2014) notes the same trend in Zimbabwe. Renting out property is a lucrative business especially in cities. Urban growth has created opportunities and in premier areas like Lusaka, Zambia's capital city, rentals can even be quoted in dollars rather than the local currency (though not officially allowed). Business types in agriculture on the other hand, consisted of Maize cultivation, poultry and fish farming, while retailing simply involved buying and selling what was perceived to be in demand. Easy to sell are such things as ladies clothes, cosmetics and many other products from the UK. Other respondents (though very few) have seen a niche in the energy sector presented by frequent power interruptions and gone into investing in solar energy. Of interest in the 'other' category is the potential seen by some respondents in setting up businesses in the tourism and hospitality sector. For instance, bed and breakfast facilities were seen as an investment opportunity to cater for short-term visiting tourists as well as for diasporas on holiday that might not have relatives or houses of their own in places like Lusaka.

Factors Shaping Diasporas' Sector Preferences for Investment Corruption and Business

The questionnaire had an open-ended question about why they preferred certain sectors over others and the business types they engaged with. Even though the macro-economic environment in form of monetary and fiscal policy matters, the majority of respondents were more concerned with high levels of corruption (see Table 4.2). In many African countries, corruption is unfortunately a rampant occurrence that has made the business environment toxic. Takyi-Asiedu (1993) observes that corruption is perceived as an easy road to riches in Africa and, as such, it is pervasive and permeates all levels of society. Thus, ethical dilemmas can represent one of the major challenges African diaspora

Table 4.2 Challenges to investing back in Zambia (*Source* Author's construction from data responses)

Corruption and rule of law rarely enforced	11
Hard to find honest reliable partners to work with	9
Lack of commitment from workers and theft	7
Unstable economy/currency/high interest from banks	7
Bureaucracy/inefficient government machinery	6
Difficulties of monitoring business interests due to distance	4
Other	2

entrepreneurs face when involved in business activities in home countries (Chrysostome 2014). According to the Transparency International Index of Corruption Perception, corruption is still a very serious concern for Africa as a whole. For example, Zambia comes at 87th out of 175 countries in the 2016 Transparency International Index of Corruption Perception. Zambia's position in 2016 was actually worse than that of 2015 at 76. Brzozowski et al. (2014) note that good governance (political stability, regulatory quality, rule of law, low corruption) increases the attractiveness to invest in a home country and, on the other hand, a less trusty regulatory environment might discourage more risk-averse individuals from becoming entrepreneurs. Thus, as Table 4.2 shows, corruption in public institutions and business contracts as well as weak legal frameworks are still some of the worrying ethical issues deterring even the opportunity-driven diasporas from pursuing commercial activities in Zambia.

Lack of Reliable Local Partners and Mistrust

Although some scholars note the advantages diaspora investors have over foreign investors in identifying more trustworthy local counterparties (Henisz 2000), others like Terrazas (2010) are more sceptical of such privileged positions. Respondents here confirm Terrazas's scepticism as they noted the difficulty of finding honest and reliable partners to work with. In specific cases, one respondent noted that 'local partners may not have the experience or competence in the business know-how'. This challenge could explain why investment in sectors like manufacturing may not be high on the list of preferred sector choices, forcing many to opt for 'easy to manage' businesses. It is documented elsewhere (McGregor 2014; Grant 2007; Erdal 2012) that reliable local partners are indispensable for diaspora entrepreneurs, yet the uncertainty and difficulty of finding a reliable partner to take charge of the day-to-day operations were reported as main determinants in choosing the sector and type of business for investment destination. As observed by Chrysostome (2014), many local partners in African countries are reported to be unreliable and many lack a convincing entrepreneurial mentality to manage businesses. In addition to mistrust, there are concerns for the prevailing poor work culture. And more importantly, this mistrust diminishes chances for collaborative joint-venture business activities. Takyi-Asiedu (1993) noted that most entrepreneurs in SSA preferred to operate independently, as opposed to joint ventures or cooperatives, because of the distrust they have for others, local institutions and related poor accountability.

Strikingly, strong ties in form of family members were found to be the least trusted even by those who indicated having no investments. Those with investments highlighted their disappointments with family members or 'partners' who had mismanaged funds meant for business purposes. There is this unexplained negative attitude towards the diaspora that reinforces the view that those in diaspora have more resources and therefore obligated to help families back home (Chand 2016) or be taken advantage of. This phenomenon, unfortunately, may contribute to the small number of Zambian diasporas actively investing back home. Survey respondents found having to depend on actors in Zambia very problematic. Others thought it was better not to invest than have workers or their family members stealing their hard-earned money from them. Similar views were found to influence Ghanaians living in Amsterdam (Smith and Mazzucato 2009). Nevertheless, other diaspora experiences have reported depending on, and trusting family members for the success of their business ventures (McGregor 2014).

Although on a very small scale, the views of the Zambians that responded to the survey seem to point to a remarked awareness of the different institutional environments as presented by both the host country (UK) and the COO. Since the majority of respondents have lived in the UK for over 10 years, initial mind sets may have been reshaped and consequently creating a dissonance with their perception of home country institutional environment. Riddle and Brinkerhoff (2011) refer to this exposure and association with a new cultural setting as 'institutional acculturation.' (p. 672). They further state that diasporas confront institutional environments that often are quite different from those that exist in their COO. Thus, the exposure to new institutionalised beliefs, norms, and behaviours regarding 'how' to do business in the country of settlement could be playing a part in shaping the entrepreneurial perception of the diasporas and their level of engagement. Thus, a cultural distance between diaspora subcultures and that of their respective home countries could be observed to have emerged, thereby contributing to this heightened sense of distrust. Furthermore, new ways of 'seeing', 'being', 'working' and 'doing' have arguably been formed. Consequently, their viewpoint on issues of corruption, trust and bureaucracy as challenges to investing in the home country needs to be interpreted through competing institutional logics (Reay and Hinings 2009). There is therefore a likelihood that the respondents' choices of which sectors and business types they invest in are both influenced by the institutional context in the UK and that of their home country Zambia. Being in different locations over a period of time has created space for reflection as diasporans juggle between diverging institutional environments, making them keenly aware as well as critical of the risks posed by weak institutional arrangements in the home countries.

Bureaucratic Systems

Bureaucracy is another hurdle, which makes doing business from a distance unattractive and frustrating for most diasporas with limited time to visit their home countries. As an example, according to the World Bank 2016 annual ratings on the ease of doing business, Zambia is ranked 97 out of 190 countries, compared to Rwanda at 62, Botswana at 72 and South Africa at 73. This makes administrative challenges a real barrier to starting and conducting a business despite diaspora's greater local knowledge. In addition, bureaucracy can create fertile soil for corruption to root itself. This highly bureaucratic business environment as expressed by some Zambian diaspora in the UK is consistent with findings from other countries in SSA, where deficient legal structures and inadequate infrastructures were critical challenges (Kisunko et al. in Ojo et al. 2013). Consequently, to have any meaningful investment would demand frequent visits, which these interested parties cannot do as the majority are in fulltime jobs in the UK, and home visits can be expensive. Other studies in Nigeria (Osili 2004), Ghana (Mazzucato 2011;

Smith and Mazzucato 2009) and the Caribbean (Dhanani and Lee 2013) have come to the same conclusion on overly bureaucratic procedures acting as challenges to diasporas investing back home—more especially in developing countries.

What comes as a surprise though is that the results on challenges or barriers to further engagement by the diaspora as gleaned from the small-scale study data (see Table 4.2) are not significantly different from the large-scale 2010 Zambian Diaspora Survey. Results from 2010 survey showed that lack of government institutional capacity, a dearth of information on opportunities, perceived corruption and limited access to finance as well as lack of reliable local partners was behind limited participation in DDI. Seven years on, institutional related factors as depicted in Table 4.2, continue to prevent greater business interest and participation. As expected, this raises questions around national policy for engaging Zambian diasporas and the role of government in reforming institutions to better encourage and support DDI. One respondent from the study noted that 'the environment here in the UK is conducive for doing business, while in Zambia, you need to have connections with those in political positions to succeed'.

Conclusion

In this chapter, we sought to highlight the growing importance of DDI in their COO. We did this by focussing on African diaspora entrepreneurs and sought to understand the factors behind their preferred sectors of investment destination as well business types. Extant literature suggests an increasing interest from African diasporas investing back home. However, to sustain this interest, governments in COO must continue to work on developing greater levels of mutual trust and cooperation (Pellerin and Mullings 2013), as well as formulating supportive economic policies and improving general business climate. Greater transparency in regulations, supportive tax regimes and overall ease of doing business are priorities to deliver. The Zambian government is no exception to this expectation—especially given the low levels of engagement with its nationals abroad. As Brzozowski et al. (2014) suggest, the potential of diasporas can be fully exploited only when home country governments create conducive political and institutional conditions and deliberately design policies aimed at diaspora members to facilitate their investments and business venture creation. The discussion in this chapter and other literatures point to the crucial role that home country's institutional and socio-economic factors and country specific entrepreneurial disposition play in shaping diasporas' engagement with the COO. In the case of Zambia, the implications are interesting: could it be that home conditions are pushing the diaspora into 'safe-to-invest-in' type of businesses, thereby discouraging them from being innovative and risk-taking? Or is it a case of having limited resources to even consider investment? If so, what opportunities does this present for local financial institutions to develop diaspora financial products or services that would enable Zambian diasporas to borrow locally should they want to investment?

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5

Compassionate Investment?—Diaspora Contribution to Poverty Alleviation in Francophone West Africa

Dieu Hack-Polay

Introduction

Francophone West Africa comprises nine French-speaking countries: Benin, Burkina Faso, Côte d'Ivoire, Guinea, Mali, Mauritania, Niger, Senegal and Togo. Francophone West Africa includes some of the most impoverished nations on the planet, e.g. Mali, Niger and Mauritania. The recent history of the region is dominated by poverty. The region is among those that have experienced political instability in the world, with each one of them having gone through a coup d'état or an attempt of coup since independence mostly in the 1960s. French colonisation vigorously marked the countries of its former empire. Towards the end of the nineteenth century, France established its colonial rule over a large number of territories in Africa, Asia and South America. For many of these countries, Colonial Era was protracted till the 1960s.

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The ideal of the foundation and expansion of a French empire based on the notion of civilising mission was grounded in Darwinist perspectives of race superiority. According to McMillan (1992) Darwinist views were largely publicised through novels, travel brochures in the 1890s and these views elevated the imperialist idea, thus contributing to perpetuate its popularity. Seven decades of French occupation and decolonisation struggles by the colonised evidence the fact that decolonisation was not an overnight gain. Independence was widely celebrated in the 1960s. However, after independence, a multitude of facts happened that gave rise to a new form of struggle among the newly born nations. In the context of auto-determination, there arose the profound realisation that Colonial Era has left social and political footprints on the lives of the colonised, which may not be erasable. The reconstruction and mobilisation attempts were geared at undoing some of the undesirable colonial footprints and targeted cultural and psychological redress. These rebuilding works were referred to as valorisation of local norms and reconstruction of mentalities, etc. The illusion of independence gone, the nations realised that the struggle for real independence was not over (Nkrumah 1965; Benneyworth 2011). It became more and evident that the new struggle was not against a single adversary but against a multiplicity of forces including the former colonial power which was returning to charge with more allies some of whom were recruited directly among the locals. Neocolonialism is therefore not the action of the former colonial power alone but it is aided by African elites in an attempt to seek protection for their status and wealth.

It is therefore evident that the process of decolonisation is a longer endeavour than the African leaders championing freedom expected. Ferro (1997: 19) rightly affirms that 'decolonisation has often been limited to a change of sovereignty when there is only substitution of political authority by another and the old dependence mutates to a new form that benefits the colonial power and local elites'. Answering the question of remittances cannot be divorced from the imperial roots of the issue.

The Francophone African diaspora has grown over time. This spans through slavery times to the present. It is clear, that part of this diaspora has emerged to become 'natural' citizens of other geographical spaces, e.g. African Americans, Black British whose fore parents were taken to the UK many centuries ago and they identify themselves as fully fledged part of the British ethnic architecture. For the purpose of this book, we consider the African diaspora to comprise people who are first or second generations of immigrants to the host countries outside of Africa and maintain ties with the country of origin (COO).

Such diaspora plays a critical role in the African Renaissance through their contributions to political reforms, economic ventures and tourism and charitable actions, etc. This is exemplified in a Kajunju (2013) article that terms the diaspora 'Africa's secret weapon'. Many African countries and African families look up to the diaspora for ideas and economic support. This stems from the belief that being the diaspora signifies better lives and enhanced learning opportunities placing the migrant in a position to transfer knowledge and economic capabilities. It is estimated that over 25 million people with African decent within our diaspora definition live outside of Africa. However, the African diaspora in the broader sense accounts for over 170 million people (World Bank 2012).

Part of the literature has characterised the African diaspora as 'brain drain'. This signifies the loss of talent from Africa to other socio-economic and culture spheres of our globe (Network of African Science Academies (NASAC 2009)). However, more and more voices are emerging to acclaim the same migratory movements as vital to the reconstruction or development of African economies and politics (Boyo 2013; Mugimu 2010; Easterly and Nyarko 2007).

This chapter examines some of the critical aspects of colonial heritage in Francophone Africa and considers current and historical events which help elucidate the diaspora phenomenon that constitutes a fundamental pillar of the study of remittances and diaspora investment. This chapter examines what Francophone African Diaspora investment represents in terms of the development of the region not only as a whole but also for individual families supported by the diaspora and the migrant themselves. This chapter expands on the concept of compassionate investment and the extent to which it is increasingly becoming a development factor alongside international aid.

Colonialism and the Emergence of Francophone African Diaspora

As asserted earlier, there is little doubt that French colonialism has profoundly marked the peoples of the Francophone West Africa. A major part of the French colonial legacy in the region concerns language, education the economy and political system. These aspects of the country's life are examined in more details in the following paragraphs.

Language and Culture

After the collapse of the French empire, there was a debate about the revalorisation of vernacular languages and local cultures. However, over half a century after independence was gained it is rather the opposite that is observed in most part of the francophone sub-Saharan region. To date, the official national language of all Francophone African countries remains the French language. It is taught in all schools at all levels; it is the medium and a subject of instruction. The same colonial policy which sought to censor vernacular languages in schools remains in application. In the 'independent' Francophone Africa, children are not to use their mother tongues within the school setting. This practice which echoes French colonialism could be termed neocolonialism (Hanson 2008; Kazianis 2011). In the administrative milieu, the situation is no different; the official working language is French and economic transactions are carried out in French. Political circles hold the thesis that the upholding of the colonial language serves the purpose of consensus seeking (Rosendal 2008). However, it is difficult to comprehend that the Francophone West African countries have not been able to develop a local language from its largest linguistic groups such as the *Baoulé* or the *Dioula* which constitute a quarter of the national population each in a country like Côte d'Ivoire. This raises the question of whether maintaining the French language is for strategic national interests or to safeguard the privileges of the new African elite. This is an interesting debate but we shall not venture in this as the question transcends the scope of this chapter.

The White School in Black Africa

School and education in Francophone West Africa, both in their form and substance, retain all the characteristics of the French system. Curricula and qualifications (even the titles) are replicas of the French. After the pseudo independence, there have been a few attempts to reinvent education which would account for indigenous ethnic, religious and geographic norms (Boussougou and Menacere 2015; Haugen 1995). Celis (1990), a Belgian writer on Francophone education in Africa, spoke of the 'white school in black Africa', given its profound affiliation with Western education which hinders the capacity of Ivorian education to respond to local realities. It is, thus, a dysfunctional school which is incapacitated in terms of servicing the needs of endogenous development. For Celis (1990), the new Ivorian elite has bankrupted national education. This has implications and ramifications in several areas of social life, e.g. the so-called brain drain, a key driver of the formation of the diaspora. Célis contends that the educational system's construction based on Western models is a key factor in creating graduates with limited relevant skills for the local economy. Many who harbour skills and potential feed the diaspora, causing a significant brain drain.

Dominated Economic and Political Domain

The growth of the numbers in the diaspora is linked to historical and current global politico-economic issues. In the era of globalisation, it is often difficult to distinguish what legitimately derives from global influence and what is an act of neocolonialism. However, certain elements, particularly the degree of implication of global organisations in the political life of a country could aid in ascertaining to some extent neocolonialist drives from 'normal' effects of globalisation. The attentive observer of Ivorian politics since 1960s will recognise that the country's economy has not gained independence, causing local entrepreneurs to live in the shadow of foreign investors (Hansen et al. 2016). For example, economic activities are intimately linked to that of France. In the Côte d'Ivoire, for example, large companies in strategic sectors such as, electricity

(CIE: Compagnie Ivoirienne d'Electricité), water (SODECI: Société pour le Développement de l'Eau en Côte d'Ivoire), telecommunication (CITELCOM: Côte d'Ivoire Télécommunications), the post office and major means of air travel are the properties of French companies.

The Bouygues Group, for instance, controls electricity and telecommunications while Renault and Peugeot almost monopolise the supply of buses and cars. It appears as though the Ivorian leaders have sold the strategic aspects of the country's life to foreign ownership in order to seek protection for their own personal assets and gains. This political decision has been made despite a sizeable proportion of the intellectual elite advocating for nationalisation of some key sectors. The Ivorian Prime Minister of the 1990s, Alassane Ouattara, decided that it was right to sell significant assets and industries to France. Critiques of the then Prime Minister (now President since 2011) argue that he acted in this way in order to seek France's support while he was seeking to be elected to the presidency (Akindès 2004). These types of complicities are not rare in the economic systems of the former French colonies in black sub-Saharan Africa. Though these were not well documented and proven, the later events in Ivory Coast will come to nourish the imagination of individuals and social groups as to the veracity of the facts. Many in the Ivorian elite believe that Alassane Ouattara benefited from foreign influence to attempt to destabilise the Ivorian regime through a coup. When the coup attempt in 2002 failed, the former prime minister sought asylum in France. So did many others suspected of involvement in the coup as well as masses among the general population who felt unsafe. It was the beginning of the second wave of mass exodus for Ivorian people seeking asylum. The first wave of exodus was in the early 1990s during the Premiership of Alassane Ouattara, the now President.

In addition to strategic economic sectors being in the hand of foreign companies, the national currency which is the CFA Franc in most Francophone West African countries has legendary alignment with the Euro. Prior to the introduction of the Euro currency, the CFA Franc was aligned with the French Franc. Fluctuation in the currency is inextricably dependent on the Euro. The CFA Franc, for many economic observers, has been one of the key pillars on which the strength of the French franc rested for many decades. Olukoshi (2001: 23) advances that the CFA Franc 'strengthened the French Franc on the international stage and offered distinct advantages to French companies in the Francophone World'.

Growth of the Francophone African Diaspora

The growth of the African diaspora is linked to several factors. It is not only created by external influences as it is sometimes argued by a number of African scholars and commentators. But it is linked to both endogenous and exogenous factors, the deleterious effect of the new African elite, poverty, war and forced displacements as well as global labour mobility and education. This section examines two critical causes: the influence of the new African elite and wars.

Impact of the New African Elite and Franco-African Complicity

Jennifer Brea (2002) argues that 'Francophone African bloggers have grappled with their countries' colonial legacies and the power history has to shape the present and the future. For them, independence is an illusion and in many ways, both psychologically and materially, Africa remains a colony of the old empires'. This assertion can be an interesting starting point for the analysis of a double-faceted neocolonialism and its emergence as a push factor for African emigration.

The African elites themselves become colonisers of the popular masses, using the national security apparatus against these masses. Suppression of oppositions is frequent (Doza 1995). Since the advent of the multiparty system in Francophone West Africa in the 1990s, the successive regimes since have suppressed the ordinary citizen and the opposition. In this supposedly new era, stability in the countries has collapsed and suffering, disease, murders and wars have increased (Beams 2000).

The new Francophone West African elite is characterised by a sharp division: one that is in power and supported by the former colonial power and one that lives quasi-permanently in an oppressed opposition.

The former colonial power uses local elites as agents to serve neocolonialist interests. Notre Voie (2004)—an Ivorian daily newspaper—writes that the new relationships between the former colonisers and the newly independent nations are relationships between master and servants. The double game of the colonial power among Ivorian elites is geared at protecting French interests regardless of who holds political office and power. This complicity between colonial power and local elites often leads to bitter rivalries and conflicts such as the two-decade long conflict in the Côte d'Ivoire since the year 2000.

The Impact of the Civil Wars

The crisis that has been shaking the Côte d'Ivoire for almost 20 years results not only from the colonial game in the country with the new elites but also from the desire of the Ivorian elites to assert themselves as the lawful depositaries of the political power. The political climate has worsened since the discovery of important oil reserves in the country in 2000s. Competition between energy-hungry nations will lead to more division of the local elites. This supports the thesis put forward by Ayittey (1992) who advances that the assaults against Africa are always motivated by the economic interests of the aggressors be they internal or external. Olukoshi (2001) espouses similar views in his book entitled 'West Africa's political economy in the next millennium: retrospective and prospect'. Many observers of the Ivorian political and economic life would see the armed rebellion of 2000 as a fabrication from the Quai d'Orsay in view to dethrone Laurent Gbagbo, the then president, and install a leader who will be more favourable to colonial interests and would renew lucrative business and economic contracts in the key industries such as oil, electricity, water, telecommunication and automobile (see *The Guardian* 2011; RFI 2011). In this battle for control of the national strategic sectors, the elites, both in power and in the opposition, will take ambivalent positions. Some openly support the foreign influences while others attempt to collaborate with them in order to seek protection (Olukoshi 2001). However, there is often a strong resistance from the popular masses. In the context of the 2000 conflict, there has been a certain polarisation, leading to divisions along geographic and ethno-religious lines creating a north–south divide, with an under-developed Muslim north and a more prosperous Christian south. The rebels occupied the north while the republicans controlled the south. In the state of confusion, insecurity, executions, mass murders, arbitrary imprisonments and rapes, a large number of Ivoirians sought cross-border refuge for the first time in the country's history (Médecins Sans Frontières 2002). This is not to assert that the Côte d'Ivoire was emigration-free prior to the 2000 conflict, but the analysis here emphasises the unprecedented numbers leaving the country to seek refuge in foreign countries (UNHCR 2016).

Such a critical analysis is commanded also because there is dismay about the inability of the Francophone West African countries to protect the liberty acquired at independence in the 1960s and the ensuing prosperity in the first two decades that followed. On the contrary, the living conditions of the populations are not better presently than they were 20–30 years ago (Sembene 2015). This, for many commentators, is caused by the destructive complicity between the African bourgeoisie and foreign interests, as Fanon (1968) would argue. For Fanon, the notion of national identity bears meaning only when it reflects collective revolutionary efforts which aim to engender the collective freedom for the oppressed people. However, it can be observed that there has been no collective liberation, but rather the liberation of a certain national bourgeoisie that was awaiting the departure of the formal colonisers in order to affirm itself. Leaders that derived from the colonial struggle and those that succeeded them copied what the former 'masters' did in order to ensure a new form of domination. Little has been done to contribute to the well-being of the masses that followed the calls for mobilisation that enthroned the new elite and took it to power (Kazianis 2011).

Ayittey (1992) observes that 'three decades of dictatorship and of incomprehensible political ideologies have left a legacy of fear, poverty, refugees, corruption and theft'. Military brutalities, torture, vandalism and arbitrary rules are part of the daily lives of ordinary citizens, bringing back memories of the Colonial Era. Many leaders have turned against the very people they claim to serve and work for foreign protection. According to the newspaper Notre Voie (2004) the people have been robbed of the true independence, which exemplifies what Fanon (1968) termed the treason of the people.

This has caused exodus to greener pastures, causing refugee flows leading to brain drain. The exodus is unprecedented because it exceeds any mass migration from the Côte d'Ivoire of any period in the country's recorded history, i.e. since 1895. The United Nations High Commission for Refugees (UNHCR 2016) put the numbers that have fled the country to enter the diaspora to over 400,000 between 2002 and 2012. The literature is consistent in its acknowledgement that such mass exoduses have led to significant brain drain since most of those who are able to flee across borders to the West are the educated and or the young who could lift the economy up.

The next section examines the nomenclature of a Francophone Diaspora in the UK, the Ivorian community. It explores their socio-economic circumstances including education, work and remittances as well as the investments they make in their homeland. We particularly seek to understand the rationale and the nature of such investment.

Diaspora and Direct Investment

While most refugees and economic migrants from Francophone Africa traditionally landed in France, Belgium and French-speaking Canada, in the past three decades or so, a sizeable number of Francophone Africans have reached the English speaking world, e.g. UK, US, Australia, New Zealand, etc. This shift in the destination of Francophone African migrants is to some extent linked to the deteriorating relationships between France and African nations and citizens (Benneyworth 2011; Charbonneau 2008; Howden 2011).

Overview of a Francophone Diaspora in the UK: The Ivorians

It has already been established that Francophone African migrants have been turning to the English speaking world in the past few decades due to difficulties in relationships between France and its former colonies. This explains why this chapter focuses on the Ivorians, a Francophone

African community in the UK. It is difficult to establish the number of Ivorian migrants in the UK (Tiemoko 2004). This is partly due to the fact that traditionally most francophone migrants arrived in France, Belgium, Canada or Switzerland. The lack of certainty about the number of Ivorians in the UK is also due to the difficulties in generating reliable statistics due to complex reasons: some arrive in the UK directly as refugees or students and others enter the UK from the European Union (IOM 2008) where they may have acquired other Western nationalities. The number in the UK stands at approximately between 5000 and 9000 according to community leaders (IOM 2008). This number represents a significant rise on the pre-2000 number of Ivorians in the UK, which was estimated to be around 2500 according to the 2001 UK Census.

Just over half of the Ivorian migrants in the UK live in London. The rest of the community is distributed across the country, with Birmingham taking a larger proportion followed by Newcastle, Glasgow and Edinburgh (IOM 2008). Table 5.1 provides a breakdown of the distribution of the Ivorian community in the UK.

The choice of the place to live is largely dictated by economic opportunities, e.g. employment and training. The London and Southeast England areas appear attractive due to the presence of a sizeable opportunity for unskilled labour which is attractive to newcomer migrants in general and to the francophone communities in the early period after arriving in the UK. Besides, London and the larger metropolitan cities such as Birmingham and Newcastle harbour more employment opportunities (Aznar 2013), being economic powerhouses in the UK. This explains why, according to statistics provided by the London School of Economics, London absorbs nearly 40% of the total UK migrant inflows

Table 5.1 Geographical distribution of Ivorian migrants in the UK in 2008

Place	Number	%
London	4500	50.0
Birmingham	3000	33.3
Newcastle	1000	11.1
Glasgow	200	2.2
Other	300	3.3

(LSE 2007). The literature also establishes that new migrants tend to move to areas where there is an established community network that they can tap into. This means that London and the large cities mentioned earlier will continue to experience growth in the number of migrants of certain ethnicity and nationalities. The Ivorian diaspora follows this trend.

Social and Community Lives in the UK

As discussed above, the Ivorian community in the UK lives predominantly in large cities. London is the preferred destination of the Francophone migrants, including those from the Côte d'Ivoire. Early Ivorian immigrants settled mainly in the London area and started to create community groups as the numbers grew. The expansion of the Ivorian community groups occurred in the post-2000 era when a significant number of refugees arrived in the UK. This followed the political difficulties and the Ivorian Civil War described earlier in this chapter. The UNHCR (2008) put to 2170 the number of new asylum applications by Ivorian nationals between 1997 and 2007, pushing the number of Ivorians in the UK and London particularly since these new arrivals remain almost exclusively in the London area. Within those cities, there are areas of concentration of the Francophone community, with areas traditionally attracting Black Africans being the major receiving pockets. These include the London boroughs of Brent, Lewisham, Southwark and Greenwich.

IOM (2008) recorded around 60 community groups and charities serving the Francophone communities in the UK. These communities are a pull factor when it comes to new migrants seeking a place to live (Hack-Polay 2008).

Work and Employment

Language barriers and unfamiliarity with the labour market (Tiemoko 2004; Hack-Polay 2008) are key determinants of the entry of migrants into the unskilled labour market. Though, as in many migrant communities in the UK, many in the Ivorian diaspora are well educated, they suffer high levels of underemployment. A significant proportion of the population works in jobs below their qualifications (European Commission 2012). The main reasons for this have generally been attributed to language barriers and race. However, given that most aspirants to employment have qualified in the UK, Hack-Polay refutes this argument and propounds that the lack of authoritative networks reduces the opportunities available to recent diaspora. Despite low paid employment and having to take up second jobs to support themselves in the diaspora, the Ivorians and the Francophone community at large, strive to find the resources for remittances and establish small- and medium-sized enterprises (SMEs) back home that create employment for family members. This sets cross-border money remittances as a substantial strategic opportunity in Côte d'Ivoire (Scharwatt and Williamson 2015; World Bank 2016). The diaspora's drive to support selves in the country of residence at the same time as helping others in the COO despite their own hardship faced in the foreign countries reinforces the perception that without genuine compassion investment in others at home may not be possible. Hence the notion of compassionate invest that we coin in this chapter.

Compassionate Investment

An important aspect of Francophone Africans' life in the UK is the relentless attempts to contribute to the development of their native lands. This takes many different forms. Some send remittances to support the daily lives of relatives left back. Others invest directly in the economic system, setting up SMEs. Often, such investment does not produce direct benefits for the migrants themselves but rather other beneficiaries in the homeland (Scharwatt and Williamson 2015; European Commission 2014; African Development Bank 2013). Without such support, the left-behind relatives could experience hardship. This disinterested investment has led us to term it compassionate investment. The next part of this section examines the nature of compassionate investment and the rationality behind it as well as the benefits to wider nations. The diaspora contributes to the economic life of the COO via two main means of direct investment: remittances and business venture creation.

The Nature of Compassionate Investment

So far we have introduced the concept of compassionate investment but it is important to frame it in a way that it provides an intelligible picture for the reader. Compassionate diaspora investment is significantly different from traditional investment that seeks profit for one individual and a small group of investors. However, in compassionate investment, the individual investor or the group seeks to improve the lives of others, usually relatives or their native communities. Compassionate investment has two parts: remittances and cash investment in business ventures. While remittances are 'grants', business ventures are for-profit investments whose returns are to be used or expended by the relatives delivering the diaspora business. This makes the profits earned charitable profit. It is unconsciously an extension of the state's provision to its citizens.

The list below exposes the main characteristics of compassionate investment:

- Disinterested: the diaspora investor creates businesses to benefit relatives and country predominantly
- Performed whole-heartedly: the diaspora investor invest emotionally and psychologically in the business
- Acceptance of the burden by the diaspora (work-life balance): the investor works additional hours and sacrifices his/her own work-life balance to generate revenue to support the business with limited expectation of payback
- Not for personal gain: the interest and well-being of the left-behind relatives and the country drives diaspora investors' effort
- Supportive: the diaspora investor provides additional assistance and resources and seldom questions the accounts of the recipients

- Collectivist perspective (unlike traditional investment which is individualistically orientated)
- Sacrificial

Compassionate investment does not go without cost to the diaspora. The cost is not only in mere financial terms but also emotional and physical. Many in the diaspora, do work long hours, are involved in second or multiple jobs and forsake their work-life balance in order to generate enough revenue to support themselves in exile and show compassion for the left-behind extended families (Hack-Polay et al. 2017). This is a cost or rather a sacrifice that the diaspora is happy to bear provided it continues to bring smile to relative and prosperity and less dependence to the motherlands.

Remittances

Remittances are the first form of investment of the diaspora in the home country. These are direct responses due to poverty alleviation. Through this, the migrants ensure a steady flow of income that supports the living of relatives. In most cases, these are critical supplements to meagre local income which enables the relatives' to stretch their earning and improve their living conditions. Without the supplements coming from the diaspora, such relatives may be on the poverty line. In other cases, the remittances from the diaspora come in as 'godsend' lump sums on which the family wholly depends. The migrant then operates as a 'family bank', a fruitful investment that pays back. In these situations, the migrant needs to continue to be in employment in the diaspora in order to maintain the viability of the 'family bank' and continue to act as a life support for the left-behind relatives. This supports the daily purchase of commodities, school fees and expenses, medical cost, funeral costs, etc. A study by Hack-Polay et al. (2017) shows that on average migrant send £3000 annually to their home country in respect of remittances. In much of Francophone West Africa, this would represent the average salary of professionals such as nurses, teachers, police officers, etc. It is therefore evident that remittances strengthen the financial positions of the migrants' nuclear or extended family in the COO.

A number of diaspora members build houses back home aiming to retire there one day. The literature argues that rarely do the migrants actually return to occupy those houses (Flahaux 2014). The retirement plan, therefore, acts as a pretext to build reasonable homes for family members. Evidence suggests that many of the investors do not actually go back or retire back home as they purport; some just do not make it due to early death, critical illness or disability. Others have their children born and married abroad and decide to remain close to their adult children and their grandchildren. The fact that the diaspora does not necessarily expect payback on the support they provide to relatives reinforces the perspective that such investment is compassionate investment.

Business Venture

Other francophone Africans set up business in the COO and work in the UK to support those businesses. These ventures usually aim to create jobs for family. However, they are also viewed by the investors as some type of insurance for retirement as it is hoped that the business would have matured on the migrants' return to the homeland. Though the investment does not generate immediate profit (or profit at all) for the diaspora investors, the ability to help relatives out of unemployment and poverty is the guiding rationale for diaspora direct investment. In this sense, such investment is what we earlier termed compassionate investment.

Business ventures are major parts of diaspora direct investment. Mohamoud (2003), Nyarko (2014) and Plaza and Ratha (2011) argue that the African diaspora creates businesses in their native countries every year. These businesses contribute $53 billion to the local economies yearly according to Plaza and Ratha (2011), making a significant contribution to the national economies. Thus, whether the diaspora business generates profits, mere breakeven or makes losses is not the critical subject of analysis but rather the significant contribution deriving from such ventures since they are made up of foreign cash directly injected which travels through the economic system of the homeland and impacts many other socio-economic life. For example, families and individuals who are beneficiaries of compassionate investments experience a significant relief from the effect of poverty, having their buying power enhanced and quality of life improved (Le Goff 2010). The diaspora investment is of the size of international aid received by poor countries (Scharwatt and Williamson 2015; *The Guardian* 2013). Estimates in this area put amounts of remittances globally at $530 billion (World Bank 2017) and at $60 million USD for Francophone West Africa (Scharwatt and Williamson 2015). Country-specific comparisons show the growing pre-eminence of remittances and diaspora direct investment over international aid money received. For instance, according to the World Bank (2012), Indian migrants in the UK remitted $4 billion to India in 2011, compared with the $450 million in aid that the UK donated; remittances from the Bangladeshi diaspora amounted to $740 million, which doubled the amount Bangladesh received in aid ($370 million) from the UK in 2011. Remittances to Francophone West Africa are equally significant compared to international aid. Côte d'Ivoire, for instance, has experienced growing remittances from its diaspora which sent $1.64 billion in 2015 an increase on the $1.3 billion the country received in remittances in 2014 (Country Economy 2016). This contrasts with just over $922 million in aid (OECD 2016) received by Côte d'Ivoire in 2014.

While international aid goes to government agencies and aid organisations, remittances are sent directly to the individual and families or invested directly in small business creation. The majority of small businesses created by diaspora money are in the retail sector, e.g. shops, small trading units, etc. and hospitality (small hotels, beds and Breakfast), housing (home building and rental accommodation), transport (taxi, buses, etc.). Table 5.2 depicts the major areas of investment covered by DDI in Ivory Coast. However, diaspora investment is very diverse with more investment in wholesale, import-export as well as investment in the gas and oil industry. The key feature of diaspora direct investment is that it covers an area of critical necessity that can

Table 5.2 Summary of types of diaspora direct investment in Ivory Coast

Type of business	Housing	Transport	Hospitality/Catering	Retail	Shares
Significance	High	High	Medium	High	Low

help the recipient families make sense of their daily lives and generate almost immediate steady income.

Conclusion

This chapter has examined the causes of the Francophone West African migration into the diaspora and the lives of this diaspora in the UK. We have also considered the effort made by the diaspora to look compassionately on the COO and the left-behind extended family. The contribution of the Francophone African diaspora has been characterised as compassionate investment. Compassionate because the investment put in aims to help soothe poverty in the countries and more critically help improve the living conditions of their families left back. The compassionate nature of the investment means that while the businesses that the diaspora set up in the native countries may be profitable, there is no expectation of reaping the benefits of their ventures. The main benefits the diaspora receives are the satisfaction that family members have improved lives, education, housing, welfare and can access health services without a struggle. Another aspect of the compassionate investment made by the diaspora is in the form of remittances which are cash handouts directly into the 'pockets' of family members to put towards the cost of living more immediately. Remittances are characterised as compassionate investments because they are monies loaned by granting with no expectation of payback or interest.

Compassionate investment goes towards achieving a more tangible independence of family members from the state and to some degree independence of the nation-states from the neocolonialists. This is, thus, a contribution to the national struggles which, in many Francophone African countries, have become almost permanent struggles. Economic dependency is as much as political dependency during colonial times.

The diaspora's contribution via direct cash investment in the national economic systems of the homeland is, therefore, a substantial contribution to national independence, tough in the current state of affairs, the road to tangible liberation is a long way ahead. From the main coverage of this chapter, we have exposed the inequalities constructed by complicities between the new African elites and the foreign powers, creating two different societies: the popular masses (impoverished) and the new bourgeoisie. The diaspora direct investment aims to grant greater power to those in the impoverished masses who are fortunate enough to have been able to invest in one of their daughters and sons by enabling them to reach the rich West. The diaspora's investment back home can, therefore, be seen as a return on investment for the families whose 'children' made it to the West.

Compassionate investment does not go without cost to the diaspora. The cost is not only in mere financial terms but also emotional and physical. Many in the diaspora who work long hours are involved in second or multiple jobs and forsake their work-life balance in order to generate enough review to support themselves in exile and show compassion for the left-behind extended families (Hack-Polay et al. 2017). This is a sacrifice that the diaspora is happy to make provided it continues to bring smile to relative and prosperity and less dependence to the motherlands.

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Part II

Management of Diaspora Businesses

6

Diaspora Networks: A Social Capital Source for Entrepreneurship in Low-Income and Emerging Economies in Africa

Amon Simba and Nathanael Ojong

Introduction

Although entrepreneurship is widely regarded as the panacea to economic development (Baumol 1990; Fritsch and Storey 2014), there is still a profound lack of well-coordinated support mechanisms to stimulate business enterprise in low-income and emerging economies for either political or economic reasons (Baubock 2008) especially in Africa. In cases where efforts have been channeled towards encouraging entrepreneurship at individual, institutional and national levels, results have been mixed at best (Arshed et al. 2016; Chigunta and Mwanza 2017 in Gough and Langevang 2017; Naudé 2010).

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However, what has been clear among this confusion is that diaspora networks are progressively taking centre stage operating as a catalyst for social capital necessary for entrepreneurship to thrive (Nkongolo-Bakenda and Chrysostome 2013) especially in Africa. As much as they appear to be performing such an important role, Leblang (2010) noted their informal nature, arising from limited regulation, as one of their common features. Notwithstanding this, Wang (2000) argued that their informality complements and compensates for the weak formal business institutions found in emerging economies often located in the African continent. Clearly, the scant literature on diaspora networks acknowledges that diasporas have become a major driver for entrepreneurial activity in their country of origin (COO) (Kuznetsov and Sabel 2006; Marks 2006; McDade and Spring 2005; Newland and Tanaka 2010).

In the few cases presented in the literature, diaspora networks are recorded as re-defining the business environment, particularly in low-income and emerging economies (Bhagavatula et al. 2017; Hill and Mudambi 2010; Dutia 2012). With respect to diaspora networks' influential role in the business environments of most low-income and emerging economies, Agunias and Newland (2012) confirmed that diasporas can and, in many cases, do act as economic agents of the COO. Despite the fact that diaspora networks are sometimes dismissed as informal trade (Lucas 2001), there is certainly ground to acknowledge them in the mainstream economics because of their impact as highlighted above. Beyond sending remittances through diasporas, diaspora networks promote trade and foreign direct investment (Sahoo and Patnaik 2010) through social capital embedded in their connections (Tsai and Ghoshal 1998).

Diaspora networks create businesses and stimulate entrepreneurship by facilitating new skills, information and knowledge transfers to the COO (Efendić et al. 2014; Newland and Plaza 2013; Terrazas 2010). This perhaps marks diaspora networks as a key factor influencing economic activities in most low-income and emerging economies (Davies 2012). For example, Saxenian (1999) showed that a transnational community of Indian engineers facilitated the outsourcing of software development from California's Silicon Valley to cities such as Bangalore and

Hyderabad. In the same way, Kuznetsov and Sabel (2006) explained that well-organised Chinese and Indian diasporas are providing knowledge, skills and financial resources to their home countries.

Notwithstanding rational evidence pointing to the diaspora networks' effect in low-income and emerging economies, the extant literature on networks in general, and entrepreneurial networks in particular, pays little attention to such types of networks. Elo (2014) found the same and she stressed that despite the multi-faceted influence of diaspora networks, little empirical research on their effects has been conducted. Furthermore, Elo (2015) in Larimo et al. (2015) expressed that very little research has been done about the impact of diaspora networks in business studies. Inspired by this limited attention to diaspora networks in the literature, our research is one of the pioneering studies intended to bring the debate about their understated influence in low-income and emerging economies found in Africa to the limelight. The main aim of doing so is three-fold.

Firstly, our goal is to fill the void in the literature by analysing diaspora networks in general. Based on this analysis, we offer theoretical suppositions to comprehend their core functions and particularly how they influence entrepreneurship in low-income and emerging economies in the African continent. Secondly, we present a new *Framework* to inform policy-makers, including government and private institutions, about the essence of establishing favourable policies to harness the benefits diaspora networks generate in the form of social capital. Clearly, establishing a platform whereby diasporas and their networks are recognised through policy development, has the potential to boost entrepreneurial activity in many low-income and emerging economies in Africa. A similar view was extended in Dutia (2012) who argued that 'engagement with diasporas is an important strategic function in today's networked world. To ignore and miss out on capitalising this thriving group of entrepreneurs would result in undesirable consequences for any country's economic growth'. Thirdly, we provide useful knowledge and information about how diasporas, entrepreneurs, entrepreneurial firms and government institutions can take advantage of the social capital embedded (Aldrich and Zimmer 1986) in diaspora networks for their economic benefits.

Moreover, we provide other scholars with new insights into the diaspora networks phenomenon in low-income and emerging economies in Africa. In particular, how diaspora networks can be part of the solutions for increasing entrepreneurial activity in many of these economies. To facilitate the debate on diaspora networks, we outline the subsequent sections of this book chapter in the following way. After introducing the purpose of the chapter, we analyse, evaluate and synthesise relevant theoretical propositions on diaspora networks, social capital and entrepreneurial firms and activity. We then outline the research design. Following that we engage in a wider discussion about diaspora networks. The rationale for doing so is to bring knowledge concerning their influence in low-income and emerging economies into the orthodox literature on networks (Granovetter 1992) and entrepreneurial networks (Mosey and Wright 2007). From that, we highlight our specific contributions encompassing theoretical suppositions and a new integrated *Framework* we considered useful to several stakeholders comprising policy-makers, entrepreneurs, business practitioners and other academics. The final section emphasises the main contributions the study makes, and the implications of our newly developed integrated *Framework* to the field of business management and for future research.

Theoretical Background

What are the theoretical grounds that could support the expectation of diaspora networks serving as a social capital source for entrepreneurial firms in low-income and emerging economies found in the African continent? We contend that theories from the fields of economic sociology, entrepreneurship and international business contain such theoretical grounds.

Diaspora as a concept is linked to migration. In 2015, there were 244 million people living outside their country of birth (International Organisation of Migration (IOM) 2016). Diasporans refer to migrants and their descendants who maintain strong connections with the COO (Safran 1991). Diasporans tend to be key actors in diaspora networks. These networks are regarded as ‘a tool that plays an important role in reducing the costs of brain-drain by fostering cooperation and the conveyance of knowledge and skills as well as collective and business investment' (Harima 2014). The idea of setting up connections between dispersed and highly motivated entrepreneurs and their COO is a common feature of diaspora networks. Evidently, diaspora networks are of particular significance to entrepreneurial firms in low-income and emerging economies since institutions that facilitate the creation and growth of new ventures are either weak or totally missing (Nanda and Khanna 2010).

Some of the constraining factors to entrepreneurship in low-income and emerging economies located in the African continent include lack of financial resources, inadequate laws and regulations, insufficient management experience, lack of infrastructure, corruption and weak demand for products and services (Okpara and Wynn 2007). Thus, when possible, entrepreneurial firms in low-income and emerging economies rely on diaspora networks to overcome some of these weaknesses (Rauch and Casella 2001). Scholars (e.g. Gillespie et al. 1999; Saxenian 2006; Agarwal et al. 2008; Foley and Kerr 2008; De Wever et al. 2005) aver the importance of diaspora networks in overcoming human, informational and financial resources. Prior research often depicts diaspora networks as primarily driven by extrinsic motivations and monetary values (Michelson et al. 2004; Nielsen and Riddle 2010). Yet, increasingly altruism and philanthropy are central to private and public schemes supporting entrepreneurship (Johnson 2007; Newland et al. 2010; Orozco 2006).

Granovetter (1985) highlighted the embeddedness of economic behaviour in networks of interpersonal relations. Similarly, Aldrich and Zimmer (1986) argued that entrepreneurs are embedded in social networks that play a vital role in the entrepreneurial process. Other entrepreneurship scholars stress the generic social feature of networks, showing that ties are formed within the social activity that entails creating new ties as well as activating them (Ahuja 2000; Brüderl and Preisendörfer 1998). Clearly, networks involve specific relations that a person has with others (Reese and Aldrich 1995) and ties constitute the foundation of networks (Aldrich and Elam 1997). From that perspective, a network could be 'described as representing a constellation of ties so that, at a fundamental level, ties are the building blocks of networks' (Jack et al. 2004: 108).

According to Granovetter (1973), the strength of ties within a network defines the strength and quality of relations and is shaped through a combination of the amount of time, emotional intensity, intimacy and reciprocal services involved in these relationships. Distinguishing between strong and weak ties Granovetter (1973) described how the heterogeneity of ties affects the activities of people in a network. He explained that acquaintances (weak ties) are less likely to be socially connected with one another while close friends (strong ties) constitute a densely knit clump of social structure (Granovetter 1983). Granovetter noted that strong ties consist of regular interactions whereas weak ties consist of less frequent interactions between individuals in the relation. This is in line with Homans (1950: 133) who pointed out that 'the more frequently people interact with one another, the stronger their sentiments of friendship for one another are apt to be'.

Furthermore, Granovetter (1973) and Burt (1992a) recognised that a healthy network should have both strong and weak ties since the configuration of these ties influences the structure and operation of networks. In the context of diaspora networks, entrepreneurial firms in low-income and emerging economies in the African continent would benefit from the presence of strong and weak ties both in their COO and COR. However, weak ties could be perceived as holes in the social structure of networks but, interestingly, these structural holes create a competitive advantage for a person whose network spans the holes by facilitating the flow of information (Ahuja 2000; Burt 1992a). As such, the importance and opportunity of weak ties are not related to the weakness of the relationships between individuals, but lies in the likelihood of connections to other networks (Ibarra 1993). Consistent with this Granovetter (1973: 1371) explained that 'the fewer indirect contacts one has the more encapsulated he will be in terms of knowledge of the world beyond his own friendship circle; thus, bridging weak ties (and the consequent indirect contacts) are important in both ways'. Entrepreneurship scholars have tested these arguments. For example, Aldrich et al. (1987) pointed out that networks in which individuals are not well-acquainted tend to have different resources and more diverse information when compared with networks of densely knit close friends. Such contacts are likely to have different social backgrounds and access to varied resources and information in many low-income and emerging countries in Africa.

A diverse set of weak ties can lead to information, advice, financial resources, and customer and supplier referrals (Aldrich et al. 1987; Katrishen et al. 1993) as well as act as sources for opportunities and responsibilities (Bloodgood et al. 1995). Therefore, it can be argued that entrepreneurial firms in low-income and emerging economies in Africa may need heterogeneous ties with diaspora networks since such connections provide more opportunities for diversity in information and resources (Mönsted 1995). In relation to this, Hills et al. (1997) argued that entrepreneurs who solely interact with a small clump of densely knit friends have less possibility of obtaining important information about opportunities. Thus, regarding information relating to opportunities, a personal network mostly animated by strong ties is considered inefficient (Ibarra 1993). On the other hand, strong ties offer several benefits. Granovetter (1985) emphasised that information and support gained through strong ties offers several benefits: it is cheap; richer, more detailed, and accurate and more importantly it often derives from a continuing relationship and so it is trustworthy.

Moreover, he added that 'continuing economic relations often become overlaid with social content that carries strong expectations of trust and abstention from opportunism' (Granovetter 1985: 490). Nonetheless, strong ties are regarded as less beneficial than weak ties because strong mutual relations tend to develop between people with similar features (such as age, income, education and occupation); consequently, strong ties are likely to provide redundant information since they can be forecasted to move in similar social circles (Burt 1992b).

Within the entrepreneurship literature scholars including Johannisson (1987), Aldrich et al. (1987), Hansen (1995) and Mönsted (1995) confirmed the value of close ties in entrepreneurship networks. In the same way, Jack (2005) noted that strong ties are instrumental in business activity and used extensively to provide information as well as maintain and enhance business and personal reputations. Furthermore, a survey conducted by Bruderl and Preisendorfer (1998) found that strong ties were more important than weak ties in explaining success of entrepreneurial firms as measured by firm survival. Additionally, Johannisson (1986) stressed the importance of both strong and weak ties in networks. Debating on the same subject, Starr and Macmillan (1990) expressed that a focus on strong ties may be more pertinent during the formation stage and early growth stage of an entrepreneurial firm when such ties are likely to be most useful as ready low-cost links to vital resources. However, their argument has generated mixed support (Hoang and Antoncic 2003). This discussion about networks, including diaspora networks can be linked to social capital.

Diaspora Networks and Social Capital

Cooke and Wills (1999) agreed that social capital may be perceived to be both the origin and the expression of successful interactions by individuals in networks. This supports our main thesis that diaspora networks may be a critical source of social capital for entrepreneurial firms in low-income and emerging economies found in the African continent. Though there are variations in terms of how social capital constructs are conceptualised and operationalised, there is a consensus among scholars that it symbolises the value embedded in the social relationships of individuals or social units (Adler and Kwon 2002; Gedajlovic et al. 2013; Jack 2005). Social capital is 'the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance or recognition' (Bourdieu 1986: 248). In the context of entrepreneurship, social capital is perceived as 'the good will and resources that emanate from an individual's network of social relationships' (De Carolis et al. 2009: 530). These socially embedded resources are vital to individuals and organisations (Baker 1990; Burt 1992a; Coleman 1988).

Scholars, including Bourdieu (1986) and Burt (1992a), acknowledged that social capital consists of both the network and the resources that may be garnered through that network. Unlike other types of capital, social capital is jointly owned by the individuals in a network, and no individual has exclusive ownership rights (Burt 1992a). Crucially, social capital makes possible the achievement of goals that would be impossible or difficult to achieve (Nahapiet and Ghoshal 1998). This perhaps explains why Moran (2005) concluded that depending on the extent to which an entrepreneurial firm influences its development and appropriates its value, social capital may be its most enduring source of advantage. Since entrepreneurship entails opportunity identification, evaluation and exploitation (Jack et al. 2004; Shane and Venkataraman 2000), the social capital intrinsic in networks facilitates an entrepreneur's access to information, hence it fosters opportunity identification (Hoang and Young 2000; Tang 2010). As a result of the link between diaspora networks and entrepreneurial firms in low-income and emerging economies in Africa, the latter would benefit from critical information and advice.

Studies show that entrepreneurial firms systematically use networks to obtain ideas and gather information to recognise entrepreneurial opportunities (Hoang and Young 2000; Mosey and Wright 2007; Singh et al. 1999). Usher (2005) explained that the diasporas are increasingly playing an important role in developing business opportunities in several countries. As possessors of social capital embedded in diaspora networks, entrepreneurial firms and individuals in low-income and emerging economies in Africa would get the managerial skills required to successfully exploit business opportunities.

Social capital developed between diaspora networks and entrepreneurs in low-income and emerging economies in Africa, for example, may reduce the amount of time and investment needed to gather information (Nahapiet and Ghoshal 1998). It may also mitigate the liability of newness (Stinchcombe 1965), provide legitimacy (Aldrich and Fiol 1994), facilitate innovation (Lipparini and Sobrero 1994) and prevent failure (Miner et al. 1990; Westhead 1995). As networks are a channel of gaining access to capital including financing by venture capitalists and angel investors (Hoang and Yi 2015), entrepreneurial firms in low-income and emerging economies with the African continent, that have links to diaspora networks would benefit from these sources of finance. Diaspora networks play a critical role in enhancing or vouching for the reputation of entrepreneurial firms in low-income and emerging economies (Kapur 2001) found in Africa.

Entrepreneurship and international business scholars usually utilise Nahapiet and Ghoshal's (1998) multi-dimensional conceptualisation of social capital. The authors view social capital in terms of its three distinct dimensions: cognitive, structural and relational. Such a multi-dimensional view is relevant in that it recognises and distinguishes multiple forms of social capital (Gedajlovic et al. 2013). The last two dimensions of social capital which are of relevance to our study draw on Granovetter's (1992) structural and relational embeddedness. In relation to these two dimensions, Granovetter explained that in economic exchange, 'most behaviour is closely embedded in networks of interpersonal relations' (1985: 504).

His embeddedness argument clearly distinguishes and emphasises the unique roles that both 'concrete personal relations and structures (or 'networks') of such relations' play in the daily work and accomplishments of all kinds of economic players (Granovetter 1985: 490). A large body of scholarship has documented the structural and relational dimensions of social capital (e.g. De Carolis and Saparito 2006; Li et al. 2007; Liao and Welsch 2005; Newman et al. 2014; Tsai and Ghoshal 1998; Zukin and DiMaggio 1990). The structural dimension of social capital relates to the overall pattern of connections between actors particularly who you reach and the way in which you do so (Burt 1992a). Crucial to this dimension are features such as connectivity, centrality and hierarchy, along with network ties between actors (Scott 1991; Wasserman and Faust 1994) and network configuration (Krackhardt 1989).

The literature on entrepreneurial network recognises that the structural centrality for emerging entrepreneurs allows them to activate an appropriate sub-category of their total network (Larson and Starr 1993). Network ties constitute information vehicles that reduce the amount of time and investment needed to gather information (Nahapiet and Ghoshal 1998; Tang 2010), and these information benefits occur in three forms: access, timing and referrals (Burt 1992a). These information advantages enhance the survival, performance and growth potential of new ventures especially in low-income and emerging economies (Boden and Nucci 2000; Cable and Shane 1997). Consistent with this, Liao and Welsch (2005) argued that the structural dimension of social capital basically defines the possibilities for nascent entrepreneurial firms' capacity to access information, support and resources that are vital to venture creation. Network size is positively connected with the founding of new entrepreneurial firms and initial performance (Burt 1992a; Aldrich et al. 1987).

An increase in contacts develops more channels for obtaining valuable information and resources (Emerson 1962). Emphasising this point, Burt noted that 'bigger is better' but adds that 'size is a mixed blessing' (1992a: 16). This may mean that the entrepreneur in the low-income economy and emerging economies in Africa would have to keep his or her diaspora network to a manageable size so that contacts do not become colossal because this may be difficult to manage. Size is related to density. Here, density is measured by the extent to which an entrepreneurial firm's contacts are interconnected, the denser the entrepreneurial firm's network of contacts the less likely that new resources will enter (Hoang and Yi 2015).

The relational dimension of social capital describes personal relationships developed through a history of interactions with people in a social network (Granovetter 1992). It denotes the degree to which 'an entrepreneur is actually able to receive informational, physical and emotional support in the venture creation process' (Liao and Welsch 2005: 350). The key facets of the relational dimension of social capital include interpersonal trust and trustworthiness, reciprocity, overlapping identities, commitment and feelings of closeness (Coleman 1990; Moran 2005). For instance, two individuals may occupy equivalent positions in similar network configurations, but if their personal relations with others in the network differ, their actions are likely to differ in numerous ways (Nahapiet and Ghoshal 1998). When trust is developed between individuals they are more willing to engage in cooperative activity through which further trust can be developed (Tyler and Kramer 1996; Fukuyama 1995). Hence, trust is the forerunner to resource acquisition and knowledge exchange (Liao and Welsch 2005) in African-oriented diaspora networks. From this perspective, an entrepreneurial firm, in a low-income or emerging economy with the African continent, that develops a higher degree of trust and trustfulness with diasporas 'will be able to appropriate the knowledge, information and other forms of resources available' (Liao and Welsch 2005: 350) in the network.

This distinction between structural and relational social capital, rooted in Granovetter's original conceptualisation of embeddedness, suggests the value of social capital as affected by more than the structure of a person's ties and highlights a clear difference between the configuration of a person's network and the quality of those relationships (Adler and Kwon 2002; Moran 2005; Nahapiet and Ghoshal 1998). 'The fact that economic action and outcomes, like all social action and outcomes, are affected by actors' dyadic (pair wise) relations and by the structure of the overall network of relations' (Granovetter 1992: 33), implies that it is difficult to explain the interaction between diaspora networks and entrepreneurial firms in low-income and emerging economies in Africa without taking both dimensions into consideration.

Though the multi-dimensional view of social capital is useful, some scholars have argued that the structural and relational dimensions may better reflect the sources and resources of social capital respectively (Gedajlovic et al. 2013). Some studies have suggested that the structural dimension may be regarded as an antecedent of the relational dimension (Tsai and Ghoshal 1998; Pearson et al. 2008). As such, these dimensions represent both the nature of one's relationships and networks (i.e. structural dimension) and the resources derived from those relationships and networks (i.e. relational dimension (Gedajlovic et al. 2013). Liao and Welsch (2005) argued that though the structural locus of an entrepreneur's position may be necessary, it does not appear sufficient to have an impact on the entrepreneurial firm creation process. Unlike relational capital, structural capital does not capture accessibility which is the extent to which an entrepreneur is actually able to receive informational and emotional support in the entrepreneurial process (Liao and Welsch 2005).

Policy Development for Diaspora Networks

In many low-income and emerging economies found in Africa, institutional voids often serve as a push factor' and, in the majority of cases, force productive individuals to seek opportunities in distant lands (Massey 1998; Riddle et al. 2010). According to Dutia (2012), a member of a diaspora network will be more confident of utilising the ties in the COR if the COO is recognised for its political stability, established legal system, good governance practices, a well-connected infrastructure and sound financial institutions.

From this perspective, it is clear that central authorities can and should tap into the wealth, knowledge and skills of members of a diaspora network to foster the establishment and growth of businesses, training centres and educational institutions (Kuznetsov 2006; Newland and Tanaka 2010). Accordingly, Mullings (2011) showed how the Jamaicans have captured the talent of their overseas diaspora members by creating institutional structures to encourage the formation of knowledge and investment networks between nationals at home and national abroad. In the same way, the Kenyan government introduced the 'Political Leadership Pronouncements' and the 'Come Home Campaign' designed to encourage the return of Kenyans abroad to contribute to the development of their country (IOM 2016). This move was described in Mwagiru (2011) as Kenyan diplomacy. Cohen (2017) discussed the importance of formulating diaspora strategies at national level to harness the economic value diaspora networks have for the COO. He suggested policies geared towards formalising, managing and regulating diaspora networks as essential for economic development.

Clearly, intentionally facilitating and energising diaspora networks helps international and local businesses to extend their capacity to contribute economically to a country (Brinkerhoff 2012). Dutia (2012) expanded on this point claiming that by capitalising on a wider range of expert actors who are specialised in key technical and market domains that represent skillsets generally not available countries can benefit economically. Likewise, Dadush (2015) expressed that a constructive interaction with the diaspora can be greatly enhanced by supportive policies in the COO. Diasporas play an important role in the COR and COO as they provide vital contacts and networks entrepreneurs can use to accelerate the process of setting up and expanding their own international businesses (Aliaga-Isla and Rialp 2012; Chand 2016).

Rational evidence exists in the scant literature on immigration indicating that engaging diasporas significantly increases economic activity in the COO (Africa Development Bank (AfDB) 2011). Drawing on the diaspora resources base allows varied entrepreneurial and business ventures to be formed and developed, thereby benefiting low-income and emerging economies in particular. However, Epstein and Heizler-Cohen (2016) were cautious about the benefits of diaspora networks. They argued that the types of networks immigrants establish may or may not increase international trade between the different countries. Anderson (1998) added that other governments have labelled their nationals in the diaspora as traitors who have adopted what he described as 'long distance nationalism'.

Notwithstanding the above, Baubock (2008) was clear that some governments are taking the initiative, developing strategies to protect their emigrant populations. In fact, many governments in Africa (e.g. Kenya, Tanzania, Zambia, Nigeria, Ghana and South Africa) have come to realise that investing in diasporas has a greater chance of yielding business operations that are more beneficial for development than non-diaspora FDI.

Diaspora investment and entrepreneurship is not so much about profit maximisation but it is often driven by social and emotional motivations and this makes more sense for low-income and emerging economies in Africa to pay attention to diasporas and establish favourable policies. This means that diasporas can be an important source for social capital for most African countries. Clearly diaspora investments, remittances and know-how activities can become a part of development policies in the COO (Efendić et al. 2014).

The limited literature concerning the impact of diasporas recognise that diasporas might support development programs in the COO, lobby their governments, appeal to international institutions or work to raise awareness in the broader population about contributing to national development (Efendić et al. 2014; Newland and Tanaka 2010). The role of diasporas in the COO is multi-dimensional and it includes philanthropy, voluntary and investment initiatives providing governments ground for their institutionalisation in the COO (Vezzoli and Lacroix 2010). It therefore makes sense to establish policies that promote their existence in many African countries.

Research Approach

This study adopts a traditional or a narrative literature review approach (Cronin et al. 2008; Aveyard 2010). A trade-off was made with a systematic literature review approach which is undertaken in line with a fixed plan, system or method (Gough et al. 2012). Utilising the principles of a traditional literature review we critically appraise and analyse the existing literature on diaspora networks to emphasise its influence entrepreneurial activities from the Africa's low-income and emerging economies perspective. In order to ground our debate, we use established networks (Granovetter 1985) and social capital (Nahapiet and Ghoshal 1998) literature. The other goal of undertaking a thorough literature review was to provide the reader with comprehensive background information to understand current knowledge on diaspora networks and its associated constructs. This is consistent with Cooper (1998) who explained that a literature review is narrow funnel that is often used to introduce the new study. Clearly, from synthesising studies on the diaspora networks, networks and social capital we then introduced an integrated *Framework* to inform diasporas, entrepreneurs and policy-maker's strategic approaches in low-income and emerging economies found in the African continent.

Discussions and Theory Formation

The context of low-income and emerging economies in Africa is one that is unique. In particular, the influence of social capital embedded in diaspora networks on entrepreneurial activity in low-income and emerging economies is distinctive. However, the reality about diaspora networks is far more complex and unruly than this juxtaposition suggests (Kuznetsov and Sabel 2006). Sahoo and Patnaik (2010) found that there is an increasing number of developing nations that have made attempts to link their diaspora through networks and alliances. This is not surprising given that globalisation has made it possible for people to move across the globe so freely resulting in dispersed skills and knowledge. Indeed, the rapid increase of international immigration in developed countries and its contributions to economic growth and regional development (Aliaga-Isla and Rialp 2013) merits attention.

In addition to the well-documented problem of brain drain (Baruch et al. 2007; Cooper 2006; Khan and Bashar 2016) low-income and emerging economies in Africa have a new challenge related to harnessing dispersed skills and abilities (Epstein and Heizler-Cohen 2016). Sahoo and Patnaik (2010) explained that as the skills and abilities become highly dispersed in the world today, locating them through greater networking across the globe brings economic advantages to any institution.

This places diaspora networks at the centre of the debate focussing on how they can be understood and utilised to benefit low-income and emerging economies in Africa, in particular, to increase entrepreneurial activity often seen as vital for economic development (Bosma 2012; Kelley et al. 2011). This view was echoed in Nkongolo-Bakenda and Chrysostome (2013) who agreed that some practitioners and scholars are increasingly recognising the diaspora as an important factor of development in developing economies.

Much of the extant literature on entrepreneurship seems to acknowledge that entrepreneurship is a vehicle for prosperity, employment and productivity (Acs and Storey 2004; Baumol 1990; Fritsch and Storey 2014; Fritsch 2011). It is therefore unequivocal, for low-income and emerging economies in Africa that diaspora networks would seem to be a natural choice (Elo 2015 in Larimo 2015: 13–39). As migration has continued to increase, understanding the dynamics of diasporas and diaspora networks has become imperative (Elo 2014). Indeed, their ability to connect and produce resources, and to allow the flow of people, trade and capital between the COO and COR has significantly transformed the global business environment (Aliaga-Isla and Rialp 2013).

As much as diaspora networks are heralded as an economic driver with the potential to unlock entrepreneurship in low-income and emerging economies in Africa, mainstream literature on strong network connections (Granovetter 1992) highlights the idea of redundancy

(Ahuja 2000) that impact on the quality of information flowing in networks. Particularly, the flow and exchanges of social capital in networks characterised with strong ties often diminishes overtime (Granovetter 1985). Clearly, the configurations of diasporas in a diaspora network consisting of actors in the COO often leads to either positive or less-productive relationships.

Policy intervention, COO economic stability and availability of opportunities might be a catalyst for diasporas to consider their COO for their investments. The literature on immigration (e.g. IOM 2016) highlights that the majority of diasporas genuinely and willingly contribute to their COO (Safran 1991). Therefore, enabling policies to support their activities may further encourage them to do so. This will address some of the constraining factors Okpara and Wynn (2007) highlighted as inadequate laws and regulations, and corruption for example.

Theory Development Process

The *Framework* we propose conforms to Gerring's (1999) criteria of *depth* which justifies the process of developing new theory. Gerring advises social science researchers to precisely show the borders between concepts and also efficiency of communication using theory. From that perspective, we demonstrated the grounded nature of our *Framework* through undertaking a review of the literature on diaspora networks. In doing so, we touched on social capital which denotes the resources embedded in diaspora networks linked to African countries. Furthermore, we debated other paradigms including: networks in general, diaspora policy development and diasporas as agents of increased entrepreneurial activity in a low-income or emerging economy found in Africa. Our utilisation of the concept of diaspora networks was enhanced by the opportunity to use the '*bundle*' features including entrepreneurial networks, structural and relational social capital, weak and strong ties in networks. This is consistent with Stinchcombe (1987) who advised that the greater the number of properties shared by a phenomenon in the extension the greater its depth.

Diaspora Networks, Social Capital and Entrepreneurial Activity Conceptual Framework

The *Framework* below depicts diaspora networks as consisting of dispersed individuals seeking opportunities in distant lands (Riddle et al. 2010). It advances the idea that migration from low-income and emerging economies in Africa is primarily driven by political and economic pressures (IOM 2016) described as push and pull factors in Massey (1998). The literature acknowledges that the majority of these individuals are skilled people who have the potential to provide essential resources we described as social capital for the purpose of this study. Because of the potential of these individuals the *Framework* instructs governments of most developing economies to seriously consider establishing diaspora-related policies, to support diasporas to establish networks comprising of local and other diasporas. In a way, this is intended to allow individuals to create heterogeneous and homophilous connections thereby increasing access to resources that can be the cornerstone for entrepreneurship in Africa (Mönsted 1995).

This would, increase the density of connections while opening opportunities for entrepreneurial individuals and firms in the COO (Hills et al. 1997). In addition to China and India, Jamaica is another example of a low-income country that has made significant inroads towards harnessing social capital embedded in diaspora networks (see Mullings 2011). In view of this, the *Framework* below illustrates that by recognising diaspora networks through policy development, the potential to increase entrepreneurial activity in low-income and emerging economies in Africa is increased. Indeed, creating a conducive environment for entrepreneurship at national-level benefits various stakeholder including; entrepreneurial firms, entrepreneurs and diasporas as they can take advantage of the social capital embedded in deliberately established networks (Simba 2013).

As clearly demonstrated in the literature; trust and trustworthiness (De Wever et al. 2005) become essential components that enable the effective functioning of networks. Indeed, establishing trust, goodwill and benevolence in networks (Blomqvist 1997; Simba 2013) can facilitate the flow of social capital and it is very vital in the entrepreneurial process (Aldrich and Zimmer 1986). Enabling the flow of social capital in diaspora networks can stimulate entrepreneurial activity in low-income and emerging economies in Africa as illustrated in the *Framework* below. It therefore means that if diaspora networks are the key source for skills, knowledge and information it makes more sense to develop national-level policies to enable them to economically contribute in low-income and emerging economies. This brings diaspora networks directly into consideration as major driver of business enterprise and economic activity in most of these countries in the Global South (Fig. 6.1).

The *Framework* we propose is an instructive and effective taxonomy for individuals, government and public institutions particularly in Africa. It provides knowledge concerning a new phenomenon in international business.

More importantly, it informs policy-makers in many low-income and emerging economies around the world about the need to formulate effective strategies to channel social capital towards benefitting their fragmented economies. This can be achieved by developing structures using the above *Framework* as the foundation. Furthermore, academics can also benefit from the newly developed theory by understanding diaspora networks in business.

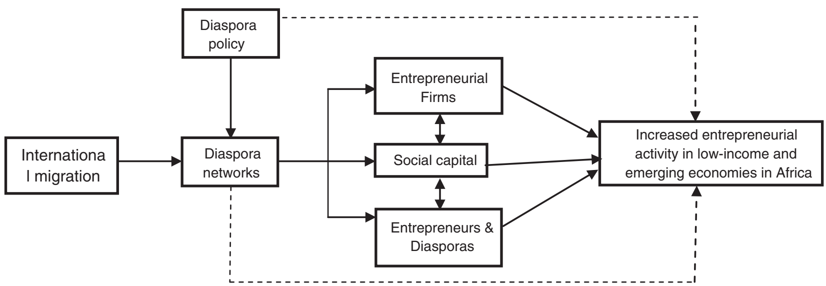

Fig. 6.1 Diaspora networks, social capital and increased entrepreneurial activity *Framework*

Conclusion

The main contributions the chapter makes are theoretical. Firstly, we offered theoretical suppositions to comprehend the core functions of diaspora networks and particularly how they influence entrepreneurship in low-income and emerging economies found in the African continent. Secondly, we presented a new *Framework* to inform policy-makers including government and private institutions, about the essence of establishing favourable policies to harness the social capital diaspora networks generate. In order to capitalise on the social capital embedded in diaspora networks we also highlighted that policy-makers in low-income and emerging economies found in Africa should prioritise formulating policies that recognise the existence of their activities. Doing so was seen as a key developmental step for enabling the flow of rich information, useful skills, essential knowledge and the much-needed financial resources into most low-income and emerging economies. Clearly, diaspora networks can be of particular significance to entrepreneurial activity in low-income and emerging economies in Africa given that institutions that facilitate the creation and growth of new ventures are either weak or totally missing (Nanda and Khanna 2010).

The implications of the issues raised in this study are manifold. Firstly, government institutions in most African countries have to make significant resource investments to establish productive links with diasporas. It is however worth pointing out that, as much as this chapter has portrayed diaspora networks as the solutions for unlocking the entrepreneurship paradox in low-income and emerging economies located in Africa through social capital, their configurations (Ahuja 2000; Granovetter 1992) may impact their efficiency, consequently affecting the quality and information in-flows. To reduce this effect, it may mean that policy makers in most African countries need to seriously consider creating a balanced system in their countries to accommodate diaspora networks without sacrificing their abilities to do so.

Secondly, harnessing the skills and knowledge so dispersed worldwide brings intractable challenges for government and private institutions including identifying and convincing diasporas of the benefits of considering investing in their COO. More must be done to improve business conditions in their countries. Doing so will help in improving trust, benevolence and trustworthy (Blomqvist 1997; Simba 2013) among diasporas. Thirdly, some of the main factors to be considered for establishing positive business conditions for diaspora networks to flourish include: eradicating corruption, developing adequate laws and regulations, improving management and developing infrastructure. Changing current business practices in low-income countries would require due diligence. Otherwise making rapid and revolutionary changes to pave way for diasporas and their connections to operate may pose intractable challenges.

Finally, diaspora networks have the potential to support entrepreneurship by providing access to social capital. To further advance research on diaspora networks we recommend studies that identify diaspora ventures in low-income and emerging in Africa to evaluate the challenges they have encountered is setting up their enterprises. Such studies will further enlighten policy-makers on the specific strategies that reduce the burden on diasporas of establishing a venture in their COO.

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7

Transnational Diaspora Entrepreneurship: Do Local Social Networks in Home Country Matter?

Olu Aluko and Walter Mswaka

Introduction

The relevance of transnational diaspora entrepreneurs (TDEs) in the global economic space is increasing. These individuals act as agents of economic change, providing financial capital and other economic resources which facilitates the emergence, growth and development of business ventures in their home countries, i.e. their countries of origins (COOs) (Riddle and Brinkerhoff 2011). By TDEs, we mean individuals who have immigrated usually from a developing country to a developed country to pursue new economic opportunities. However, due to language and cultural barriers these individuals sometimes face limited economic opportunities in their countries of residence (CORs)

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(Barrett and Vershinina 2017). Hence, they are motivated to engage in cross-border entrepreneurial activities between their CORs and COOs as a means of economic livelihood.

TDEs motivations to engage in entrepreneurial activities with their home country however extend beyond economic pursuit and wealth maximisation purposes. They also choose to invest in their home country for altruistic reasons, for instance, to support their extended families 'back home' or to enhance their personal social status in their home countries (Elo 2016; Rana and Elo 2017). The academic literature emphasises the vital economic functions of TDEs, portraying them as 'cross-border entrepreneurs', who engage in cross-border entrepreneurial activities. Furthermore, their involvement in cross-border entrepreneurship has been associated with economic growth and societal regeneration in their home countries. Nonetheless, as cross-border entrepreneurs, TDEs face unique cross-border business challenges when compared to traditional local entrepreneurs. As cross-border entrepreneurs they have to assimilate and manage the institutional expectations of their host country while maintaining business and social links with their home country (Brzozowski et al. 2014). This unique position typically involves TDEs engaging with the institutional arrangements and expectations of these two countries, which may be divergent in institutional structure and configuration. The difference between the institutional structure and arrangements of TDEs home and host countries can be attributed to institutional maturity differences within these countries. TDEs home countries are typically developing or emerging economies and are usually associated with weak institutions. By weak institutions, we mean that the institutional configurations and arrangement that determine the 'rules of the game' (North 1991) are not well defined, the enforcement of the rule of law is inadequate, capital and financial market are inefficient, etc. In contrast, TDEs host countries, usually have well defined institutional configurations and arrangements. That is, the institutions that govern how businesses operate (for example, legal institutions and financial markets) are well established. TDEs therefore face additional complexity as they engage cross-border entrepreneurship in comparison to entrepreneurs doing business within one institutional jurisdiction. This is largely due to the pressure to engage and respond to institutional differences between their home and host countries as well as managing divergent entrepreneurial situations in both institutional contexts (Urbano et al. 2011).

Though academic scrutiny of transnational entrepreneurship is growing (e.g. Brzozowski et al. 2014; Elo 2014; Rana and Elo 2017), there is still a limited body of work on the role of local networks as TDEs engage in entrepreneurial activities in their home countries (Harima 2014; Mayer et al. 2015). Local networks are of particular importance to TDEs, as they act as rich strategic resources (Drori et al. 2009). Particularly, for transnational entrepreneurs, their local networks in their home countries are vital in mitigating against the perceived risks associated with engaging in entrepreneurial activities in developing or emerging economies. As for transnational entrepreneurs, local networks from their home country act as of sources of information, providing local knowledge, access to labour and market for the migrant entrepreneur (Brzozowski et al. 2014; Mustafa and Chen 2010).

Our investigation explores the local role networks play as TDEs engage in cross-border entrepreneurial activities between the England (a developed country) and Nigeria (in a country saddled with an emerging institutional configuration and arrangement). Utilising data from two case studies, we explore the role of local social networks, particularly family networks, as TDEs engage in transnational entrepreneurship with their COOs. We contribute to the ongoing TDEs literature by exploring TDEs investment in a COO with relatively weak institutions. From a theoretical perspective, our work emphasises the role that local networks from TDEs home countries play in entrepreneurship across borders. The chapter is structured as follows; we start by presenting an overview of transnational migrant entrepreneurship literature. The next section presents the research methodology employed in this study, followed by a section on findings. We conclude the chapter by presenting and discussing the findings of the study and implications to policy formulation.

Literature Review

Transnational diaspora entrepreneurs (TDEs) represent 'new' international business agents, acting as unique catalysts (Guercini et al. 2017) and facilitating cross boarder entrepreneurship between countries (Lin and Tao 2012). They are migrant entrepreneurs, usually first-generation migrants, who establish entrepreneurial activities across two institutional environments—their home and host country (Riddle et al. 2010). TDEs are important sources of foreign direct investments and knowledge transfer (Nkongolo-Bakenda and Chrysostome 2013) from developed to developing countries. Through their capital remittances and skills transfer (Brinkerhoff 2012), they facilitate growth and development of business ventures in their home countries. TDEs investments in their home countries follow diverse range of business activities, from large-scale investments to small- and medium-scale investment activities. Their investments include but are not limited to investing in manufacturing, exporting from COR to COO, etc. (Riddle and Brinkerhoff 2011). TDEs motivations for wealth creation in these countries also extend beyond economic reasons. Their investment strategy is connected with their emotional and relational linkages with their home counties (Safran 1991). Given that TDEs operate between two geographical locations, it gives them a unique platform to identify business opportunities emerging from their home country and maximising such opportunities (Dimitratos et al. 2016; Drori et al. 2009). This strategy is not normally associated with entrepreneurs who engage in entrepreneurial activities outside these geographical locations (Urbano et al. 2011). By concurrently engaging in two socially embedded environments, TDEs are able to strengthen their strategic resource base (Crick and Chaudhry 2013) in order to strengthen their overall business competitiveness. They in effect develop and deploy their resources efficiently, exploiting emerging opportunities from their home countries (Patel and Conklin 2009).

As mentioned earlier, by the nature of their business activities TDEs occupy at least two institutional contexts (Urbano et al. 2011), what Dimitratos et al. (2016) dubbed 'dual embeddedness'. By dual embeddedness, we mean the social integration of transnational entrepreneurs into two institutional contexts—their home and host country. The implication is that TDEs have to manage their businesses in order to meet the institutional expectations associated with these countries. For the host country, which is usually a developed country, the institutional arrangements and expectations that govern how firms engage in business activities are well defined; thus facilitating the ease of doing business. On the other hand, TDEs home countries are usually a developing/emerging country, where the institutional environment governing business activities is weak and fragmented, thus increasing the risks and costs associated with doing business in such a country.

TDEs therefore must manage the divergent institutional arrangements and expectations between their host and home countries. For instance, they have to engage in cross-border entrepreneurial activities in their home countries in which the legal framework and other institutional infrastructure are weak and fragmented, while at the same time maintaining entrepreneurial activities in their host countries (Dimitratos et al. 2016; Drori et al. 2009). Nonetheless, by socially embedding themselves in their COO, TDEs are able to use their local networks and their knowledge of their home country to support their businesses even though they reside abroad (Vissak and Zhang 2014).

Dual embeddedness can be profitable to TDEs, as it allows them to seek and exploit business opportunities in their CORs and COOs. This enables them to leverage their organisational resources across dual institutional environments, thus improving potential for achieving profitability than entrepreneurs operating in a single environment (Patel and Conklin 2009). Furthermore, dual embeddedness allows TDEs maintain important global relations that enhance their ability to creatively and efficiently maximise their resource base. Nonetheless, TDEs must find a balance between their host country and home country institutional embeddedness as they engage in transnational entrepreneurship (Riddle et al. 2010), and also juggle opportunities between the institutional demands of their home and host countries.

Local networks from TDEs home countries can help balance the expectations of engaging in entrepreneurial activities particularly in developing or emerging economies. By local social network, we mean formal and informal networks which act as facilitators of business engagements between TDEs and their COOs. Local networks are therefore significant facilitators of transnational entrepreneurship (Harima 2014). They play an important role in promoting the social image and the status of TDEs business performance at home (Kariv et al. 2009). They also provide information (Elo 2014), business opportunity recognition (Elo and Volovelsky 2017; Smans et al. 2014); and access to local resources such as labour (Harima 2014; Urbano et al. 2011). Information provided by TDEs local networks is of particular importance in countries with weak institutional arrangements. Such information helps TDEs navigate the potential difficulties of doing business within these environments. Hence, through their local networks, transnational entrepreneurs can overcome traditional barriers associated with doing business in these geographical locations.

Given the benefits that can accrue to TDEs and their businesses, they invest considerable resources on transnational networking. Kariv et al. (2009: 240) describe transnational networking with local networks by TDEs as 'activities that bridge national borders, carried out by ethnic entrepreneurs mainly with their homeland and aimed at both leveraging and utilising mutually shareable assets such as information, contacts and trust'. It involves a broad range of network activities, such as home country visitation; maintaining social networks with family, friends and business associates in home country. Since there is a variety of local networks for TDEs, ranging from formal business and professional contacts to networks with family ties (Crick and Chaudhry 2013), invariably not all local networks are beneficial to TDEs and their organisations. Kariv et al. (2009) argue that the different types of transational local networks affect TDEs businesses turnover and survival. Our study therefore explores the role of family networks of TDEs as they engage in cross-border entrepreneurship between their home and host country. We are particularly interested in local family networks because they are social actors who act as support mechanims for TDEs. Family members provide access to new business opportunities, market, information and provide initial feedback to business ideas (Mustafa and Chen 2010). In addition, family networks act as global conduits of local knowledge of transnational entrepreneurs COO (Henn 2012).

Weak institutions underpin many of the structural challenges facing developing countries and often make it challenging for entrepreneurs and businesses to be successful in such environments (Khanna and Palepu 2000). For TDEs the institutional environment of the home and host impact on the overall business strategies as they engage in transnational entrepreneurship (Urbano et al. 2011). The institutional framework of countries can shape the business opportunities within such environment. We consider a weak institutional environment and arrangement as the weakened or non-existence of sociopolitical structures, norms and institutions such as legal, regulatory and consumer protection mechanisms that usually facilitate entrepreneurship operations (de Lange 2013; Khanna and Palepu 1997; Doh et al. 2015; Marano et al. 2013). Although the weakening of institutions does not (in most cases) suggest a governance vacuum in its entirety, it depicts an absence of strong institutions that 'support markets in contexts that are already rich in other institutional arrangements' (Mair and Marti 2009: 422). As with most developing countries, weak institutions reflect the inadequacies of governmental institutions. Such inadequacies impact the ability for entrepreneurship to thrive and flourish. Operating in countries with weak institutional environments, we argue that TDEs will employ local family networks to mitigate against the risk of doing business in their home countries.

Introducing Nigeria: The Case Context

Nigeria is one of the largest developing economies in sub-Saharan Africa. In recent times, the Nigerian economy has experienced rapid growth with an annual average growth rate of 6.8% from 2009 to 2014. In 2015, the country also saw for the first time, an opposition party taking over from an incumbent elected president. However, this peaceful handover of governance has not translated into institutional transformations for the Nigerian state. Since 2015, the Nigerian currency, the Naira, has lost over 45% in value. This depreciation has largely been attributed to tough economic policies such as the introduction of new exchange rate controls by the new government. Institutions are still relatively weak, creating some sort of an institutional vacuum within the legal and market institutional frameworks that determine the rules of the game in Nigeria. Nigerian migrants however, represent the fourth largest non-EU migrants in the UK after Indians and Pakistanis and the Americans. Many of them are first and second-generation migrants who left Nigeria for better economic opportunities. However, many have kept close ties with Nigeria, returning to engage in a variety of business activities even though they live abroad. We explore the role local family ties play through the analysis of two cases of transnational Nigerian entrepreneurs that are engaged in cross-border business between the UK and Nigeria.

Data and Methods

Given the investigative nature of this study, and its theoretical underpinnings, we adopted a qualitative approach to gather and analyse our data (Guba and Lincoln 1994). We employed a case study research approach (Eisenhardt 1989; Yin 2017) utilising our interviews (Kvale and Brinkmann 2009), as narratives for knowledge construction (Dyer and Wilkins 1991) through interactions between the interviewer and interviewee. A case study method was selected because of its usefulness in exploring the transnational diaspora entrepreneurship (Aliaga-Isla and Rialp 2013; Vissak and Zhang 2014).

Although case studies cannot be employed to test relationship between conceptualisations or develop new theories, we nonetheless employed a case study approach to explore the emerging phenomena of transnational entrepreneurship and the implications it brings (Dimitratos et al. 2016). Furthermore, this approach allows scholars to explore conceptualisation in-depth, potentially providing richer analysis and results (Vissak and Zhang 2014). We employed in-depth qualitative interview approach, using a semi-structured interview guide for the two TDEs living in West Yorkshire England and doing business in Nigeria. TDEs selected for the case study met the following criteria: firstly, they are first generation migrants from Nigeria. Secondly, they sought to expand the business presence in their home countries. Thirdly, the size of their businesses was relatively small and therefore less complicated. Our respondents were viewed as those based primarily in the UK, but who were engaged in entrepreneurship activities in their home as well as host countries.

Entrepreneur A is a serial entrepreneur who has invested in a number of businesses in Lagos, Nigeria and in England. He came into the United Kingdom as a Masters student in 2005. He started his first UK business as a recruitment consultant in 2007. In 2009, the business was liquidated and Entrepreneur A worked locally in Yorkshire for 12 months, before registering as a self-employed business person in the UK in 2010 to buy used vehicles from the UK and sell in Nigeria. He did this for four years until 2014 when the business became insolvent. He now works for a local firm in Huddersfield, saving money for his next business venture. Entrepreneur B works full-time in Dewsbury UK as a project manager. In addition, he manages a small transnational business with his wife. Like Entrepreneur A, entrepreneur B came into the UK in 2005. The small business transnational company was started in 2012 and it involves the buying of clothes and other fabric and selling them in Aba, Nigeria. This business is still ongoing.

We interviewed both entrepreneurs between January and March 2017 and each interview lasted more than 120 minutes. The interviews were semi-structured; allowing participants the freedom to expatiate on their responses. The interview questions centred on the role of family networks as TDEs engage in transnational businesses. We recorded the interviews after obtaining consent from the respondents. After transcribing, the interview transcripts were uploaded onto Nvivo 10 to create a database that was subsequently used to carry out a chorological life story for our entrepreneurs (Mustafa and Chen 2010). Data analysis was undertaken via cross-case analysis technique proposed by Eisenhardt (1989). This approach utilises interviews as descriptive narratives. Similar to following Miles and Huberman (1994), we also independently categorised our data into qualitative themes. To ensure consistency the authors categorised interview data independently, and compared notes after each categorisation. We then agreed on the meaning of the emerging themes from the analysis of our qualitative findings.

Findings

This study explored the role of local social networks in migrant cross-border entrepreneurs who engage in transnational entrepreneurship. Academic scholars (e.g. Mustafa and Chen 2010; Vissak and Zhang 2014) have highlighted the importance of local networks for transnational entrepreneurs who engage in business activities in their COO. However, findings of our case studies suggest that particular type of local social networks, from our country context, Nigeria, can impede on TDEs business activities in their CORs. Our results show that that family ties in particular, can limit TDEs entrepreneurship in their COOs. Findings from our interview data were classified into two themes: First, the motivations for investing in Nigeria. Second is the role of local networks in a country with weak institutional environment. With regard to the motivation, what is clear is that TDEs chose to do business in their home country for economic reasons. This finding lends support to academic literature which suggests that due to assimilation barriers such as culture, migrants may face limited economic opportunities in their CORs (Kloosterman 2010).

When one of the respondents was asked about his motivation for doing business in Nigeria: 'when you sell in Nigeria you make more profit' (Entrepreneur, B). This finding is consistent with the views of Lin and Tao (2012) who argue that that migrant entrepreneurs' motivation for seeking business engagement in their home countries can be associated with their personal economic pursuit and their patriotism from their home countries. Their motivation for engaging in transnational business in their home country comes from the perceived local knowledge they feel they have about their COO. This came out clearly from one of the respondents who remarked:

> I invested in Nigeria, because I come from that place [Nigeria], I understand the place, better than any other African country. Because I have lived there all my life before coming to the UK. And I have friends and relatives there that can work with me in the same business. (Entrepreneur, B)

In other words, though TDEs invests in their home country as an opportunity maximisation mechanism, the perceived local knowledge of such countries may engender TDEs to seek to engage in entrepreneurial activities in these countries. Furthermore, their local knowledge helps reduce the liabilities associated with being foreign. In relation to the use of local networks one of the respondents said,

> There are people out there especially in Nigeria who are willing to reap you off. If you are dealing with the right people the business is a good business and I would recommend it for anybody. But if you are dealing with the wrong people …, they would keep the money to their self because you are not 100% on ground. (Entrepreneur, A)

The results show that the respondents regarded the 'right' person as someone who deals with them professionally irrespective of family ties. These entrepreneurs were more interested in returns on investment and less particular about the formation of local network relationship. They mentioned independently that the right person was:

> 'the right guy is the guy that will buy and maintain your business agreement – buy, sell and return the money as and when due. The right guys cut across – family and business partners'. (Entrepreneur, B)
>
> …right people are people who are out there especially in Nigeria who are not going to reap you off. (Entrepreneur, A)

We found this outcome insightful as both entrepreneurs claimed to have employed the services of local networks who are extended members of their families. However, our findings suggest that using family network does not mitigate doing transnational business in their COOs. Exploring their experiences about using family members in their COOs, we found that sometimes employing the services of family members tended to be expensive, in some cases even leading to the collapse of the cross-border business activity. On this point Entrepreneur A, shared his experiences by saying:

> In current and last one, this was in 2014, almost all my friends are aware. I even took a loan from friends and bank. I bought two trucks, 74 Toyota [vehicle] used engines. Then we took them to Nigeria. This would have been a good business, but because he's a relative it was not so. He's a direct cousin to my wife. He sold the truck and a good proportion of the money was not remitted. I would say I lost about £12,000 - £15,000 to him. I learnt he sold the truck and the parts. He said he has put the money into his business he would pay back when his business starts yielding interests. Because I've left Nigeria for UK, the money was tied down with him. (Entrepreneur, A)

The respondents also cited the difficulties of using legal means to pursue their families to meet their contractual agreement, as one respondent said:

> The court to an extent is working but it not the best place to recoup your money in Nigeria. You will end up spending more money because of adjournment, now and then the police is not available and judge is not available. Or the police does not have the facility to bring the accusers to court. One respondent categorically mentioned: because they are my relatives I can't take them to court. (Entrepreneur, A)

This highlights the limitations of the legal environments associated with institutional vacuum. Entrepreneurship B also commented on the same issue:

> The business we do in Africa; we've not developed to a point that every little thing, you write terms and conditions or business agreement like we do here. Even when you write it, it is not binding.

It can be seen that these TDEs were not willing to seek legal redress even though they both lost financial assets by engaging family members in their home country. Entrepreneur A went on to say: 'they are my relatives I can't take them to court'. Entrepreneur B, on the other hand, said that he had taken contractual measures to mitigate the risk of doing business with family members.

> The checks and balances we do because of past experiences, we use social media. Taking a picture of what you want to sell, forward it to the person, telling him that, he is going to pay half of the money to get something.

Nonetheless, our results also show evidence of successful stories in which social networks have worked for TDEs. However, our findings suggest that social networks only become valuable when the strength of the relationship is weak. With regard to weak social ties, the relationship becomes more transactional rather than relational as one respondents said:

> Business with non-family members operates more efficiently, because customers just come into do business…nothing else.

Conclusion

The study explored the role local networks as transnational entrepreneurs engage in cross-border entrepreneurship activities in their COOs. The results clearly highlight the increasing importance of transnational entrepreneurs in the global market space. The economic contributions of TDEs have a bearing on the growth and development of their home country. The study further shows the importance of local ties as TDEs engage in entrepreneurial activities in their home country is vital for success. The role of family ties (a typology of local informal networks) can have both negative and positive impact on TDEs cross-border entrepreneurship activities. Contrary to existing literature, which suggests that family ties can be beneficial to transnational entrepreneurs (e.g. Elo and Volovelsky 2017; Mustafa and Chen 2010), our findings reveal opposing views from our informants. We found that family ties network may not be beneficial to TDEs investment activities. This finding resonates with the work of Karin et al. which shows that TDEs networks vary in their strength and effectiveness. Further, the authors argue that transnational entrepreneurs use local networks in different ways. While findings from this study do not negate the importance of local family ties that come from countries with weak institutions, as we acknowledge that they can be problematic as they might not necessarily catalyse the development and growth of TDEs business operations. Theoretically, though our research reemphasises the importance of networks in cross-border entrepreneurial activities, we acknowledge that some networks may be more important than others in specific institutional jurisdiction. These findings, though unique to our case studies and country context, provides opportunities and a platform to explore further the role of local networks in the development and sustainability of TDEs activities. It will also be interesting to explore further how TDEs employ family ties in other socio-economic contexts. Given that institutional voids impact on how TDEs will engage in business transactions in their COOs, we are also cognisance of the need to look further into the role of other networks such as local business partners, social associations and how they help stimulate cross-border entrepreneurship activities.

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8

Diaspora Businesses in Africa: Survival and Sustainability

Sombo Muzata Chunda

Introduction

It is estimated that there are more than 160 million African diaspora (World Bank 2012). The African Union Commission defines the African diaspora as people of African origin living outside the continent, irrespective of their citizenship and nationality and who are willing to contribute to the development of the continent and the building of the African Union. The African diaspora is not a monolithic group. Some were born and reared outside of their home country; many migrated to the Americas, Europe and other parts of the world at an early age and others arrived to attend higher education (CNN 2013). The African diaspora group represents a large and dynamic population with various skills and competencies that could change the continent if these are well utilised. The diaspora of developing countries can be a potent force for development for their countries of origin (COO), not only

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through remittances, but also through the promotion of trade, investments, research, innovation and knowledge and technology transfers (World Bank 2011).

The need for business in and with Africa has been increasing over the years. Africa is an ever-growing continent with a population of more than 1.2 billion people (United Nations 2017). Further, it is estimated that the population of Africa will increase to more than 2 billion people by 2050 (United Nations 2017). This population presents numerous opportunities for businesses. The opportunities are not restricted to mineral extraction but extend to telecommunications, consulting services and retail to mention a few. The African diaspora has joined in to participate in the many business opportunities that the continent presents. For example, Eric Guichard, a Guinean–American founded Movement Capital (formerly Homestrings) to provide African diaspora with access to investment opportunities in Africa and emerging markets.

What motivates the African diaspora to venture into business? How can they ensure survival and sustainability of such businesses? What are some of the challenges that they face in carrying out business and do supporting systems exist? This chapter addresses the three questions using secondary data from peer-reviewed journals, study reports on research conducted by reputable institutions, such as the World Bank among others, published books, news feeds and interviews with African diaspora based in the United States of America and Dubai. It is the view of the author that there is a need to conduct in-depth research on this subject matter. First, because it is important to develop a body of the literature that will be useful for future generations and second because the current global politics of isolation dictates a new path for the continent which is one that may rely more on the diaspora contribution to resolve social and economic problems.

Diaspora Businesses in Africa

One of the motives to start a diaspora business is to make money. Unlike the widely considered subject of philanthropic activities, this chapter addresses survival and sustainability of for-profit African diaspora businesses. There is scarce literature on how many businesses have been set up by the African diaspora. This presents a challenge to understanding, for example, what sectors such businesses operate in and how they are impacted by government regulation among other important information that could be useful. This absence of information further leads to a difficulty in understanding the failure or survival rate as well as the practical strategies adopted for sustainability.

From the interviews conducted, reasons for starting a business varied from following family tradition to desire to give back to the continent. In an interview, for this book chapter, a Zambian based in California, USA indicated that the glory of achievement for the African diaspora is manifested in the ability to give back to the community that raised them or their parents (Phone interview June, 2017). In '*A Venture in Africa-The Challenges of African Business*' Sardanis (2007) starts with the following interesting extract: 'The Persian Wars'—Zounds, Mardonious, what manner of men are these that you have brought us to fight withal? 'Tis not for money they contend but for glory of achievement' The reference to the 1920 book shows how the glory of achievement could still be true when extended to the African diaspora in the twentieth century; that while others would invest with the sole intent to make money, for some it is for glory. The moral obligation to give back is necessitated by the genuine need for investment in various sectors of African economies or firsthand experiences of poor service delivery. The African diaspora in this regard is seen as a change agent and contributes to development (Kshetri 2013).

In 2012, Jacana, a UK-based Pan-African private, equity firm conducted a survey of Africans who were studying in Western business higher education institutions (Modern Ghana News 2012). Respondents to the survey were from the Africa club membership at London Business School, Saïd Business School at the University of Oxford, INSEAD, Brandeis International Business School, Wharton Business School, Ross School of Business at the University of Michigan, MIT Sloan, Stanford Graduate School of Business, Darden Business School and Cambridge Judge. Of the respondents, 70% indicated they would return to Africa to become entrepreneurs and start their own companies rather than work for someone else. This desire to return shown by the respondents ties in with the narrative about Africa rising and becoming the next frontier for entrepreneurs (Stanford Business 2011).

Africa Rising

Africa is home to 1.2 billion people and has the fastest growing and most youthful population in the world. Over 40% of the people in Africa are under the age of 15 and 20% are between the ages of 15 and 24 (African Development Bank 2012). The main reason for Africa's population growth is the high levels of fertility (Zuberi et al. 2003). Table 8.1 shows the population of Africa in relation to other regions of the world.

The population of Africa is viewed from different perspectives with some referring to it as a civilisational problem (Independent 2017). While this can be debated, Africa is not short of resources that if put to appropriate use, could support its current population. Africa's total land area is approximately 11,724,000 square miles (30,365,000 square km) and the continent measures about 5000 miles (8000 km) from north to south and about 4600 miles (7400 km) from east to west. The population density of Africa is 42 people per square kilometres. This is fewer people per square kilometre than that of Asia which is 144 people per square kilometre. Africa is not the most populated region in the world though its annual population growth rate is higher than any other region at 2.5% per year (Table 8.2).

Table 8.1 World population by region (*Source* Worldometers.info 2017)

Region	Population		
	1950	2017	2050
Asia	1,394,017,757	4,478,315,164	5,266,848,432
Africa	228,901,723	1,246,504,865	2,477,536,324
Europe	549,089,107	739,207,742	706,792,824
Latin America and the Caribbean	168,843,911	647,565,336	784,247,223
Northern America	171,614,868	363,224,006	433,113,731
Oceania	12,681,946	40,467,040	50,609,460

Table 8.2 Population change and density by region—2017 (*Source* Worldometers. info 2017)

Region	Yearly change %	Area (sq. km)	Density (P/sq. km)	World share %
Asia	0.95	31,034,755	144	59.6
Africa	2.5	29,678,687	42	16.6
Europe	0.05	22,131,968	33	9.8
Latin America and the Caribbean	1.02	20,110,725	32	8.6
North America	0.75	18,626,872	20	4.8
Oceania	1.42	8,430,633	5	0.5

Africa contains an enormous wealth of mineral resources, including some of the world's largest reserves of fossil fuels, metallic ores, and gems and precious metals. This richness is matched by a great diversity of biological resources that includes the intensely lush equatorial rainforests of Central Africa and the world-famous wildlife of the eastern and southern portions of the continent. Although agriculture (primarily subsistence) still dominates the economies of many African countries, the exploitation of these resources became the most significant economic activity in Africa in the twentieth century (French 2014).

In 2008, Greg Mills, author of *Why Africa is poor and what Africans can do about it*, started a new job as President Paul Kagame's Strategy Adviser. His assessment of Africa and Rwanda was that: Everywhere in Africa is making some strides towards economic improvement. This assessment is backed by economic studies data. For example, the Corporate Council on Africa based in Washington, DC reported in 2017 that interest in Africa by US firms has been on the rise in recent years. This interest has been encouraged by metrics reported by the International Monetary Fund (IMF), the World Bank and McKinsey & Company from their study titled *Lions on the Move*. The study reveals that:

- Six African nations are among the top 10 fastest growing countries in the world
- 19 African countries have average growth rates of 5% or more

- 90 million African households will enter the consumer class over the next decade, contributing to a total household purchasing power of US$2.1 trillion
- Africa is the world's second-fastest growing economy, well above the global average.

It is worth mentioning that despite the good statistics from the IMF, World Bank and McKinsey, none of the countries in Africa meets the qualification of a high-income country because not one country has a gross national income per capita of $12,476 or more (World Bank 2016).

While the USA's interest in Africa has been rising, China is already on the continent with an ambitious mission. The government of China is guided by the China-Africa Economic and Trade Cooperation (2013). The White Paper on Africa has six strategic goals:

1. Promoting Sustainable Development of Trade
2. Improving the level of Investment and Financing Cooperation
3. Strengthening Cooperation in Agriculture and Food Security
4. Supporting African Infrastructure Construction
5. Stressing African People's Livelihoods and Capacity Building
6. Promoting Cooperation under the Multilateral Framework.

Source Information Office of the State Council of the People's Republic of China

With this clear roadmap, China, for instance, has over the last 20 years grown to become Africa's largest trading partner. The trade between Africa and China has been growing at approximately 20% per year and foreign direct investment (FDI) from China to Africa has grown even faster over the past decade, with an annual growth rate of 40%. Trade between China and Africa reached $198.49 billion in 2012 (China-Africa Research Institute 2017). About $85.319 billion consisted China's exports to Africa and $113.171 billion was contributed by China's imports from Africa. The reality of the Chinese massive investments and competition present a challenge to the African diaspora and an opportunity to adopt global strategies. Some strategies that can be adopted include connecting and interacting with the Bottom of the Pyramid (BOP) population (Wood et al. 2008). To achieve this, four conditions must exist: (i) the bottom of the pyramid market itself, (ii) share of the heart versus consumer animosity, (iii) the nature and influence of global 'umbrella' brands and (iv) responsible marketing as a guiding principle for all firms, including those focusing on the BOP. By understanding and implementing these strategies, the African diaspora will be connecting to the BOP market in addition to offering what the greatest competitors may not be offering—responsible investment.

A study by the Tony Blair Institute for Global Change (2017) titled 'Making inclusive growth work in Africa' spelt out four things that Africa should do made the following recommendations:

- Get the politics and economics right simultaneously
- Understand and develop a strategic approach to fix the market system
- Establish a coordination mechanism in government
- Create a delivery team that is fit for purpose.

The Tony Blair Institutes report (2017) and books like *Africa's Stalled Development: International Causes and Cures* (Leonard and Straus 2003), *Why Africa is Poor and What Africans can do about it* (Mills 2010) and *Dead Aid* (Moyo 2009) are among a myriad of the literature that have proposed what Africa should do to come out of poverty and promote inclusive economic growth. Clearly, this wealth of knowledge has not changed the fortunes of the continent because what is needed is action. Action is needed on the part of the African governments through the development and implementation of policies that embrace the African diaspora. Very few Africans abroad are even allowed to vote in African elections, let alone consulted over vital economic decision-making processes (Bodomo 2013).

Though Africa has the right numbers in its favour, i.e. population and natural resources, the continent is plagued by disease, poverty, corruption and war. An understanding of Africa's woes requires a distinction between 'underdevelopment' and crisis (Ayittey 1999). Furthermore, sub-Saharan Africa's (SSA) problems are inseparable from its politics (Leonard and Straus 2003). African leaders have a great influence on the running of their countries' economies. What may be an economic problem like corruption could have its grounding in politics (Ayittey 1993). African leaders cannot improve their countries' economic conditions without understanding how their economies run (Ayittey 1993). Some commentators have said that the main reason why Africa's people are poor is because their leaders have made this choice (Mills 2010). The choice to preside over matters they are not fully competent in. Competent leadership is vital for successful economic reform.

Diaspora Direct Investment

Diaspora direct investment (DDI) has emerged and improved upon traditional FDI even during a major economic downturn (Ardovino 2009). DDI is part of a larger transnational superstructure contributing to the integration of societies into global economy via an interconnectedness of donations, small and large investments, trade, tourism and unilateral transfers (Orozco and Lapointe 2004). Available data shows that the amount of remittances to developing countries was $429 billion and of this $36.4 billion was to Africa (World Bank 2016). In comparison to Official Development Assistance (ODA) and FDI, remittances go directly to targets (Bodomo 2013).

While it cannot be concluded that remittances are solely for investment in business, it can be suggested that a substantial proportion of the total remittances supported businesses in Africa. According to the World Bank report, 'Diaspora for Development in Africa' (2011), many migrants transfer funds to households in origin countries for the purpose of investment. Data from household surveys reveal that households receiving international remittances from Organisation for Economic Cooperation and Development (OECD) countries have been invested largely in productive investments in agricultural equipment, house building, business, land purchases and improving the farms. Investments in these areas represented 36% in Burkina Faso, 55% in Kenya, 57% in Nigeria, 15% in Senegal and 20% in Uganda.

Table 8.3 Use of remittances by recipient households in selected African countries by percentage of total remittance (*Source* Modified by Author from the original—Migration Remittances in Africa: An Overview, World Bank 2011)

Use	Burkina Faso (%)	Kenya (%)	Nigeria (%)	Senegal (%)	Uganda (%)
New house construction	25.7	11.2	5.8	7.0	2.5
Food	23.5	12.8	10.1	52.6	7.6
Education	12.4	9.6	22.1	3.6	12.7
Health	11.3	7.3	5.1	10.7	6.3
Business	10.4	3.9	21.7	1.3	7.6
Clothing	5.0	–	–	–	–
Marriage/funeral	2.1	0.9	0.4	2.9	7.6
Rent (house/land)	1.4	5.7	4.4	1.0	5.1
House rebuilding	0.3	5.3	4.7	4.2	6.3
Cars or trucks	0.1	1.3	0.0	0.2	2.5
Land purchase	0.0	8.4	24.8	3.0	3.8
Farm improvement[a]	0.0	2.3	–	–	–
Investment	–	24.2	–	–	–
Other	7.7	7.2	0.8	13.5	38.0

Note – = negligible or missing data
[a]Includes agricultural equipment

Households receiving transfers from other African countries are also investing in business activities, housing and other investments in Kenya (47%), Nigeria (40%), Uganda (19.3%) and Burkina Faso (19.0%) (Table 8.3).

The extensive study of the Somali Diaspora co-funded by the International Fund for Agricultural Development and Shuraako showed that typical diaspora funded investments ranged between $5000 and $50,000. The preferred sectors included agriculture, real estate, education and fishing among many others.

There is a need to conduct further research to understand the real use that remittances are put to in Africa and to be assured if the findings of the 2011 World Bank study still hold. Furthermore, an agreement on typologies could provide insights that may have been overlooked in the past. For example, the World Bank report alluded to in this section does not include education as a spending on investment while the extensive IFAD report on Somali does.

Survival and Sustainability of Diaspora Businesses in Africa

Financing and Possible Business Models to Explore

With savings from paid work, the African diaspora starts businesses in the COO. There is some evidence that returning migrants tend to use savings accumulated while abroad to invest in small businesses (Ahmed 2000; Gitmez 1988; King 1986; Massey and others 1987; McCormick and Wahba 2003; Murillo Castaño 1988; Murphy 2000; Congressional Budget Office 2011; Benson et al. 2016). This is but the most common way in which diaspora financing is raised to support businesses. Over the years, more investment vehicles and channels have been developed. For example, the Nigerian-based United Bank for Africa (UBA) Plc offers a number of banking services to nonresident Nigerians (All Africa 2007). Nigerians living abroad can get mortgages for buying properties in Nigeria, access international account-to-account remittance services as well as assistance for buying and selling shares on the Nigerian stock exchange.

Members of diasporas can act as catalysts for the development of financial and capital markets in their COO by diversifying the investor base because so far, the capital markets of many countries are dominated by investments from government and large companies. Members of the diaspora could also introduce new financial products and provide a reliable source of funding (World Bank 2011). African diaspora can use other channels to invest on the continent, such as crowdfunding, angel funds and diaspora bonds. Using these initiatives, they can organise and mobilise funds for investments in various projects. The Ghana CyberSpace Group, led by Yaw Owusu, was set up to contribute to effect political change in Ghana in 2000. After the defeat of the Rawlings regime, they transformed themselves into an investment club—the Ghana Investment Club (Ayittey 2005). Such investment model originally applied from Broadway theatre was used to describe wealthy individuals who provided money for theatrical productions. According to the Kaufman Foundation (2016), angel investing is where

a funder provides capital for a business startup in exchange for convertible debt or ownership equity. The term was first used by Wetzel in 1978 who worked as a professor at the University of New Hampshire (kauffman.org 2016). Angel investments have advantages and disadvantages. Brandon Gaille (2016) identified eight advantages and eight disadvantages as follows:
Advantages of Angel investment

- Angel investors are the most likely to take on the risk of your opportunity.
- Investors give your business a better of find success.
- An investment from angels is not debt.
- Often perform their due diligence very rapidly.
- Gain of a link to their network and community.
- Wider presence, literally everywhere.
- Investments can happen at any stage of the business evolution cycle.
- A chance to give back.

Disadvantages of Angel investment

- A high tolerance for risk has its price.
- Limits on future profits with an angel investor.
- Loss of some control over your business.
- Expectation of a way to exit.
- No expectation to receive follow-up investments.
- Not every investor has a mutual best interest at heart.
- Investors do not have the same level of national recognition.
- Some investment in companies that are outside their expertise.

Diaspora bonds are another opportunity that can be explored to engage the African diaspora as a means to invest on the continent. Countries have an option to raise funds through the capital markets as debt or approach donors for aid. Diaspora bonds can be an attractive vehicle for countries to secure a stable and cheap source of external finance (World Bank 2011). The scarcity of capital threatens to jeopardise long-term growth and employment generation in developing countries that tend to have limited access to capital even in the best of times. Official aid alone cannot be adequate to bridge short- or long-term financing gaps. Ultimately, it will be necessary to adopt innovative financing approaches to target previously untapped investors. Diaspora bonds are parts of mechanisms that can enable developing countries to borrow from their expatriate (diaspora) communities. A diaspora bond is a debt instrument issued by a country—or, potentially, a sub-sovereign entity or even a private corporation—to raise financing from its overseas diaspora. Another factor that might play into the calculus of the diaspora bond issuing nation is the favourable impact it would have on the country's sovereign credit rating. The practice of tapping into migrant wealth through the issue of diaspora bonds is not new. In the early 1930s, Japan and China issued diaspora bonds followed by Israel and later India in the 1950s (Anglade and Garbrah 2012). In Africa, Ethiopia is the first country to have explicitly issued a diaspora bond in 2008 (Anglade and Garbrah 2012). The Millennium Corporate Bond was intended to finance the Ethiopian Electric Power Corporation hydroelectric power project, Gilgel Gibe III. In 2011, Ethiopia issued a second round of diaspora bonds needed to allow the country to build a 5250 MW dam called Grand Renaissance Dam Project on the Nile River with an estimated cost of $4.8 billion. By making available a reliable source of funding that can be called upon in good and bad times, the nurturing of the diaspora bond market improves a country's sovereign credit rating.

Because African diasporas have the advantage of knowing both worlds, they can use that knowledge as a comparative advantage to create strategic partnerships. David Baldwin Burnes explains some of the opportunities and issues in this area. 'There's unlimited opportunity in Ghana', says David Baldwin Barnes, a US-based entrepreneur of Jamaican and Haitian descent, and president of agriculture firm Solve, which provides services and consulting to farmers and 'agripreneurs' in Ghana. 'But starting a business in Ghana is challenging for someone who is unfamiliar with the societal mentality that influences behaviour across all sectors of life, including how business is done', he adds. David Baldwin Barnes further argues that 'It's not the amount of bureaucracy that's the issue, it's the culture of the bureaucracy that you have to learn coming from a different business and regulatory environment' (*The Guardian* 2013). A Right to Abode Act was passed in 2001 giving members of the African diaspora the right to live and work in Ghana, the first legislation of this kind by an African country (*The Guardian* 2013).

Strategic partnerships and alliances could be developed among the African diaspora or between the African diaspora and established businesses from host countries with people on the continent in some instances. Robert L. Wallace, a trained engineer and successful entrepreneur and founder of the BiTHGroup Technologies Inc., proposed a strategic partnership model (Wallace 2004). In the book *Strategic Partnerships: An entrepreneur's guide to joint ventures and alliances*, Wallace details 12 key elements and processes for a joint venture based upon 20 years of research, interviews, anecdotal experiences and observation of enterprises. The 12 key elements are:

- Build trust
- Define mission goals and objectives
- Define customers, products and services
- Complete self-evaluation
- Know your partner
- Meet the family (if they have any and observe how they treat them)
- Establish relationship boundaries
- Determine initial project
- Maintain independence
- Relationship maintenance
- The vow aspects—all legal aspects must be well documented and clear
- Exit strategy.

In situations that are not normal but prevalent, these 12 elements could be aimed at building the capacity of entrepreneurs where a partnership is the most feasible option for the diaspora to invest. Such occurrence could be as highlighted from the interview with a Dubai-based diaspora of Zimbabwe origin. He noted that the economic conditions in his COO were hard to the extent of limiting access to one's own funds because of government regulation. In such an instance, partnering with a business already in the country is feasible and these 12 elements could work as a necessary means of survival for the business.

Global Trends Impacting the Local Business Environment

Reality for Business on the Ground

Businesses run by the African diaspora, though based on the continent, are not insulated from the events happening at the global level. It had been noted by major global institutions and think-tanks that the financial crisis of 2008–2009 would have minimal impact on Africa. This proposition was grounded in the argument that Africa's financial market is not fully developed and integrated internally and globally to be affected by the crisis with the exception of South Africa (Congressional Research 2010). With only banking as the major component of the global financial market, experts were quick to make the assertion. Later, it was evident that the financial crisis did indirectly affect Africa. The financial crisis was transmitted to SSA mainly through declining demand for exports and declining export prices (Allen and Giovannetti 2011). Furthermore, the level of aid that comes on the continent was reduced during that time (Anyanwu 2011). Remittances from the diaspora decreased and it can be assumed that investment from the group may have suffered some reduction too. This is because they live in economies that felt the effects of the financial crisis first hand and that may have led to apprehension in committing to investment on the continent during the period. This is particularly true for remittances to the West Africa Region (World Bank 2012).

Furthermore, the continent has lately been feeling the impact of its new global partner China. With more than 10,000 companies (McKinsey Africa 2017) owned by the Chinese on the continent, the nature of trade has changed drastically. There is stiff competition for business contracts with the Chinese investors. According to a Zambian born Engineer based in Texas, USA, who runs a firm that works in the hydro power sector in Africa, no African business is shielded from the impact of China in Africa. The respondent, whose firm has notable projects in Malawi, Zambia and Lesotho, shared his experiences of running businesses in Africa. He indicated that most businesses owned by the Zambian diaspora are in the clothing and cosmetics sector because these are not high on technical requirements. However, there are few like his engineering firm that work around technical issues and operate in the formal sector with other established private sector actors and governments. In his submission, he further said that all business types have been affected by heavy competition from the Chinese. Chinese investment has been motivated by a desire to access critical resources (oil, bauxite, etc.). The Chinese approach has been to downplay political issues (e.g. human rights). Although recipient African nations have received investment inflows, they have come with certain drawbacks. For instance, they have negatively impacted local trade and commerce (Adisu et al. 2010). With their ability to mobilise capital, the Chinese are able to make massive investments in all sectors.

While the African diaspora uses money from personal savings and capital they access including credit cards, these resources may be difficult to transmit to Africa because of undeveloped banking systems in most countries. The Chinese have the advantage of their government backing. In 1997, China opened its first financial institution in Africa, the Bank of China in Lusaka, Zambia. The bank is a facilitator of various business transactions including corporate and personal services, credit facility, account services, international settlement, exchange services, Chinese RMB services and so on. This enables Chinese nationals to do business in every sector in Africa, from clothing and cosmetic businesses to street hustling. It was never known to be a space for investors to roast maize on the streets and sell (as the Chinese do) which was predominantly for the local people; but the change in times has overtaken this assumption. The African diaspora's space and opportunities are open to competition from adventurous Chinese who are out to do any kind of business. Most governments have huge construction contracts with the Chinese and business deals inked in sectors such as mining and agriculture on a daily basis. The Chinese are on the continent to stay and they love it. This love can be seen from their remarkable pace of integration into the African culture. Though the African diasporas have an advantage of being indigenous to the continent, a lot has changed and will continue to change that affect this advantage.

Limitless Opportunities

Notwithstanding the global and local environment, the opportunities for African diaspora for businesses are immense. Some critical sectors where value could be created include agriculture, energy, mining, tourism, education and health. These are priority areas for many countries and resonate with the African Development Bank strategy for Africa (African Development Bank 2017). For example, the African diaspora can invest in tourism by facilitating exchanges between their host countries and their COO. Diaspora involvement in this sector could cut the cost of air travel. The cost of air travel in Africa is high and there are several reasons including (a) low demand, (b) poor infrastructure and (c) bad politics.

If the African diaspora coordinated and set up a fund to create and own an airline business, they would contribute to the development of the continent. Africa is made of about 20.4% of the total earths land area. In 2014–16, about 23.2% of people in the sub-Saharan region were undernourished (FAO 2015). African diasporas can invest in agriculture and coordinate the use of advanced agriculture methods. About 795 million people were hungry worldwide and of this number, 233 million were in sub-Saharan Africa (World Hunger 2016). This does not make sense considering Africa's share of the total earths land area and population that is in productive age group. A look at the energy sector revealed that an average American uses more energy on an electric furnace in a day than a Nigerian uses in three months from the report by ONE the global organisation working against extreme poverty (ONE 2014). Africa is not devoid of sources of energy; the sun is abundant in most parts of the continent, thus the reference as hot and abundant water resources too that could be converted to hydroelectricity. The world's longest river, the Nile, is found in Africa. For many decades, the mining sector has been the privilege of western foreign investors. With the Chinese on the continent, mining is now being undertaken by large and small Chinese-run businesses. This is because African governments favour foreign firms in contract tenders. The favouritism of African governments to foreigners outside the continent is hard to understand. Would having an African diaspora supported investment in the mining sector fail? Africa's mining potential is huge and provides an opportunity to explore (Oluwatayo 2017). It is likely that such an investment would employ the local people in large numbers as opposed to the Chinese mines that bring labour from China.

Support Systems and Structures

With the roots of modern Pan-African thought entrenched in the African diaspora, the transition from the Organisation of African Unity (OAU) to the Africa Union (AU) in 2001, finally signalled systemic institutional Diaspora inclusion in the continental unity project with the recognition of the Diaspora as the sixth region of the AU (Hakima 2008). The economic impact and value created by the African diaspora cannot be underestimated (Styan 2007). For years, the migration of Africans to the diaspora was referred to as a brain drain. This has now changed as evidenced by the value that the African diaspora community has created for the continent (Logan 2009). The African Union and African Development Bank have been spearheading various initiatives including setting up a forum on diaspora within the AU headquarters in Ethiopia (Mwagiru 2012). African countries have consequently developed policies aimed at integrating their diaspora in national development initiatives with some allowing a constitutional provision for dual citizenship. International development agencies have over the years been placing some emphasis on the need for increased in trade with and among African countries. The World Bank, IMF, the OECD as well as bilateral donors have placed programmes supporting entrepreneurship within the continent as a priority. Across the world, various organisations have been set up to support diaspora inclusion in the continent's development discourse. Some notable organisations include Africa 21, African Diaspora Voices for Africa's Development and the African Foundation for Development.

These initiatives have formed a supportive structure for the African diaspora (africanprogress.net 2017). With the coordination of the African diaspora being done through many institutions in various continents, obtaining information from the African diaspora is a difficult undertaking (Phone interview 2017). In the case of the Chinese investments, the aggregated information can be obtained through the Ministry of Commerce and the National Bureau of Statistics of the People's Republic of China among other credible sources. The Chinese immigrants have actively passed information to their fellow nationals about Africa as observed in the book *China's Second Continent: How a million migrants are building a new empire in Africa* by French (2014). There would be more benefit if each representative African embassy collected data on their respective citizens and worked together with their host countries as well as home countries to establish how many such supportive organisations exist and develop plans to better support their operations.

Some Challenges for the African Diaspora and the Role of Technology

The support system is not only challenged by coordination (World Bank 2011) but also trust. African diaspora who send money with the hope of investing have not been spared from swindling scams, sabotage and corruption. Relatives whom the diaspora rely on to undertake projects on their behalf have been perpetrators of these vices. There are countless stories of diaspora who sent money for construction projects and various business only to find nothing on their visit to check progress. Stories of sabotage too are common. Mr. Sammy Maina, a resident of Lowell, Massachusetts, always harboured the dream of running a cruise boat business on the Lake Naivasha in Kenya. What was meant to be a dream investment back home sank before the venture could start paying back for his hard-earned investment. One day he woke up to find people had sneaked into the boats docking spot during the night and drilled holes in its bottom, sinking baby Amani (Daily Nation Kenya News—2013). Corruption which is the order of operation for most countries in Africa perhaps is the most serious problem that African diasporas have to encounter in business endeavours in Africa. Corruption is an insidious plague that has a wide range of corrosive effects on societies (United Nations 2004). It undermines democracy and the rule of law, leads to violations of human rights, distorts markets, erodes the quality of life and allows organised crime, terrorism and other threats to human security to flourish. This evil phenomenon is found in all countries—big and small, rich and poor—but it is in the developing world that its effects are most destructive. Corruption hurts the poor disproportionately by diverting funds intended for development, undermining a government's ability to provide basic services, feeding inequality and injustice and discouraging foreign aid and investment. Corruption is a key element in economic underperformance and a major obstacle to poverty alleviation and development. Such immoral vices have been the reason why some African diasporas have not been inspired to invest back home for fear of being victims. There is now recognition that 'the most effective institutions are often ones that have been modified to fit the particular social characteristics of the country in which they are being applied' (Fukuyama 2011: 323). To the extent that this approach now informs the World Bank's new strategy on public sector reform for 2010–2020, alongside broader calls for all governance work to be underpinned by political economy analysis and 'best-fit' rather than 'best-practice' approaches (Levy 2014).

The advent of technology presents many opportunities for the African diaspora and the African continent. The African diaspora can use technology to their advantage in investment and benefit of the continent. Technology has unlocked many opportunities for marketing and advertising goods and services through platforms, such as Facebook, WhatsApp, Twitter and Instagram to mention a few. Social media are fundamentally changing the way we communicate, collaborate, consume and create. They represent some of the most transformative impacts of information technology on business, both within and outside firm boundaries. Social media has revolutionised the ways organisations relate to the marketplace and society, creating a new world of possibilities and challenges for all aspects of the enterprise, from marketing and operations to finance and human resource management (Aral et al. 2013). In particular, social media have been integral to recent advances in relational inference about consumer preferences (Hill et al. 2006; Aral et al. 2009; Trusov et al. 2010), novel peer-to-peer interactions and targeted marketing techniques (Aral and Walker 2011, 2012) and demand prediction (Asur and Huberman 2010; Bollen et al. 2011). The transformative power of social media extends beyond marketing and aspects of consumer behaviour. Furthermore, applications such as blockchain can be used to explore the possibilities of ledger management and keeping accurate accounts that are less corruptible thereby enhancing the knowledge around stock and finances when not physically present. In Kenya, M-Pesa, a mobile money transfer service has revolutionised the payment system in that country. The service has more than 18 million active users in Kenya and in 2016 it processed more than 6 billion individual transactions in the 10 countries where it operates (CNN 2017). With the use of technology, the cost of doing business can be reduced and trust enhanced thereby, increasing the chances for investment to the continent.

Conclusion

Africa is at a critical juncture of its history. An era where a combination of demographics, education and communication technologies have begun to open possibilities for several African countries to break the cycle of poverty and underdevelopment and rise into the ranks of middle-income countries. This is knowledge that the African diaspora is privy to and many do not want to be left behind. For many, the knowledge of the operating environment is the comparative advantage they are exploring to the fullest. There have been a number of perspectives about what Africa should do to move out of poverty and progress. Why hasn't Africa changed? Is Africa rising up to implement the recommendations coming from these perspectives to attempt to resolve its problems? Africa is rising but it may take time to get everything in a well-coordinated way. It may not be in the next 5 years but it is a possibility worth hoping for. Clearly, the birth of African diaspora businesses is grounded in many reasons and the motivation varies from one entrepreneur to another. However, the opportunity to make money and the availability of avenues are the same for everyone. Africa gives these opportunities to its diaspora in a manner that needs close examination if improvement is to be made. The benefits of African diaspora investment accrue to the various structures within the African continent: governments, the citizens and the African diaspora investors. There is a need for more research in this area with a view to helping institutions working around the promotion of the African diaspora agenda and the African diaspora itself to propose and advocate for policies that will make their contribution more meaningful. Besides, it is an unarguable fact that the African diaspora is Africa's secret weapon.

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9

Management of Diaspora Businesses: Issues and Learning

John Opute

Introduction

The broad approach of this chapter is to examine and develop a road map for engaging diasporas in the development and management of businesses in their countries of origin (COO) through the identification and sustenance of opportunities. The chapter outlines some major areas through which diasporas, the society and government can learn and thus develop relevant road maps. Furthermore, it attempts to provide a platform for a wider discussion about the challenges and benefits of 'home direct' investment as well as the accompanying experiences. In this latter respect, the experiences of a few diaspora businesses in the form of small- and medium-size enterprises (SMEs) were examined so that the recurring issues can provide a learning pad for diasporas who then often tend to start as SMEs in many developing economies. Nigeria was identified as the case study country because of its unique

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economic position in Africa and thus most of the data for the chapter will be from Nigeria. In 2016, the Nigerian economy was projected as Africa's biggest economy. Nigeria was placed ahead of South Africa and Egypt which are second and third, respectively, putting Nigeria's GDP at $415.08 billion while South Africa was put at $280.36 billion and Egypt projected to remain third, though the 2016 figure was pending (IMF/Vanguard 2016). There are similar reports closely related to these economic indices—as indicated in Table 9.1.

People all over the world migrate for several reasons, chief of which is for the purpose of self-actualisation and thus finding better fulfilment for their lives. Some migration is consequential of the economic and security challenges people face or the desire for professional fulfilment. This professional fulfilment cuts across various career goals including skills acquisition and development, arts, sports, entertainment and the list continues. For example, the concept of 'brain drain' and 'brain gain' attract a rather contentious debate from different perspectives. The former refers to the flight of the highly skilled (mainly from developing economies and because of international mobility) in search of better standard of living, quality of life, higher remunerations and stable political conditions. This is regarded as a potential large net cost to the homeland, hence dubbed brain drain. On the other hand, their return to make meaningful (either quantifiable or unquantifiable) contributions (dubbed brain gain) continues to attract debate (Dodani and La Porte 2005; Mayr and Peri 2009; Ciumasu 2010; Boncea 2015). However, the fall out of this contesting concept depends on the various

Table 9.1 Economic indices/status—2016 (*Source* http://www.economywatch.com/economic-statistics/country/Nigeria/)

No.	Factor	Amount/Percentage
1	Africa's largest economy	Estimated at US$502 billion
2	GDP	US$490.207
3	GDP—per capita	US$6108.41
4	Unemployment (percentage of labour force)	9.9%
5	Labour force participation	(Female/Male: 48.3%/63.8%)
6	Population	173 million (estimated)

contesting variables as well as the perspective of the discussants but does provide the foundation to the discourse on diasporas. The diaspora is often referred to as any group of migrants and their dependents who maintain links with their place of origin (Butler 2001; Bakewell 2008).

In today's world, particularly with globalisation and a seemingly world of free passage of employment (though restricted to some regional alignment, like the EU, in Europe and ECOWAS in West Africa as examples), there is an increasing awareness of the fact that people do not simply leave the country of abode for greener pastures only but also to equip themselves professionally to the extent that they could build on their professional and financial achievement to support the homeland. In some cases, when returning home is not desirable, individuals are able to export their financial acquisition to improve the lot of their societies back home (Dodani and La Porte 2005).

As a trajectory to this debate, many individuals who have departed the shores of their country for 'greener pastures' have either turned the backs completely on their source and so not aligned with the likely opportunities that are present in these faraway lands and if they do and believe a contribution is feasible, the issue of what type of business and where to locate such businesses (as well as partners) remains an issue of concern. No wonder the view is sometimes held that Africa generates diasporas rather than diasporas being found in Africa (Bakewell 2008). In other words, while the term is in vogue and being applied to such groups scattered around the globe, it is rarely applied to African population based on the continent.

The Concept of Diaspora

Our understanding of this concept has evolved over the years. However, the more we examine the concept, the more we should not view it as a given community but as another form of human mobility with the ultimate view to connect with the homeland from time to time. Such mobility can be voluntary or forced. According to Bakewell (2008), there are various descriptions and definitions of the term 'Diaspora', ranging from historical, cultural, sociological and economic perspectives but the central issue is that any such group of migrants and their descendants tend to maintain links with their place of origin.

In the view of Butler (2001), most scholars seem to agree that the word covers three perspectives. Firstly, after dispersal, there must be minimum of two destinations. Secondly, there must be relationship to an actual or imagined land from where, thirdly, an identity can be developed. Some scholars (Mahroum et al. 2006; Turner and Kleist 2013) seem to have taken a rather more practical approach and have identified diaspora as a group of people who live outside the area in which they had lived for a long time or in which their ancestors lived; so that entails the spreading of people from one original country to other countries. A more simplistic approach is the position of Norglo et al. (2016), who view diasporas as a group of people who live overseas but perhaps this definition is too simplistic, in my view, to be encompassing.

In conclusion, the working definition of the chapter will take an equally practical approach which is closely aligned with the view of Turner and Kleist (2013) and thus identify diasporas as any group of people who have either temporarily or permanently moved from their country of abode to another country for the purpose of making a living. However, it is to be admitted that every movement from one's own country of abode comes with various challenges. Therefore, it is only individuals who have set out to make a success of this transition that can contribute to their immediate society and the original homeland. The interesting factor is that for individuals who have moved from the original country of abode to another, the society back home expects so much from them in return. This in most cases is financial expectation.

What Is the Role of Diasporas?

A well-established fact is that lack of investment in many developing economies is one of the biggest obstacles to achieving sustainable growth, but interesting enough, it is also generally conceived that diasporas are expected to make professional contribution to the original home should they wish to return (Agunias and Newland 2012).

This concept has led several governments in many developing countries to only explore diaspora contributions from rendering professional services in such areas as government appointments to improve policy decisions, educational establishments to enhance educational contribution in the areas of new advancements in technology and innovations in teaching techniques, as well as in the medical area which includes working in hospitals.

While these measures and expectations are useful, the often neglected area of financial contribution was hardly encouraged by various governments until recently. In other words, contribution is not only beyond immediate professional contribution but also involves financial contribution. Therefore, the contribution and role of diasporas can be both tangible and intangible. The professional contribution has taken the centre stage for several years, thus ignoring the importance of the financial contributions that diasporas can make in their various communities (Dodani and La Porte 2005; Mayr and Peri 2009). Of even more importance is the centre stage that diasporas have assumed in several developing economies. In many of these countries, the limited direct foreign investment has highlighted the importance of funds from diasporas from various parts of the world. The funds could vary but the economic contributions of such funds and the associated investments cannot be ignored (Agunias and Newland 2012).

In the view of Terrazas (2010), a growing body of evidence suggests that diasporas can play significant roles in supporting various business initiatives by transferring knowledge and ideas back home and in so doing, creating some form of integration with the wider business community and opportunities therein. However, the issue of concern is using remittances not only for immediate family support but also to equally extend investments. Such investments will, in return, provide a more sustaining form of support to the family rather than serving as just a means of creating permanent dependency. The greater challenge is therefore mobilising the wealth of the diasporas in productive areas (particularly taking advantage of market openings and opportunities) as well as investigating available support from the government (Norglo et al. 2016). In this respect, the government has to develop the necessary ‘road maps’ to encourage direct diaspora investment.

The awareness of the increasing importance of the role that diasporas play differs from society to society. In the more developed world, diasporas tend to focus a lot more on professional contribution as opposed to financial contribution to their society as would be the case of diasporas in developing economies. The latter group can easily identify with various setbacks such as the lack of infrastructural and social services, and these areas create immediate opportunities for contributing to their societies. This does not necessarily rule out professional contributions such as services in education and the medical fields but the focus of the chapter is management of diasporas business by means of direct investments or financial contributions to the homeland through their earned funds from the various counties of sojourn.

Diasporas as Investors

International investors are usually averse to investing in risky environments even if it is the original homeland. It is believed that diaspora members tend to have a broad risk profile when it comes to investing in their COO because they have reasonable access to information and, in some cases, less sensitive to exchange rates because of financial commitments that must be met in any case (Agunias and Newland 2012).

Also of concern is what business would respond to the aspirations of their homeland and how would it be managed? Rightly or wrongly, diasporas still struggle with family ties and all the associated cultural and the contextual issues. Another issue of concern is the continuity of such businesses. Are they one-offs or do they portend to portray any future?

However, it may not appear to be all sad news. There are many qualified individuals in most developing countries that are able and available to work but there are limited opportunities for employment in both the public and private sectors. Interesting enough, there is enormous entrepreneurial drive among the younger generations in several developing economies, including Nigeria. Not only are they qualified but they are also ready and prepared to take on what can be conceived as the 'the millennium challenge'. They are no longer 'losing sleep' over who the next employer is but rather on the next opportunity available (Ovadje 2015). These developments should encourage diaspora investments in such areas as small- and medium-entrepreneurial ventures. Apart from the fact that the capital outlay might not be huge, it also creates a platform for exploring new markets in an increasingly open market with opportunities for growth and continued innovation.

However, mention should be made of the fact that it is widely acknowledged that remittances from diasporas represent only a fraction of the potential financial flows. In the view of Terrazas (2010), financial flows from diasporas are at the heart of migration and development, and thus the greatest challenges for the government is to mobilise the wealth of diasporas possibly through the participation in capital markets, including government bonds, shares and long-term investments. The understanding of the workings of the capital market is equally important because financial market development takes different dimensions in different countries but worth exploring.

Unexplored Investment Vehicles

Economic situations of various countries also play significant roles in exploring various untapped areas of investment pursuit that are open to small- and medium-size businesses. There are several exportable products, such as ground nuts, yams, palm oil, to name a few, which can be promoted by various state governments. As an example, the Nigerian Shippers Council (NSC) has urged states in the country to promote small- and medium-scale enterprises through exportation (Jimoh 2017). Etuk et al. (2014) allude to the fact that SMEs contribute a large share of manufactured exports in most industrialised East Asian economies like China and India. There is therefore the need to focus on policies that will promote the SMEs export potential to boost growth and development in emerging economies and some of these measures will include strengthening local distribution networks, rationalising procurement procedures—using local knowledge of local domestic demands and exploring access to remote regions and at the same time opening new markets for their products. These measures will significantly boost export potentials.

These SMEs can also serve as attractive opportunities for diasporas investment in many developing countries. In the study of Jimoh (2017), as an example, SMEs in some developing economies are being used as a means of boosting exports of farm products to neighbouring countries and improving export earnings on the one hand while also generating business opportunities for diasporas on the other hand. In another report, Salau (2017) explained that some financial institutions such as Sterling Bank are collaborating with LEAP Africa to render support for small- and medium-scale enterprises for growth of their businesses and profitability through the CEOs forum engagement. LEAP, an acronym for Leadership, Effectiveness, Accountability and Profitability holds an annual CEOs' forum to support SME development in Nigeria and equip business owners to build sustainable businesses.

The role of Sterling Bank in this respect is to create a platform for encouraging exchange of innovations within private and public sector entrepreneurs and in attracting emerging and prospective SMEs who are anxious to start off their venture on a brilliant note and thus grow sustainable SME sector (Bassey 2017). Many developing economies, thus recognise the significant role of SMEs not only from the perspective of its role in economic development but also as a trajectory to the attraction of diasporas investment in the homeland.

Partnership with the Community and Government

Most people hold the view that a key obstacle to achieving sustainable growth in many developing nations is a lack of investment. Fortunately, given the huge size of financial flows (remittance flows and direct investment in business ventures) originating from diaspora populations, government can take on the initiative to create a one-stop shop for investment information and, by so doing, channel such flows to boost entrepreneurship, support innovations and encourage priority sectors of the economy (through partnerships with companies). This will, in return, form the 'bed rock' for possible advances in corporate social responsibility (including public infrastructure), networking and employment generations.

Now is the time to explore diaspora business because of the existing business opportunities and manpower that is available as well as the increasing likelihood of government support in developing economies. However, what business will strive to attain and the continuity of support from governments remains challenging but the greater challenge is to mobilise the wealth of the diaspora, thus establishing strong business and cultural communities that promote the best and brightest for the homeland. This is achievable if the contextual issues can be identified and learned (Terrazas 2010).

In a broad sense, diaspora businesses face similar opportunities and challenges and developing countries tend to present some interesting lessons. In this respect, a closer study has been carried out in Nigeria as an example of a developing country with several opportunities and challenges.

Diaspora and Small- and Medium-Size Businesses (SMEs)

This section aims to identify the role of diaspora SMEs in a developing economy, such as Nigeria. SMEs are usually the starting point of most diaspora businesses in Nigeria and the experience gained from these businesses can create a learning platform for diasporas business. The study coincided with a larger university-sponsored project and spanned for two weeks in collaboration with Agbakoba (2017).

Nigeria: Economic Context

Last collated as 166.2 million in 2012, the Nigeria Bureau of Statistics (NBS) has estimated the population to be around 178.5 in 2016, although the United Nations estimate has placed it at 186 million. Apart from being the most populous country in Africa, it also means that about 1 out of 43 people in the world call Nigeria their home (Population Review 2017).

Nigeria gained independence from Britain in 1960. The country is characterised by a dual economy. It is Africa's leading oil producer and ranks among the top ten oil-producing countries of the world, but there are few linkages to the rest of the economy. As is characterised of a dual economy (common with less developed economies), one sector is geared to local needs (e.g. agriculture) and another to the global export market, which is crude oil in the case of Nigeria. The Nigerian economy depends largely on oil and export earnings from oil production account for over 90% of export earnings. The rest of the economy demonstrates a typical developing African model; around 30% of GDP comes from agriculture and the manufacturing sector is limited and developing slowly (Afangideh 2012). However, Nigeria offers an example as a country with increasing business opportunities.

With the drastic fall in oil prices, the government could neither execute several projects nor could foreign exchange be made available to pay for raw materials imports. There has been severe rationalisation of foreign reserves and this has had tremendous impact on SMEs and business in general. The continuous attack on oil pipelines in the Delta region of the country has also reduced the production of crude oil, making a tough situation even worse (Afinotan and Ojakorotu 2009; Njoku 2016). The Niger Delta Region has long constituted a threat to crude oil production in Nigeria. According to the International Crisis Group (2015), the reason for the incessant oil pipeline vandalism in Nigeria includes the pervasive poverty and frustration in the Niger delta. There was also severe unemployment among the educated youths, which has led to antisocial behaviours such as pipeline vandalism, oil theft and kidnapping for ransom. Two agencies established to drive development, the Niger Delta Development Commission (NNDC) and the Ministry of Niger Delta Affairs (MNDA) established in 2000 and 2008, respectively, have floundered, according to International Crisis Group (2015).

In a broad sense, the federal government continues to initiate dialogue with all stakeholders in the region, including state governments, with support for entrepreneurial and job creation activities. For example, educational programmes were embarked upon and targeted at youths to enhance skills acquisition and position them for meaningful employment in the oil companies within the region (Njoku 2016).

Infrastructure from the perspective of electricity power has posed a severe challenge to SMEs. There is hardly constant electricity; so, many SMEs depend on alternative power generation to run their business. The cost of diesel continues to be on the high and sometimes not available, which means effectively increasing the cost of doing business. There is hardly a robust plan by government to provide a lasting solution to the issue of electricity.

After over 30 years of military governments, Nigeria is now experiencing a democratic experience but this takes a while to settle in. The political environment is gradually settling and points to an encouraging future but there are still bumps on the way. Corruption, for instance, is widely established as one of the most serious obstacles to economic growth in Nigeria despite the current government's continued effort to tackling this head-on on many fronts.

SMEs in Nigeria

According to Adeniji (2015), small and medium enterprises (SMEs) as defined by the National Council of Industries are business enterprise whose total cost excluding land is not more than two million naira (N2,000,000) only. This translates to US$6500. The Federal Ministry of Commerce and Industry defines SMEs as firms with total investment (excluding cost of land but including capital) of up to N750,000 (USD 2500) and paid employment of up to fifty persons. There is a dearth of information about their number, people they employ and sectors they operate in Nigeria.

As Adeniji (2015: 6) explains, 'Most SMEs in Nigeria die within their first five years of existence, a smaller percentage goes into extinction between the sixth and tenth year, while only about five to ten percent survive, thrive and grow to maturity'. SMEs encounter issues such as insufficient capital, irregular power supply, infrastructural inadequacies (water, roads, etc.), lack of focus, inadequate market research, lack of succession planning, inexperience, inability to engage the right calibre of staff, etc.

In the year 2010, the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) and the National Bureau of Statistics (NBS) conducted a survey to combat the challenges with building a credible and reliable Micro, Small and Medium Enterprises (MSME) database required to strategically reposition the sector. The bureau revealed its survey result: there were 17.28 million MSMEs in Nigeria employing 32.41 million people. SMEs have compelling growth potential and like other emerging economies are likely to constitute a sizable portion of GDP soon in Nigeria. 96% of Nigerian businesses are SMEs. They represent 90% of the manufacturing and industrial sector in terms of the number of enterprises.

Although Nigeria offers an example of a country with increasing business opportunities, oil which for sometime has been the mainstay of the Nigerian economy is currently selling at a price no one envisaged—one-third of the price of last year's sale and thus has compelled the Nigerian government to take strict measures in controlling the economy, including foreign exchange restriction, focus on foreign direct investment promotions among others. However, Adeniji (2015) has expressed the opinion that in growing the economy, much emphasis should be placed on the potentials of MSMESs so as to be trajectory to arresting Nigeria's economic woes.

MSEMEs account for 57.9% of Nigeria's rebased gross domestic product (GDP), while employing over 60% of employed working class Nigerians. It therefore has the potential for growth if the government makes the necessary reforms with adequate infrastructure in place. Some of these can be identified as follows:

- Removal of legal and institutional bottlenecks affecting MSMEs through sectoral reforms, including eradication of multiple taxes by both state and federal governments.
- Embracing MSMEs as potential platform of creating avenues for various employment, thereby bringing into fruition the government's plan of creating a million jobs in the tenure of the administration.

- Working with financial institutions to ameliorate excessive charges and interest rates and thus providing reasonable funding to support MSMEs and thus business growth.
- Promotion of relevant bills/laws geared towards the promotion of private sector participation in the delivery of service through public private partnership (PPP) arrangement.
- Epileptic power situation/supply. This remains a major setback to any entrepreneur activities in many developing economies. Diesel/petrol-powered generator remains the immediate alternative but adds up significantly to the cost of doing business.

In a recent TV panel discussion (PERISCOPE 2017) under the title—The Role of SME in job creation, the panellists identified certain steps that can be pursued as follows:

- Entrepreneurial training: This is intended to expose prospective entrepreneurs to researched reports of small business opportunities (chances, occasions and openings) as well as areas in the federation providing relative environmental advantages or friendliness.
- Strategic partnerships: With the leadership of the Industrial Training Funds and Bank of Industry, creating cooperatives of entrepreneurs and providing skills and vocational training and thus packaging them for the Bank of Industry such that these entrepreneurs can pursue collateral registering and cross guarantee themselves.
- Credit information portal: This process creates the avenue for enhanced information (information, news and data) about entrepreneurs, including access to finance, product opportunities, etc.

In a similar view, Jimoh (2017) mentioned the possibility of promoting SMEs through exports. This he explained is through the harnessing and marketing of exportable products from the State governments through port reforms and other associated initiatives to encourage SMEs to explore this avenue.

Moving the discussion further and using Nigeria as a case study, one can explore the consequences of these developments for diaspora investment. As the chapter aims to review diaspora investment in a broad sense, Brinkerhoff (2012) notes that it is necessary to sensitise people about the identified challenges on the one hand and the measures to be pursued by respective government agencies and departments on the other hand. As a first-hand contribution in this respect, a number of entrepreneurs (some of whom are beneficiaries of diaspora investments of their relations abroad) were identified from a local publication (Agbakoba 2017) and the author conducted 16 semi-structured interviews, lasting about an hour over a period of two weeks in Nigeria. Nearly all the interviews were face to face and were conducted in the offices of the identified entrepreneurs between 29 May 2017 and 15 June 2017 in Lagos, Port Harcourt and Abuja—3 prominent cities in Nigeria representing the West, East and Northern Nigeria.

The prominent questions (relevant to SMEs) and applicable to diasporas are as follows:

- Why do you want to engage in entrepreneurial activity?
- What were the barriers you overcame to get to where you are as a female entrepreneur?
- How do you see yourself contributing to economic growth?

Most of the responses to the questions are as follows:

> Question 1: Most participants are passionate about their business and regard it as an opportunity for making meaningful contribution to the society. They possess a 'can do' attitude and are not risk averse. Most have quit their regular jobs for the various enterprises so were not forced into their businesses because of unemployment. The latter point stood out. Mention should be made of a social waste and collection enterprise funded by diaspora lady, based in the United States. Apart from the financial gains, this entrepreneur viewed the social waste collection and recycling business as an opportunity to also contribute to cleaning the environment (Opute 2017).
>
> Question 2: Most faced the questioning of their capabilities to withstand (in some case) male dominated enterprises, like the Lady

Painter Business. These barriers were overcome because of the entrepreneurs' resolve to succeed (Agbakoba 2017).
Question 3: Apart from generating employment opportunities and paying corporate tax to the government, some of these enterprises have ventured into innovative fields and have contributed to the socio-economic well-being of the society, such as the share ride business—GoMyWay (Agbakoba 2017).

While it is admissible to conclude that all interviewed expressed significant confidence in making a success of their respective business endeavours, they admitted similar challenges as follows:

1. Difficulty in sourcing formal funds. These are funds that an entrepreneur receives from financial institutions with relevant interest rates and payback periods. Most entrepreneurs fund their business with informal funds. These are personal funds from one's savings or funds from family members in form of donations or interest-free short-term loans, which are payable at agreed times.
2. Current and consistent information about business opportunities relevant to different sectors of the economy as well as states in the federation. The availability of specific raw materials varies from state to state and the government can provide relevant information to guide investors in this regard.
3. Multiplicity of laws and regulations. There should be some synchronisation of applicable tax between the federal and state governments so that there is no duplication of taxation from entrepreneurs.
4. Consistent support from the federal government. While it is established that the government has put in place some support schemes in the form of a one-off disbursement of cash to selected SMEs, the scheme has not been sustained. However, the government has taken the lead in directing the Industrial Training Fund and the Bank of Industry (a government training institution and government-funded financial institution respectively). The Industrial Training Fund (ITF) has been mandated to provide relevant trainings for SMEs and package them for fund acquisition from the Bank of Industry. The government

has not only targeted development banks for the purposes of facilitating special interest rates but also encouraging SMEs to form cooperatives with a view to cross guarantee their businesses as collaterals for loans from development banks. The central bank of Nigeria will act as a regulatory bank to ensure compliance with the established government guidelines in this respect (PERISCOPE 2017).

5. Undue politicking of the relevant processes of granting funding by the respective states. In a developing economy such as Nigeria, political leanings are usually rewarded, thus non-membership of political party of the ruling government (both at the national and state) may impact on the extent/level of support available to entrepreneurs.
6. The ability to keep staff. It is usually difficult to guarantee continued staff stability. The remuneration of many entrepreneurs is not comparable to established business organisations so staffs come and go and this may impact on quality of output.
7. Consistency of purpose by the government remains a key challenge. An example is the annual Nigerian diaspora direct investment Summit (NDDIS), which was founded in 2013 by the federal government of Nigeria as a platform to engage with diasporas in the United Kingdom in building bridges between investors in the UK and businesses at home. After the second summit in 2014, the whole effort floundered (NDDIS 2016).

Conclusion

With the increasing challenges that various developing countries face with limited direct foreign investments, most governments appear to be looking to diasporas to be encouraged to invest in the country through SMEs as a starting point. In the words of Newland and Tanaka (2010), diasporas should be challenged to be 'opportunity entrepreneurs' rather than 'necessity entrepreneurs'. The latter are entrepreneurs who are simply taking chances and the former are entrepreneurs who identify market openings and take advantage of them. Additionally, the government and the relevant organisations must be prepared to attract the diaspora by offering the framework, programmes and opportunities to maximise its potentials.

Developing countries, in particular Nigeria, can do more to improve current strategies to attract more diaspora direct investment (DDI).

The transfer of money or remittances sent to developing countries, like Nigeria by diasporas is continually in the increase and significant efforts must be put in place by the respective governments to effectively developing road maps for engaging diasporas in economic development. In the view of Turatsinze (2016), there are risks that money being sent home is creating permanent dependency by recipients. He further alludes to the fact that 'Back Home Investment' (BHI) should be the innovative approach by diasporas who send money back home as the latter approach does help the recipients and the COO to become self-reliant by channelling remittances to foster entrepreneurship and possibly develop businesses that can contribute to the economic well-being of developing countries. This will also reduce vulnerability and dependence of benefiting families and eradicating poverty in Africa.

Moreover, it is to be recognised that developing countries face different contours in their efforts towards developing a road map for engaging diasporas. The issues and learning curves may differ so are the contextual issues. Additionally, the menus for viable options of investment may also differ but the key point to be made is that one of the biggest obstacles to achieving sustainable growth in developing countries is a lack of investment and yet Africa provides huge opportunities for investment and a likely starting point could be diaspora investments (BHI) through SMEs and effective government participation.

Finally, in taking on this challenge, it is important that diasporas are made to be aware of the opportunities available, which can be explored and by so doing make a steady contribution to the economic well-being of their homeland while embracing an approach (possibly through SMEs) that will address the continued need of remitting funds back home to support family. As Turatsinze (2016: 1) opines, 'It is high time for Africans who send money back to think, act differently and start a process of investing remittances into businesses that create jobs and generate wealth'. This fulfilment creates a 'win and win' situation and is worth investigating by both diasporas and governments in order to create wealth for the wider social structure as opposed to the sole private sphere of individuals.

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Part III

Gender and Diaspora Investment

10

Exploring Gender and Diaspora Investment Among Diaspora Women in the UK

Roda Madziva, Juliana Siwale and Juliet Thondhlana

Introduction

Traditionally, the narrative on remittances has been constructed around poverty alleviation through the provision of basic needs for diaspora family members left in the home country (Chrysostome and Molz 2014). However, this trend has been changing for the last two decades and an increasing part of diaspora remittances is being directed to entrepreneurial activities, making diaspora investments an important source of capital in developing countries (Bakewell 2015; Ratha and Plaza 2011). It is

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well documented that migrants send remittances to family and friends in their country of origin (COO) to try to improve their livelihoods and, for some, prepare for their possible future return by initiating economic activities. However, it is argued that many of these economic activities are driven by emotional and altruistic motives and do have potential to generate multiplier effects on the local economy (Nkongolo and Chrysostome 2013). Remittances, whether transacted by an individual diasporan or a collective of diasporans (e.g. hometown associations) are some of the most commonly diaspora investments (Vaaler 2013).

In this chapter, we take a sociological perspective into the continuing discourse of diaspora direct investment with a view to portray women migrants as active investors beyond what the transnational literature suggests. Largely overlooked in the transnational mainstream literature are the 'behind the scenes' acts of diaspora women acting as informal 'business angels' or 'social lenders' who, apart from their own economic gain, remit to help fund businesses of extended family members in the COO. We argue that the transnational literature on remittances does not go far enough in interrogating the empowering effect that these women experience when they assist in financing a business of a relative to make them financially independent. The focus instead has been more on the diasporan's direct involvement in the business creation and ensuing ownership (Ratha and Plaza 2011) and yet women's experiences as depicted in the cases presented in this chapter tell a different story.

We take the view that women's contribution to productive remittances through the creation of business activities in the COO is underestimated and little understood. This is because the discourse so far has, without disaggregating, mainly focused on capturing direct investment made by diasporas for self, while marginalising their 'direct investments' in others such as siblings and extended family. Curran and Saguy (2001) argue that women in particular, are prone to culturally determined kinship and networks of obligation. They further argue that individual behaviour (in this case women's) is shaped by a migrant's COO culture that reinforces normative expectations about remittances. Thus the extent to which local small-scale family businesses rely on women's capital for business start-up and support in the early stages is not fully accounted for, yet crucial in generating multiplier effects at a micro-level. Women are adroit at helping others and especially for

African women whose communalist cultural values oblige them to do so (Amoako and Apusigah 2013). To explore this, we use five women's narratives of their lived experiences of migration to the UK and consequent investment activities in the COO to show the explanatory power of socio-cultural factors in understanding increased women participation in transnational business activities.

The chapter is organised around a number of sections that link together to present the argument. We start by reflecting on debates about gender and diaspora investment, gender and remittances and the complexity of African gender role relationships and the changing gender roles and cultural norms in the diaspora context in order to situate our chapter within proper theoretical contexts. This is followed by the methodology section. The next five sections then engage with the key themes emerging from the case studies in relation to women's diaspora investment experiences and journeys. We conclude by highlighting areas for further research.

Women and Diaspora Investment

Many scholars have emphasised the underlying desire of many diasporas to return to the COO, implicating that diasporans may be more prone to invest and plan their future to realise this dream (Benson et al. 2016; McGregor 2014; Riddle et al. 2010). In a similar vein, the reasons and purpose of investing are constructed economically, culturally, politically, socially and emotionally. This strong desire to return 'home' in some diasporans may motivate entrepreneurship and opportunity exploration. However, influencing factors may involve altruistic aspects or other noneconomic triggers beyond growth and profit, such as future expectations and opportunities for the descendants, or even possibilities for the homeland return (Riddle and Brinkerhoff 2011). Equally important is the influence of diaspora families, clans and networks, and their respective interdependencies in driving investment in the COO. In this case, the object of investment may be influenced by the diaspora family situation and dynamics that have no connection to transaction costs or macroeconomic factors (Elo and Jokela 2014). Thus, the individual diasporans can be greatly affected by their socio-cultural and religious embeddedness (see Chapter 11 on 'Skilled migrant African women of faith').

The general view that diaspora investment could play a key role in providing capital for business creation and in the scaling-up of existing small- and medium-sized enterprises in developing economies is well-documented. Development literature, nevertheless, marginally portrays women as motivated to invest by financial return on their investment, but more of remitting to help others and not self. For example, a study in Ghana found that some of the family members received sizeable amounts of remittance that had allowed them to make some investments in their businesses (Deneen et al. 2015). Furthermore, the experience of the authors and of many other women they have interacted with over 10 years in the UK is that African women as culturally socialised are largely driven by what we are calling the 'embedded social mission' to invest in others, which can be equated to what Hack-Polay in Chapter 5 calls 'compassionate investment'. Nevertheless, the cases presented in this chapter appear to indicate a paradigm shift to thinking about themselves and their future, a move towards an individualist view to making money and advancing oneself.

Understanding Remittances

According to World Bank (2017) projections, remittances to developing countries in 2017 are expected to reach US$444 billion, and US$34 billion for sub-Saharan Africa (SSA). With a rising feminisation and skill level in migrants (Artuc et al. 2015), the international community in response has shown a growing interest in female migrants and their remittances (Kunz 2015), while various international documents from the World Bank and the International Organization for Migration (IOM), in particular, continue to emphasise the development role of women's remittances mainly towards poverty alleviation.

In so doing, several studies have focused on financial aspects and point to the macroeconomic impacts remittances have on developing countries (Chrysostome and Molz 2014; Ratha and Plaza 2011; Deene et al. 2015;

Orozco et al. 2006). At the micro level, remittances go directly to individuals or households, potentially alleviating poverty by raising their income level and ability to save and consume (Benson et al. 2016). Remittances are also associated with increased household investments in education, entrepreneurship and health—all of which have a high social return which, in turn, contributes to some of the global sustainable development goals (SDGs). Relevant to our discourse are the goals on: good health and well-being, no poverty and that of quality education. Also, notable at a local level is the widespread investment in real estate and investment in small and medium enterprises, especially in the growing urban cities of most African countries (Ratha and Plaza 2011). Others, however, have noted the importance of the transnational nature of social remittances in the form of new ideas, values and behaviours that inevitably impact the families, friends and possibly communities in COO (Van Naerssen 2015).

Gender and Remittances

An International Organization for Migration (IOM 2010) study notes that migration in most cases expands the migrants' endowments, thereby empowering them to carry out the allocative role. The study further notes that as a result female migrants, in particular, have used resources at their disposal to become property owners or start small businesses. Country-specific studies such as Sri Lanka (Kottegoda 2006) and Bolivia (Helmich 2015) have reported that migrant women increasingly opened bank accounts in their own name, while other women have gained greater influence and control over how remittances are used in the COO. In cultures with strong patriarchal attitudes, this can be very empowering for women. Moreover, migration has in many ways enabled women in their own right to search for a better life. But to do that, they often overcome tremendous geographic, cultural and legal barriers (Clemens et al. 2014). Understanding cultural barriers is important because both social and financial remittances are themselves embedded within the social and cultural norms of migrants' COO, making the remitting of money or goods to families a social and cultural act. However, the challenge faced when it comes to discussing African women in the diaspora is that most household surveys or country studies do not account for gender differences and most data collected on remittances do not disaggregate by sex. This means that we have limited knowledge on how the culturally constructed roles that men and women play in their home countries influence the way in which they choose to invest their remittances.

Culture, Gender and Migration: Changing Gender Roles in Diaspora

While early debates regarding the migration-development policy largely overlooked the impact of gender, the increase in independent female migration at the turn of the twenty-first century—often termed the 'feminization of migration' has led to the proliferation of academic studies concerned with the ways in which transnational family structures affect gender. Engaging in this dialogue, transnational studies suggest that while migrant women (especially mothers) may leave children and other dependents behind in a physical sense, they always retain a sense of responsibility and obligation to their families (see e.g. Dreby 2009). In this way, the identity of (a female) migrant mother encompasses multiple layers of meanings, incorporating a breadwinning role as well as the skill and ability to show emotional intimacy from a distance. This is often expressed through remittances that often come in many forms (e.g. money for children's education, immediate and extended family members' upkeep, goods, such as mobile phones, computers and other gadgets—both for use and for sale), regular communication (or ability to maintain co-presence through the use of technology such as mobile phones and internet or 'Skype mothering' (Lutz and Palenga-Mollenbeck 2012) and other luxuries that mothers send to their families during their time of separation (see e.g. Millman 2013; Horton 2009; Boccagni 2012). However, it is not always the case that migrant women leave in the country of residence (COR) without their family for very long periods. With increased migration of skilled female workers, the separation becomes temporal as opportunities present themselves for families to join where possible.

Madziva and Zontini (2012) have identified several factors that shape the differentiated effects of transnationalism on women and their families. Among these is the culture context in which migration is undertaken, particularly where migrant women come from, the gender regime in their COO, how migration is seen and if it is supported and what the migrant women's migratory projects are. These authors have shown that in countries such as the Philippines, emigration has been supported and even encouraged by the state itself, which now sees it as essential in order to generate the crucial remittances on which the country has become dependent. Thus, Filipino women's economic function tends to be recognised, valued and not looked down upon. Also, in the context of migration from Eastern to Western Europe, in spite of growing public concerns over what has come to be termed 'Euroorphans' (Lutz and Palenga-Mollenbeck 2012: 32) to refer to the children left behind, women's participation in the labour market is supported at state level, with the sending countries increasingly regarding their emigrants as investors in the national economies. Yet, in the case of Arab countries such as Morocco, despite the fact that migration is widespread, female independent migration is not culturally promoted and women (unless they are widows or divorcees) have to move against their families' will (see Zontini 2010).

Conflicting Cultures

In stereotypically 'gendered' societies, women are assumed to be marginally proactive at household activities and raising children, thereby assigning them to a reproductive caring domain (Deenen et al. 2015). Men, on the other hand, are assigned the financial 'provider' and 'leader of the household' roles, which denote a sense of power and masculinity (Faria and Sachsida 2012). African culture, for example, is perceived to be largely male-dominated, where boys were socialised from a very young age to perform 'dominant and domineering roles', with girls socialised to accept and assume 'subordinate, curtain–raiser roles'

(Pongweni 1996; Mashiri 2000; Mukama 1995). This view is consistent with the social role theory which sees behavioural sex differences as arising from the different social roles that are occupied by women and men and which are closely linked to the division of labour in relation to their physical attributes (Harrison and Lynch 2005; Eagly et al. 2000. Also see Hofstede 1998).

Such perceptions are, however, seen by other studies as not fully capturing the complexities that are characteristic of African gender role relationships (e.g. Schmidt 1992; Chitauro 1995; Chinyowa 1998; Shire 1999; Thondhlana 2010). For example, Chinyowa (1998: 164) found that traditional Shona culture appears to have been based on a 'reciprocal sharing of power and authority between women and men'. On this, the roles of a man and woman are often viewed as complementary and underpinned by the philosophy of UBUNTU or UNHU (essence of dignity) which emphasises the interdependence of each person on others for personal growth. This philosophy is expressed by Mbiti (1969 in Chiwome 1996: 51) as 'I am because others are and since we are I am'. However, in this complementarity, men could be seen as benefitting in a patriarchal system that accords them public recognition of their contribution while the woman is supposed to receive her honour through her husband's honour. Kapteijns (1999), writing on the Somali society, also found that such perceived reciprocity may have couched other power dynamics and resultant imbalances and observed that while a woman became more valued when she started to be productive and reproductive, her labour and fertility were there to serve a household headed by a man. Ollenburger and Moore (1992) have highlighted that women were often analysed in terms of their function of integrating and stabilising the family unit (often seen as both immediate and extended) but it was men who headed these units and got the recognition.

Research has, however, shown that gender roles are dynamic, tending to shift in response to changing contexts, age, roles and relationships (Alan 1985; West and Zimmerman 1987; Featherstone and Hepworth 2000; Arber et al. 2003; Thondhlana 2010). An individual may therefore occupy multiple roles in the course of their life and as such both women's and men's roles may change with women increasingly taking on roles previously allocated to men and vice versa. Picking on gender roles, for example, as shifting in response to context, the COO and COR provide perfect contexts to explore how African women, in particular, can find themselves occupying multiple roles as dictated by the realities of the 'diaspora cultures'.

In this discussion on diaspora investment and African women, in particular, it is important to note that African culture tends to be group oriented. In this sense, most women find themselves not only helping beyond the family but also act for the communal good. Although the transnational literature on remittances has burgeoned, it does not go far enough in interrogating the empowering effect that these women experience when they assist in financing a business of a relative to make them financially independent. This act of empowering others in turn empowers the diaspora women themselves to challenge the social and cultural norms associated with a woman especially in male-dominated cultures. In some cases, however, the giving without a monetary return may serve to demonstrate the woman's enhanced economic and social standing. This is more evident in cases, where women before migrating occupied lower paying jobs and were dependent on husbands as principal providers.

Methodology and the Study

This chapter is based on five case studies with migrant women of a SSA origin living in the UK. The interviews were accessed through the networks of the three researchers, who are themselves African migrants to the UK. While snowball sampling facilitated research access, the selection of participants was purposefully determined to ensure diversity in the kinds and forms of transnational businesses that women invest in. Research encounters were audio recorded and transcribed before analysis using thematic and narrative techniques. The narrative approach was suited to our theoretical framing, enabling us to tap into our participants' lived experiences (McCance et al. 2001) and allowing for the exploration of both the different meanings that participants associated with diaspora investment and the complexities of their investment journeys. Data analysis was undertaken by the three researchers both individually and as a team. This involved each researcher reading the transcripts both with an autobiographical eye and through their own predominant disciplinary lenses (Chase 2007)—from education, international business and entrepreneurship studies and sociology and migration studies. Individual interpretations of the data were discussed in team meetings and the paper then passed between the three researchers, with each taking the lead at different points in the iterative process. This chapter employs quotations and excerpts from participants who are anonymised as P1, P2, P3, P4 and P5.

Transnational Entrepreneurship and Transitioning Gender Role Relationships

Our study confirmed some of the complexities of gender dynamics underpinning African gender role relationships revealed in gender-related literature and which have impacted participants' entrepreneurial behaviours and actions. As aptly captured by one of our interviewees:

> African gender dynamics are complex, hence very difficult to understand. In Africa men as heads of homes are traditionally seen as providers, although in most households men get financial help from their wives especially where a woman is employed. Even where a woman is not officially employed, women often run income projects. So in African terms, a woman's contribution to the family home is often underplayed, with the man getting all the credit and recognition. (P1)

Drawing on from interviews with the other four participants, we learn of how the British immigration system in particular, unwittingly challenges or strains and shifts these gender role relationships. As an example, P3, noted that while her husband had always taken a lead in family issues, the dynamic shifted when they decided to move abroad and needed a strategy. This participant's job enabled the whole family to move to the USA on a study leave which catered for the family. The family travelled on her USA visa and this ushered her into an uncharacteristic decision-making role as she needed to communicate with funders and her institution about family travel and related arrangements. Following the study leave, they decided not to return home but to move to the UK instead so as to give their growing children more life options. While making arrangements for a UK visa the immigration officer in charge suggested that their chance would be increased if the wife, who had a Ph.D. was entered as the applicant and the husband and children as dependents; a suggestion that would have been a bit of an anomaly in their culture, where the husband tended to lead even if the wife was in reality more actively involved. P3 narrated:

> Both my husband and I were very uncomfortable with this idea (the change in roles) as it went against our way of doing things and I knew how much pressure this would put on me to ensure that the family was able to settle in the UK, notwithstanding also making my husband feel rather 'small'. We however realized that if we were to ever increase our chances of being awarded the visa we had to take his advice. This was to impact my life in unprecedented ways. The visa required that the holder find employment and earn a certain amount of money to keep the family in the UK. While I would customarily not do this, I found that I had to learn to see the bigger picture of my family's circumstances as I felt that it was up to me to carry this huge burden of seeing to the settling of my family in the UK. I found that I had slowly started thinking and behaving like a man, sometimes just doing what I thought needed to be done without consulting my husband. This was more so because while my husband worked hard to support the family his work and salary did not count towards our settlement as the UK Home Office made clear. The gender roles we were accustomed to become blurred in this very different cultural environment and we had to think differently.

Similarly, P1 found the reunion visa category which enabled her husband to join her as a dependent also causing a shift in gender role relationship as her husband had to depend on her for settlement in the UK, a dependency which is against some African cultural norms (Thondhlana 2010). As she explains:

> When a woman migrates first, gender roles and expectations get reversed in a pronounced way. This became more pronounced when my husband later joined me here in the UK where he automatically became my dependant, for visa purposes and also in other key areas. For example, when he wanted to start a motor mechanics business here in the UK, he had to ask me to get him a loan because he was still new in this country and the banks would not lend him money. Having lived here for about 2 years, I had managed to build a good credit rating so I got the loan in my name. But before I agreed to get the loan, we had to sit down and discuss whether this was the best area to invest in, how the loan was going to be repaid and the level of my involvement in the business.

Accidental Empowerment?

The women interviewed in this research have a common experience. They all find empowering the act of providing for family, decision-making and as controllers of financial resources at their disposal. In some cases, roles have reversed and women find themselves exercising greater personal autonomy (Helmich 2015) over their own lives and gaining social recognition in their own right. The consequence of this shift in role relationships was that P3 found herself beginning to think big in terms of decision-making and leading in the steps that the family needed to take to make it in the UK. The women claim that the institutional setting in the UK has enabled them to become bolder in terms of what they can achieve on their own.

Women's Remitting Patterns: Social Missionaries?

Unlike P3 who migrated together with her husband, P1 was involved in chain migration, with her as the lead migrant, leaving her husband and three children behind. Thus, her case provides some insights into gender dynamics and remitting pattern in the context of chain migration and where a woman is the lead migrant. She narrates:

> What I think is that when a woman migrates first, there is so much expectation especially from the extended family members. In our African culture, although a man is portrayed as the breadwinner, a woman is seen as the distributor, and relatives will always approach you as the 'mother' asking for help. Because a woman is caring, in most cases you persuade your husband to support his family members even when he doesn't feel like doing so. So when you migrate first, people will feel free to tell you about all their problems and this can put a woman under pressure because you feel obligated to help, partly because you know there is a real need and partly because you don't want to be judged as someone who has changed and is no longer patriotic. (P1)

To this end, P1 was remitting money regularly to help with family upkeep in line with what Ribeiro et al. (2012) refer to as an embedded sense of duty to their families. In turn, her husband saw this as an opportunity to beef up his brickmaking business. However, while the business was registered in the husband's name, P1 felt she had a stake in it given that her financial contribution made the business possible. This gave her leverage in terms of demanding accountability from her husband. As she explains:

> Where my husband needed more money to invest I would demand to know what exactly this was for and in some cases I would challenge some of the decisions he was making. So, it gives you some level of power because you are also contributing financially.

It is interesting to note that P1's remitting went beyond her immediate family to include extended family members, the church and broader community in a way that exhibited a form of what we call an 'unstructured not for profit social enterprise' as P1 aimed at delivering a social benefit as well as addressing an economic need for a group of women. Here is how she explained:

> Alongside sending money to my immediate family, I was also remitting money to support other family members, including paying school fees for cousins, nephews, nieces, you name it. I also provided seed corn money to other family members who wanted to start their own businesses,

> including one of my sisters who wanted to establish a chicken rearing project and my mother-in-law who wanted to venture into pig farming. Also, my husband was very much involved with the work of the church, including leading an assembly in one of the poorest peri-urban communities. Because of his leadership role in church, he persuaded me to support a group of women from this assembly to undertake baking training as well as purchase baking equipment and utensils for them. This cost approximately US$500.00. This investment has in turn led to the establishment of a small baking cooperative in this community where women can go and learn basic baking skills to enable them make essential things like bread and buns which they can easily sell and earn money for themselves. (P1)

What Are the Factors That Are Empowering Women to Set up Transnational Businesses?

Enabling Environment in Host Country

In terms of developing business ideas, P3 had previously not seen herself going beyond engaging in small-scale buying and selling as well as doing some consultancy work related to her academic field of expertise in industry. Also initially, she found that seeking a UK life with a young family and facing the challenges of adapting to a new environment meant that business development ideas took a back seat. However, as her children have grown older she has started to think of more serious ways to develop the business and in her new found boldness she has started to think big in business terms and also about eventual retirement from her academic job as well as leaving an inheritance for her children. She reflects:

> I have lately been seriously thinking about how I can put my many years of academic experience and skills into something more enduring; something I enjoy doing but which can also set me up nicely when I eventually retire. I also want to be able to leave my children a meaningful inheritance. In my current role, I have been able to do some travelling and I'm involved in some collaborative work with colleagues in the UK and my home country and have found that I am passionate above contributing to

> the sustainable development of my country and using my UK experience to do that. I'm therefore setting up a private college in my country.

Similar sentiments were expressed by P4, a divorced mother, who trained as a nurse before moving to the UK.

> As a nurse with substantial work experience of working in my country of origin before moving to the UK, I knew that there was a serious shortage of medicine and working in the UK medical field I realized that I could easily find ways of accessing medical supplies to export to my home country. So I decided to set up a pharmacy in my country of origin. As a single mother with a young child, I needed a local partner as I would need to work and stay here. I thought of my former trusted colleague who was excited with the idea and was happy to partner with me.

Although other studies note the downside of strong social networks (Kariv et al. 2009) in the case of these two participants, a combination of strong social networks in COO and enabling environment in COR seem to have been a positive motivation. In particular, the UK's empowering environment has in a great way enabled women to be assertive and freely transfer new business ideas to their COO. This change in behaviour is also reported by Deenen et al. (2015) in their study of 'left -behind' migrant spouses in Kumasi, Ghana, where the men felt that their spouses abroad had become more assertive. The left behind male spouses attributed this change to their wives learning new things in the host country, and interacting with another culture. For example, P3, having spent many years working in the UK in an academic role, she felt empowered to use her UK higher education experience to set up a private college in her COO, where she would develop programmes with an international orientation:

> I would like to develop programmes with an international bias so that graduates from my college can be employed anywhere in the world. My international exposure has given me ideas on how to do this. I also would like to develop diverse programmes that cater to different capabilities and would open doors for learners to excel in their area. While in the UK I have worked with young people and developed an understanding of the

> challenges they face and also through my academic work I have learned about the range of options available to learners of different abilities and the international employment opportunities that they could access.

This pattern reflects a growing recognition of the role of education in entrepreneurship in existing entrepreneurship literature (e.g. Harmon et al. 2003).

For P4, starting a pharmacy is a project that was enabled by the availability of and easy access to loans in the UK. On moving to the UK, she realised that she could easily borrow money whereas if it were in her home country she would not have been able to have the confidence to borrow a huge amount of money and engage on such a huge project. However, in their endeavour to invest in their COO, some women were met with some challenges. These challenges are discussed in the next section.

What Are Some of the Factors That Constrain Women Entrepreneurial Endeavours?

'Failed' Social Networks and Mistrust

In addition to the challenges of institutional voids common to African countries, women pointed to problematic social networks and mistrust within the family and local partners. In P4's case, although she had managed to secure a loan to set up her business in partnership with her 'trusted colleague', the plan did not work quite as she had anticipated. Initially, as a single mum, she needed to be around for her daughter, as well as to increase her work shifts to help pay for the loan. Thus, she was not able to travel to her home country to check on developments of her pharmacy leaving all the setting up on the ground to her colleague. She explained the arrangement as follows:

> We had had a good working relationship and he reassured me that he would take care of things for both our benefit. I provided the money

> which would be returned to me as the pharmacy prospered. I got regular updates from my partner and was looking forward to visit for the launch.

However, when she eventually got the opportunity to visit her home country, she was shocked to discover that there was no pharmacy. Instead, her partner informed her that the deal had fallen through and they had forfeited the money she had borrowed. Scholars have noted the importance of local networks as rich strategic resources (Brzozowski et al. 2014; Mustafa and Chen 2010; Drori et al. 2009) in mitigating against the perceived risks associated with mistrust while working with local partners or family members. Instead of her local partner providing a 'local eye' over the proposed business as well as acting as a reliable source of information for the migrant entrepreneur (P4), the partner took advantage of the 'absent business partner' and redirected the resources to setting up their own private business. This outcome demonstrates the consequences of the lack of close oversight that many in diaspora worry about and this is a view strongly shared by P5 below. However, due to the sociopolitical problems in her country and the endemic corruption in economic circles, it was not possible to get the fraud investigated. Consequently, P4 lost her investment. To her surprise, however, a few months later she heard that her 'trusted partner' had set up a pharmacy of his own claiming that he used his own savings. She was to lament:

> I learned that doing a business long distance does not work. You need to be hands-on. I also learnt that being a woman and worse a single one in business can be hazardous as you can be taken advantage of even by trusted friends and family.

Similar sentiments were shared by P5 who also had had bad experiences of investing in the COO: As she comments:

> I see it as a waste of money if one didn't have a partner they trust to manage the business in their absence. Based on numerous stories of failed businesses and money going missing when remitted for business ventures,

> I decided I was not going to waste money and have unnecessary stress investing in my COO for now.

She went further to raise some critical questions that are important for prospective transnational business women to consider:

> My concerns about investing in my country of origin are: will I have control over the business and shape it in a way that meets my standards and aspirations? If not, why not do business here or better still invest in property here (UK) instead, and near the time of retirement sell the house and then build a house for my family rather than do it now when I have no control over how it is maintained? For me control is the big issue and I find myself struggling to entrust anyone else and from a distance with my investments. I am full time running my consultancy and supply business that I started after working in the public sector for some years. So I feel able to navigate the business environment and compete with other businesses out there.

How Are Women Breaking Down Some of the Barriers That Constrain Them in Their COO?

The narratives below attest to what seems to be an appropriate strategy to circumvent the risk that comes with long distance in managing transnational businesses. Other studies have shown that diasporas go for safer investments such as real estate, which may not necessarily be profitable but easier to manage and have some control over operations (Boly et al. 2014; Grant 2007; Smith and Mazzucato 2009). In the case of P4, the bad experience of mistrust with a local partner has not deterred her from pursuing her business dreams. However, she has become 'wiser' and decided to go for what she sees as a safer transnational business, real estate. She discovered that she could build houses and rent them out. Also, now that her daughter has grown up and can be left in the UK on her own she has made it a point to visit her home country often to supervise her projects. This has helped to give her confidence in her ability to run a transnational business successfully. As she notes:

> I feel more empowered in that I can be there when I want and when they see me they know that they can't cheat me. I like this venture as once I have the title deeds in my hands I know that I have control of my business.

As noted by Lo (2016), women in diaspora including those interviewed here, are entering emerging sectors and markets with the hope of increasing their earnings and economic profitability. Venturing into construction on a big scale for instance signals a shifting pattern and breaking the divide that has hitherto categorised women as 'necessity entrepreneurs' and operating in the informal sector. What we see here are positive push factors pointing to women entrepreneurs' creativity in the search for new and challenging business opportunities.

P1 has also drawn lessons from her indirect investment by now beginning to put herself first, and being careful in choosing to partner with someone already running a successful business:

> For me, having invested in other people's businesses for a long time, I am thinking of starting my own business in my country, possibly in real estate as I have a sister who is already operating in this area of trade and seems to be doing very well. I think I now have enough experience because I have seen some of the businesses I have invested in being successful and some failing.

From this excerpt and others, women in diaspora can be seen to be acting like 'social business angels' as they narrate of how they have helped finance business of family members and beyond. The difference lies in the motive; in many cases, there is no direct monetary profit for the diaspora women. It therefore seems that what we so far know about women's involvement in business and/or entrepreneurship activity in their COO is only a small part of the story, as their engagement is more complex than is officially captured. In the case of P3, while she has often supported her brother who is a teacher but is unable to find appropriate work in his context, she has seen that this helping is not sustainable in the long term and has sought what she sees as a longer-term solution, and that is to help her brother stand on his own feet while lifting the burden off her shoulder.

> My decision to set up a college is in part driven by a strong need to help my brother in a more sustainable way. This way he would also be able to support other family members even me or my children should there be such a need.

As expressed by the UBUNTU philosophy, investment in this culture is complex being both direct and indirect (if not circular). Premised on the perceptions of women in the context of Africa and the cultural effects of motherhood, the narratives as presented here seem to suggest that women in the diaspora continue to shoulder even more commitments to family responsibilities. Unfortunately, the social cost of meeting these expectations tend to be marginalised as most of these women have juggled two or more jobs in the host country for them to even save money for business start-ups.

Women's Investment in Areas That Are Traditionally Constructed as Man's Territory

For P2, although nursing was not her first choice of career, she recalls realising early on arrival in the UK that this was a good fit for her as she perceived herself to be a naturally caring person and subsequently moved on to start a care agency business. Her confidence in herself and ability to navigate the English business system not only emerges strongly through the transcript, but also gave her the courage to think big both in terms of the nature and size of the transnational business to venture in. P2 has evidentially broken into a traditional man's world by establishing a construction company in her COO. Also alongside construction, she runs a car hire business (though on a small scale), which involves hiring her car(s) to diasporans when they visit home. Also her construction business is diaspora oriented in that she frequently gets building contracts from diasporans who would have bought land and wanting to build in the COO.

Our analysis so far has shown diversity in the kinds and forms of businesses that women invest in as well as revealing the potential link between profession type and the type of investments that women go for. Key questions to ask when seeking to unpack diaspora investment are: What are these women investing in? Are these businesses solving a problem or are they just doing it because everybody is doing it or simply replicating what is already there and in saturated markets? Interviews with these women reveal that women are not only doing what everyone else is doing or investing in an already saturated market, but pushing boundaries for themselves. This is consistent with an opportunistic view of investments (Benson et al. 2016). For example, P3 and P4 were individuals who have had successful careers both at home and in the UK, and appear to have been able to deploy both their human and social capital effectively in both settings. In turn, their UK professional experiences made them more multiskilled than their counterparts in COO; hence, they felt empowered to invest in their COO filling the well-known and researched gaps in the specific markets.

Conclusion

There are indications based on the cases of the participants in the study that African women in diaspora are entering emerging sectors with the hope of increasing their earnings and achieving for self. What is interesting to note and an area of further exploration is that women to a large extent still perceive the sending of remittances (including that of assisting family members set up own businesses) as a social practice. Our study has shown a pattern where women are making huge investments in other people's businesses, e.g. by financially supporting a sibling to start a business or partnering with a sibling as a strategy to reduce the financial burden of supporting those left behind. Of particular interest and worth exploring further is the focus women give to social investment (education, health, etc.) which in an interesting way parallels with microfinance where 'not for profit microfinance institutions' tend to have a social mission of poverty alleviation and empowerment. The narratives in the study demonstrate that women do exactly the same; operating as 'mini microfinance institutions', but at an informal family level and more importantly contributing to increased financial access of their recipients. They can be regarded as the 'informal social lenders' in the sense that they do it for their enhanced social standing; betterment of family members or community empowerment as in the case where the church women were helped with baking equipment. Is this not social enterprise at a micro-level?

The study has also noted the positive push factors in the COR pointing to the women's creativity in searching for opportunities in their COO, and their efforts to capitalise on the new knowledge and skills gained. Nevertheless, institutional weak arrangements (Mair and Marti 2009) and finding partnerships of mutual interest continue to challenge efforts to invest in COO. To extend current theorising, we conclude the chapter with a few thoughts as areas for further exploration.

Anecdotal evidence suggests that a number of women, particularly those building homes in the COO may not have an endgame plan at the moment and so they don't know whether they will be returning to their COO in the near future. This therefore begs the question: Are these women and many others investing in response to the existence of investment opportunities back home and/or to the possibility of a future return after retirement? If it is for retirement, should we be regarding this investment as having multiplier effects on the economy? Do these people fit as transnational entrepreneurs?

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11

Skilled Migrant African Women of Faith and Diaspora Investment

Juliet Thondhlana and Roda Madziva

Introduction

A growing body of literature has noted the increase in the population of migrant women seeking for business opportunities (e.g. Baycan-Levent 2010; Erel 2010) in a context where women now make up almost half of the world's migrants (Petrozziello 2011). It has been further shown that some of the business ventures that women engage in are of a transnational nature, demonstrating women entrepreneurs' capacity to establish effective connections between the host country and places of origin (Ryan 2002).

However, different views have been generated as to why migrant women choose the entrepreneurship pathway. On the one hand, there are assumptions that skilled migrant women go into business as a

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professional survival strategy to avoid deskilling in the context of the barriers they face in the host societies including gender inequalities in the labour market (Petrozziello 2011); the non-recognition or non-transferability of their skill sets/qualifications; and/or a lack of linguistic capabilities in terms of the host society (Dannecker and Cakir 2016). Writing in the context of Austria, Dannecker and Cakir (2016: 101) argue that:

> In Austria as elsewhere, language is defined as the most important factor for the successful 'integration' of migrants, but is closely followed by economic success. Accordingly, self-employment is seen as a positive migrant economic activity…

On the other hand, it has been suggested that a significant number of migrant female entrepreneurs, particularly those who are skilled, choose this path as a strategy to enter into more flexible employment and out of a strong desire to support their home countries through 'trade, professional partnerships, and even job creation' (Chatwani 2016: 118). As Chatwani (ibid.) argues, the notion that women turn to entrepreneurship as a result of deskilling is only part of the story, given that for the highly skilled, the entrepreneurial path is also more of an expression of confidence in self-leadership and in designing a personalised career choice (also see Moore 1990).

While there is a significant body of research on migrant female entrepreneurs of other diasporas, not much attention has been paid to migrant African female entrepreneurs. Specifically, with regard to the African diaspora in the UK, much of the existing literature on migrant entrepreneurship does not distinguish between male and female migrants. This chapter attempts to contribute towards filling this gap through a focus on migrant African women of faith who are entrepreneurs. Women of faith are of interest given the increasing attention being paid to the interface between religion and economic development (e.g. Berger and Hefner 2003; Nwankwo et al. 2012), yet the extent of the involvement of women in faith-based businesses, is not known, despite indications that in most churches, women both form a significantly larger church population than men (Hunt 2002) and tend to contribute more to church developmental programmes through their income generating projects (Musoni 2013).

Our aim in this chapter is to explore transnational entrepreneurship activity among educated and skilled migrant African women of faith who see their business activity as being 'underpinned by biblical principles'. We engage with the factors which influence these women's decisions to go into business and consequently invest in their home countries. We raise questions about the nature of spiritual capital generated by faith and its effect on their decision-making processes, business practices and performances. In so doing, we seek to highlight the interaction of faith with related education, economic, social and psychological push and pull factors and the accompanying gender-based pressures in the context of home investment.

We start by exploring the theoretical resources we mobilise that allow us to unpick some of the complexities of transitional entrepreneurship by our women of faith. We will then turn to our research design before exploring the key themes that emerge from the study, ending with a discussion and conclusion that point to the potential significance of this study and future research direction.

Theoretical Framework

Diaspora, Transnationalism and the Notion of Diaspora Direct Investment

In the spirit of this book, we engage with the concepts of diaspora and transnationalism and the related notion of Diaspora Direct Investment (DDI). We start by acknowledging the fact that diaspora and transnationalism are fluid concepts that are often confused as well as being interchangeably used to capture a broader range of international migration phenomena. While we do not have the space to fully engage with the historical and evolutionary process and/or do justice to the literature and debates relating to the use of the terms 'diaspora' and 'transnationalism', we acknowledge Faist's (2010) assertions that diaspora is a very old concept, whereas transnationalism is a relatively new concept. Moreover, in both public discourse and academic debates and analysis, 'the terms have fuzzy boundaries and often overlap' (Faist 2010: 11).

Initially narrowly used to describe forced migrant communities, particularly in the context of the forced dispersion of the Jews (Cohen 1997; Faist 2010), the meaning of the term 'diaspora' has in recent years been expanded to include a diverse range of migrant community groups with strong connections (both practically and mythically) to their countries of origin (COO) (see e.g. Reis 2004 for a detailed discussion). Citing Reis, Pasura (2012) argues that what differentiates the old and new conceptualisations of diaspora is that contemporary diaspora groups, unlike those in the past, consist of people who have left their COO due to a myriad of reasons including political conflict, economic instability and opportunity seeking, with globalisation as the trigger of the phenomenon. Re-conceptualising the term diaspora in this way, as Pasura argues, is therefore 'an attempt to expand the concept from its previous narrow focus on victimhood …and attempt to explain the myriad contemporary forms of international migration' (Pasura 2012: 144).

Transnationalism, on the other hand, has been defined as 'a process by which migrants, through their daily life activities create social fields that cross national boundaries' (Basch et al. 1994: 22). In Levitt's (2001) view, transnational communities can be better conceived as the building blocks of sustainable Diasporas. He argues: 'Diasporas form out of the transnational communities spanning sending and receiving countries and out of the real or imagined connections between migrants from a particular homeland who are scattered throughout the world' (Levitt 2001: 202–203).

The fuzziness of the two concepts of 'Diaspora' and 'Transnationalism' has further been stressed by Dahinden (2010) who coins the phrase 'diasporic transnationalism' to emphasise the movement of people, information, goods, skills and capital across political borders and in ways that authenticate migrants' simultaneous embeddedness in more than one society. Thus as Pasura (2012: 146) aptly notes, 'not all diaspora communities are transnational but only those whose activities maintain a sustained regularity which transcends borders'.

With the increased recognition of the role that transnationalism plays in connecting sending and receiving societies, the literature on transnational families has proliferated (e.g. Parreñas 2014; Petrozziello 2011). This literature has been insightful in revealing diasporans' unwavering commitment in sending remittances to their COO to support friends and families and other philanthropic type of activities.

Indeed, in recent years, governments, regional and international development organisations have started to show significant interest in remittances as well as raising questions in relation to how diaspora capital can be mobilised in development activities (World Bank 2006). Writing in the context of the African diaspora, Ojo et al. (2013) argue that 'together with remittances, small business development, skills, technology transfer and trade links… are identified as catalytic diaspora resources regenerating Africa's economic development'. Indeed, it has been noted that African diasporans are people who always seek for business and investment opportunities in their COO (Ojo 2012; Pasura 2012). To this end, the notion of DDI has been increasingly drawn upon to capture this phenomenon. As Debass and Ardovino (2009) argue, DDI is a concept that is deeply rooted in 'transnational networks and the theoretical components that comprise them, components such as social capital, brain gain, return migration and remittances'. However, as Ojo et al. (2013: 289–290) argue 'not much is known about the mechanism of enterprise development at an individual level … by African diasporas'.

Of interest, in this chapter, is the transnational entrepreneurship activity by African migrant women of faith. We see this as particularly important given the growing body of transnational literature that positions gender as an important analytical tool in the study of transnationalism. It has been noted that the feminisation of migration in recent years has worked to improve women's autonomy and decision-making power in their families and communities. Particularly with regards to remittances, transnational literature has revealed gender disparities in remittance sending patterns and practices between men and women, showing that women tend to remit a higher percentage of their income and to a wider array of family members than men (Perez Orozco et al. 2010). Furthermore, in countries of immigration, women often seek for opportunities to engage in further education, which subsequently expose them to new skills and other economic opportunities such as starting their own businesses (Petrozziello 2011; Baycan-Levent 2010).

At the same time, the interconnection between religion, spirituality and pursuits of economic opportunities such as businesses is well documented (e.g. Nwankwo et al. 2012). Below we explore the concept of spiritual capital and its link to migrant entrepreneurship in order to place our chapter within proper theoretical contexts before we turn to our case study.

Spiritual Capital and Migrant Entrepreneurship

The link between faith and socio-economic development is well documented, especially the relationship between spirituality and entrepreneurial orientation (Neubert et al. 2015; Nwankwo et al. 2012). Building on Bourdieu's (1986) concept of cultural capital, Verter (2003) proposes a multi-dimensional theory which he coins 'spiritual capital'. Conceptualised as a form of cultural capital, spiritual capital also exists in three forms: the embodied state (the individual's position, disposition, knowledge, abilities, tastes and credentials in the field of religion), the objectified state (material and symbolic commodities related to religion and spirituality, e.g. sacred texts, theologies and ideologies) and the institutionalised state (organisational structures, e.g. churches, seminaries with power over spiritual goods, both material and immaterial). Drawing insights from these foundational conceptualisations the Middlebrooks and Noghiu (2007) model of spiritual capital insightfully emphasises measurable changes at the individual level of analysis by presenting a definition of spiritual capital that includes descriptions of individual dispositions including:

> (a) belief in something larger than self, (b) a sense of interconnectedness, (c) ethical and moral salience, (d) a call or drive to serve, and (e) the capability to transfer the latter conceptualizations into individual and organizational behaviours, and ultimately added value.

Building on Bourdieu's idea of forms of capital being converted into economic capital, Berger and Redding (2010: 2) view spiritual capital as 'a set of resources stemming from religion and available for use in economic and political development'. Using evidence from an empirical study that suggests a link between entrepreneurs' spiritual capital and business innovation and performance, Neubert et al. (2015) argue that higher levels of spiritual capital in terms of motivation, energy and work ethic emanating from a relationship with God had a positive effect on business success. For example, spiritual capital may, in this case, scale the business by signalling to potential employees or clients that the entrepreneur has good moral and ethical standards and can be trusted.

Writing in the context of the African diaspora in the UK, Nwankwo et al. (2012) have shown a strong link between spirituality and entrepreneurial orientations among African migrant communities. These authors' findings reveal that migrant entrepreneurs are finding 'new market niches by utilising the platform of co-ethnic networks and faith-based affiliations, among others' (ibid. 2012: 149). In this context, religious spaces such as churches may serve as both 'enterprise incubation centres' and 'a fecund ground' for promoting a brand of spiritual-oriented entrepreneurship. As Nwankwo et al. (ibid.) argue 'this hybrid entrepreneurship is unique and offers a novel platform for constructing new understandings of ethnic entrepreneurship'.

Below we explore the transnational entrepreneurship activity among educated migrant African women of faith, raising questions about the nature of spiritual capital generated by their faith, how this is translated into external practices and experiences and the impact on entrepreneurship activities, both locally and transnationally.

Methodology and the Study

This chapter draws from an on-going research project with migrant African women of faith in the UK. It is based on in-depth interviews with five women. We used snowballing and our own existing networks to access our study population. However, given the focus on skilled migrant African women (of faith) entrepreneurs, it was not easy finding participants with all the 'right' characteristics. For example, while it was important that women own their own businesses, we found out that some women (two) were running businesses in partnership with their husbands. Thus, following Heilman and Chen (2003), we define an entrepreneur as '… someone who has initiated a business, is actively involved in managing it, and owns at least 50% of the firm'. Also since the focus was on African women, effort was made to access women from different countries in Africa. Two women were from two separate countries in West Africa (WA) and three were from three individual countries in Southern Africa (SA). Due to the sensitivity of the information provided by our participants, individual narratives are referred to as WA1, WA2, SA1, SA2 and SA3 in order to protect the identities of our participants. The business ventures that women were involved in include Medical equipment and accessories supply; domiciliary care and dialysis business; clothing business (two) and money transfer and construction. Interviews took between 45 minutes and 1 hour. With the approval of the participants, each interview was recorded, anonymised and then transcribed before analysis, following the grounded theory tradition. In this chapter, participant's narratives are reported as verbatim.

Factors That Drive Women into Entrepreneurship and the Role of Faith

While it is beyond the scope of this chapter to analyse the routes and journeys taken by our participants as they migrated to the UK, the women we interviewed were skilled migrants whose main purpose for migration reflects their desire to further their education and seek better work opportunities. Our first case study is that of a woman from a country in WA, WA1 who migrated to the UK in 1992. Before coming to the UK she had completed BSc degree in biological sciences. She came to the UK to study, hence she proceeded to do a masters' degree in scientific computing, and information technology. Following her studies, WA1 could not readily find a job that was commensurate with her level of education and training. She opted instead to work as an administrator at a local college. In this role, she would frequently volunteer to teach computing lessons to adults who were coming to the college to learn computer skills as a step towards returning to work. This gave WA1 the opportunity to use her skills though in a voluntary capacity:

> I would always volunteer myself to teach these adults and because of this I got the opportunity to learn more skills because whenever the college was introducing a new computer package I was the one who volunteered to learn it.

This experience gave WA1 the confidence to look for a job in the computing field. She then got a job with a bank which required her to both use the skills she had learnt in her previous job and acquire new and advanced ones. From here WA1 worked for other big computing companies. Although she had what she described as a good job, WA1 said 'I felt God prompting me to do something better and higher than what I was doing, which eventually led me to start my own company', offering specialised computing services to a broader range of companies. In entrepreneurial terms, WA1's approach seems to fit with what is considered as 'subjectivist theory of entrepreneurship' whereby individuals use their education, knowledge, experience, contacts, resources and skills to set up a business venture with the intention to realise increased economic prosperity (see e.g. Liñán et al. 2011). Moore (1990) calls such women 'modern entrepreneurs'.

However, for this participant, the push to entrepreneurship is not only dependent on her education and acquired skills but a deep trust in God's leading, as well as the patience to wait on him to 'open doors of opportunity' at the right time. In this regard, the decision to set up the business was a result of a complex process involving prayer, fasting, reading the Bible and undertaking some practical steps to learn new skills during the time of employment:

> Through prayer, fasting and seeking God, I got the sense that God was leading me to start my own business, but I had to wait upon him, until the time was right… And because I had always put myself forward with every company I'm with to make sure that I learned the new skills, I got

> to a point where I felt within me that it was now time for me to set up my own company. I started to look for customers and God opened the door and I just took the bait and I've never looked back.

Thus, our participant had 'low internal locus of control' but 'high external locus of control' (see Liñán et al. 2010 for a detailed discussion) given the emphasis on God's leading, which makes her entrepreneurial orientation distinct from the ordinary business instinct and the urge to do things for self; traits that mark entrepreneurs in general (Beugelsdijk and Noorderhaven 2005).

While the other women we interviewed also noted engaging in spiritual activities, their entrepreneurial journeys were different to that of WA1. For example, SA1 a former teacher who migrated to the UK in 2002 noted how she and her husband struggled to find jobs in their areas of speciality. Thus, they ended up in what Mbiba (2011) calls 'the abject space' (to describe the non-skilled and semi-skilled jobs) caring for people with mental and physical disability. With time SA1's husband was promoted to a care coordinator, which later gave them some ideas to start their own business in domiciliary care. In this way, the abject spaces offered them new opportunities to go into entrepreneurship (Mbiba 2011). However, because of the complexities and level of specialisation required in this type of business, SA1 and her husband decided to spend time gathering more information from the organisations they were working for. This way their behaviour resembles what has been called 'intentional entrepreneurs' who use organisations that they work for as incubators for hatching and developing ideas for their own enterprises (Moore and Buttner 1997; DeMartino et al. 2006).

At the same time, SA1 and her husband were members of a transnational Pentecostal church where they regularly benefited from biblical teachings around entrepreneurship and related business seminars. While churches are ordinarily not known to have a business/entrepreneurship disposition, there is emerging research which document the entrepreneurial dimension of especially African Pentecostal churches, whose teachings are grounded in the prosperity gospel which embraces some of the core values of entrepreneurship including self-reliance, self-sustenance, wealth creation and economic independence (Musoni 2013;

Hunt 2002; Nwankwo et al. 2012). As Musoni (2013: 75) argues, from a biblical perspective, 'humanity was never created to beg but to control and subdue the earth' (see Bible, Genesis 1 verse 26) and Christians, in particular, are meant to enjoy economic prosperity and independence more than anyone else because God has made them 'the head and not the tail', according to the Bible, Deuteronomy 28 verse 13. Writing in the context of the African diaspora in the UK, Nwankwo et al. (2012: 157) observes that:

> A common feature of the African churches is their proclivity towards organising seminars, conferences, and symposia on business formation, self-reliance, and general entrepreneurial exploration to stimulate and encourage wealth creation through self-employment.

Similarly, in our study we noted that participants' entrepreneurial visions and spiritual capital are nurtured through a range of seminars and inspirational teachings organised by their churches as captured in SA1 narrative below:

> I can say what motivated me to do the business was the spiritual inspiration we got from our Archbishop when he came over, in 2005. … he was like 'My children, I think you came over to look for jobs but you should have come here to set up businesses, like what other nationalities are doing.' When he said these words and because we were praying about it, we felt it was now time to set up our business… From that time I had that faith that it would work. Also we used to go to the business seminars offered by our church.

Participants' emphasis on the notion of 'faith' was anchored on one of the books in the Bible, James 2 verses 14–16 where it is stated that 'faith without works is dead'. However, as stated earlier, 'faith' is a loaded word, which in practice involves a complex process, as SA2 who was running a money transfer and construction business in the COO notes:

> The faith, I'm talking about here is not just sitting – you pray and draw inspiration from the word of God. It's when you feel it's time to start and

> you keep on going… and you work hard in every respect… Spiritually, you pray continuously for God's leading, and as you get the insights from him you work hard in the physical in order to put your God given vision into action…

From the literature (see e.g. Beugelsdijk and Noorderhaven 2005) entrepreneurship is about spotting an opportunity, timing the launch of it, as coupled by the ethic of hard work, whereas for our women of faith, from spotting an opportunity to launching the business venture and ensuring its success (through hard work) involves acknowledging God, with the belief that he is the source of wisdom, inspiration, insights and power. In this way, we can see a complex interaction between the spiritual and the natural traits that drive entrepreneurial orientation within a faith context. As one of our participants summed it up: 'I can do all things through Christ who strengthens me'. This derives from a bible verse found in Philippians 4 verse 13.

However, like any other entrepreneur, our participants were aptly aware that to become self-employed demands that one continues to acquire the necessary skills and knowledge through education and training in the area of business. In this way, they realised that faith alone was not sufficient to start and manage their businesses, hence the importance of business skills. For example, SA1 noted that

> As we were setting up our domiciliary business, I felt God leading me to undertake a BSC degree in special needs, which subsequently enabled me to acquire the necessary skills and expertise required to set up this particular kind of business.

Indeed, the ability to carefully think and pray through ideas and do adequate foundational work, which includes formal and informal education and training, seems typical of our skilled migrant women of faith. In our interviews, one woman cited the example of Daniel in the Bible (Daniel 6 verse 3) who, through his dedication to serving and honouring his God, acquired a spirit of 'excellence' which set him apart from all other people around him. Thus, participants' persistent reliance on divine guidance and 'belief in something larger than self' (Bourdieu 1986) enabled them to exercise patience and perseverance until they 'feel spiritually' ready to embark on their ventures and undertake education and training in order to attain a level of excellence in their business operations. In the following section, we explore these women's motivations, practices and challenges as they engage with transnational business ventures.

Going Transnational: The Motivations and the Enabling Factors

A combination of enabling factors, a pride in and love for one's home country as well as a desire to give back and help improve the well-being of not only family members but also home country folk, in general, has driven the participants into transnational entrepreneurship (see Debass and Ardovino 2009). As one participant, WA2 who was running a clothing business noted:

> We help people in (country), our relatives, and some who are not relatives as well. Those who need fees, we provide fees, those who need food we help. For us as Christians, supporting the poor, the orphans and the widows is a way of serving God…

The narrative above may raise the question of whether the participant was running a charity, and if not, why was she that much concerned with and engaged in charity-related activity? Our study is consistent in showing that what sets our women entrepreneurs apart from other entrepreneurs is their faith which caused them to behave and operate in specific ways. To this end, participants repeatedly cited biblical verses to validate their actions and practices. Key verses which came up prominently were Proverbs 19 verse 17, which states that 'Whoever is kind to the poor lends to The Lord, and he (The Lord) will reward them for what they have done' and James 1 verse 27 which reiterates the point that religion that God regards as pure and faultless is to look after orphans and widows. Thus for our participants, meeting other people's needs especially the particular groups identified in the above-cited verses was emphasised as the true way of serving God, who in turn has the power to bless and prosper them in their entrepreneurship ventures. This echoes sentiments of one church leader quoted in Burgess (2009: 259) as saying:

> The responsibility to demonstrate the love of Christ in obedience to God's command is an important theme … 'to touch this dysfunctional world with the love of Christ' and 'to show the love of God in a practical way' through prayer, charitable giving and participation in social welfare programmes.

At the same time, within transnational studies, diasporans' role in sending remittances to their homeland to support family members has long been acknowledged, with women being reported to contribute significantly more, in comparison to men (Petrozziello 2011). More generally, as Ojo (2012: 147) argues,

> Transnational entrepreneurs are more likely to benefit from their knowledge of the local political, economic, and cultural environment, as well as their personal connections and linguistic abilities, thus giving them a "first mover" advantage over others when starting or investing in businesses in their COO.

Similarly, our participants were individuals who were in touch with the social and economic realities on the ground in their COO, which as one participant, SA3 who was running a clothing business noted below, often helps to cultivate the desire to invest in the COO:

> I've been here 26 years now… and we do make regular visits back home. So eventually you feel the need to extend your business to your country, because you know exactly what's lacking in your country, which is ok because you know it better than other countries.

Thus for these women entrepreneurs, sending remittances was considered as not being enough in the face of many challenges in the places of origin. For example, WA1, whom we discussed earlier, shared how she and her husband who is a medical consultant in the UK came to establish a business that supplies medical equipment in WA, in ways that demonstrate diasporans' ability and willingness to turn personal tragedy into benefit for other people:

> I lost my uncle to colon cancer. So we were frustrated, because we were, especially my husband, seeing people coming in from Africa, presenting very late with this disease and yet it can be treated and prevented if diagnosed early. But because of lack of skill doing colonoscopy and endoscopy for medics in Africa, it's difficult for them to diagnose.

Similar sentiments were shared by SA1, who together with her husband has set up a dialysis business in their COO:

> It started when my mother-in-law had a kidney problem. So it was a challenge. And when you go to those centres you see loads of people who need help. When they are told to pay large amounts of money, they can't afford, hence they just go home to die. So we just thought, taking the statistics of people we have got who need dialysis in (country) we thought if we set up this business we might help a lot of people…

However, unlike general transnational entrepreneurs whose key trait is that of opportunity-driven entrepreneurship, the driver, in this case, is faith which emphasises selflessness and unconditional love, especially putting other people's lives first as opposed to being motivated by the prospects of making profit. This is highlighted in WA1's narrative below:

> So, with the African business, it was purely, I don't know, out of faith… when you see what is happening particularly in the health sector, you always wonder 'Why can't things not be like the way you see here?' … so when we started, this was out of the goodness of our hearts. Just to give back. …so we've pumped over hundreds of thousands of pounds in that business. The business is not making profit at the moment but what keeps us going is the satisfaction of seeing poor people benefiting from the health technology we have launched and we know that God will bless us for the work we are doing…

Thus as Riddle (2008: 31) argues, 'diaspora investment and entrepreneurship often is not just driven by the quest for profit maximization; social and emotional motivations (in our case, faith) also play a role'. Accordingly, WA1 and her husband's medical business involves the exportation of a state of the art procedure to WA used in the early detection of cancer:

> It is a very ground breaking product, which was developed by an Israeli company. So it's a capsule where inside the capsule there are two cameras, and the patient swallows it, and then it takes the usual pictures and videos of the inside of the gut. So they can use it to detect early signs of colon cancer, and diseases in the gut.

Below we discuss how these transnational entrepreneurship activities are managed.

Managing a Transnational Business: Logistics and Dynamics

In this section, we seek to understand how women entrepreneurs manage to make transnational businesses functional. The first important issue to acknowledge is evidence of women empowerment through the establishment of transnational business ventures. For the two women who were in partnerships with their husbands, they noted that they operated as equal partners in the business. As SA1 explains:

> We are registered as two directors, so we are 50-50 in the business. My husband deals with all the administration, and I deal with all the operation aspects of the business.

This not only sets the tone of the management of their transnational business, but also through their narratives we are able to gain a view into the spiritual capital drivers of their transnational business activity, including the desire to make a difference in people's lives, as a way of serving God. We are also able to see their commitment to providing a quality service through appropriate education and training, as driven by the 'spirit of excellence', which as one woman related to us, is a God-given trait. While these women entrepreneurs were self-confident, perhaps as a result of the success already attained in local entrepreneurship projects, a number of gender role challenges were noted.

Gender Role Challenges

Our findings have shown that for women, participation in transnational entrepreneurship activity was more than a simple business venture, as it entailed their total involvement as the lifelines of the business activity, and in some cases, this involved organising their husbands as well. Moreover, women also needed to slide between business and children, sometimes giving up their own personal desires for the sake of both the family and the sustenance of the business project. This pauses challenges for a transnational business which requires much travelling. As WA1 explains:

> I'm the general manager of the business, my husband is the CEO. My role is to make the business run. I also travel, but as a woman, I don't have to go on every trip… because I have to keep the home running. But getting him (husband) prepared is my job; I do all the memorandums of operations, and if we have to do any contracts with the hospitals, I draft them. My role also involves managing our staff in (country) …because of my IT experience, the website and everything, I oversee all that. All the product brochures and when staff are going to give a seminar, I make sure that they've got all their presentations.

However, one of the challenges noted by our participants relates to working with a spouse, as equal business partner, in the context of the African patriarchy norms that encourage male domination. Some women, because of their education and skill levels, noted being able to address some of these challenges by reminding their husbands of the importance of treating business and marriage separately. This is well illustrated in SA1's narrative below:

> When the two of us started to work together, it was difficult, because we used to clash all the time. But one day we sat down to talk and we agreed to separate marriage and business. So it's helping because if it's marriage, it's marriage at home, but if it's business, we are business partners.

Closely related to this is the issue of managing a transnational workforce.

Managing a Transnational Workforce and the Role of Technology

The nature of the business ventures that the women were involved in demanded that they have other people working with and for them in the COO. The issue of trust was noted to be a major obstacle for almost all the participants, which is a big issue in transnational businesses (Ojo 2012). As noted by SA2 who was running a construction business:

> You hear stories about not doing business in Africa if you are not physically present. People tell you of how they've been burned, because when you are not there they're going to siphon your money.

However, the issue of faith also came up so prominently as one thing, which gave the women entrepreneurs the confidence to invest at home. Through prayer and trusting God to lead them to the right people, they, through their faith-based communities and networks were able to identify people of like-mind who could be trusted to manage and support their businesses during their absence. The following excerpt exemplifies this:

> I have a family member back home who is a Human Resources Consultant and he is also a pastor. So his faith comes on and he's worked with many of these people in the industry, so in a sense there is that credibility because when he recommends them you know these are reliable people. So when I am looking for people to employ I just tell my family

> ‘This is what I’m looking for’, and usually, I don’t have huge staff turnover. When someone is a child of God, I can believe in them, because in a sense they understand I’m in a sense extending God’s kingdom, and God will watch my back. (SA3)

The emphasise that ‘God will watch my back’ does not necessarily mean that people of faith are immune from succumbing to corrupt practices, given some of the scandals and untrustworthy tendencies noted in Christian circles (see e.g. Nwankwo et al. 2012). What we understood from our research was that individuals were dealing with Christian networks that they found dependable.

Also, within the transnational literature, the development in global communication technologies, has been hailed for its ability to ‘compress time and space’ (Parreñas 2014: 425), allowing transnational migrants to remain in constant touch with their families. Equally, technology is critical in the management of international workforce. As WA1 explains:

> We’ve got four staff and have got an operations manager that oversees things for us there. But there is the danger that when your staff know that you are not physically there, they can be slack. So I use technology a lot. I always have a hand in the hiring, through social media technology such as skype.

However for SA1, the strategy was for her and her husband to try and be physically present in the COO as much as they could:

> In our case, one of us will be there for two weeks, the other person will be here managing this one… Rather than depending on workers and other people there it is important for both of us to know hands-on skills. This way we are always on top of the situation.

Overall, our study has shown that combined with other entrepreneurial traits such as education, hard work, recognition of opportunity, faith provided individuals with levels of self-confidence and facilitated their entrepreneurial activity. As we have tried to show, they were not afraid of risk-taking, as they believed that God would lead and guide their decision-making.

The Role of Education and Professional Training

The question of whether educated people make better entrepreneurs has been met with mixed responses with some studies finding that education raises entrepreneurial profits (e.g. Harmon et al. 2003) while others argue that education and entrepreneurial success may depend on non-observable variables such as ability (Kolstad and Wiig 2015). Our findings, however, suggest education as playing a significant role in both laying a foundation and advancing/enhancing participants' entrepreneurship careers. For SA1 and her husband having the necessary skills and expertise was regarded as critical to establishing a successful business:

> We are currently doing Adult nursing. This is important because in our business there are special skills that needs a nursing background. So all this training is business-focused.

Given the nature of her business, WA1 realised the importance of training her international partners and personnel:

> Because of the specialist involved in the medical procedure that we do, medical personnel we work (in origin country) were not that skilled. So my husband, goes every 6 weeks, and this is out of our own pocket, to train a group of doctors on how to do this gastro procedure… Because these are high-tech… I get to train workers on the softwares regularly.

As Riddle (2008: 33) argues 'migrants who venture abroad often gain knowledge and skills that are lacking in the COO. When they return to invest or start a business, they remit this acquired human capital back to the COO thereby turning "brain drain" into "brain gain"'.

However, embarking on a transactional business venture is not a process without challenges. Our participants noted many constraints involving procurement of business equipment, and challenging government policies and practices, which often pose challenges to their faith.

Challenges of Running a Transnational Business

As noted earlier, our participants were mainly driven by the desire to give back to their COO and as such many of the transnational business activities were started without much capital. Also, some businesses were noted to have been affected by the credit crunch and the continual devolution in local currencies. As may be expected they have to contend with a range of challenges, which put their 'faith' to test. As noted by SA1

> I can't say we are making money, maybe in a few years' time things will improve… Because with the devaluation of the currency last year, it was a tough time. If we didn't have the faith we could have easily packed it up, we could have said why this headache, this thing is too complicated'. But one thing we always do before we go into a venture, we pray to God for his leading so we can see what is the feasibility, because a lot of times, people start business without involving God and when they face challenges they retreat… but what is keeping us going is the knowledge that God is in it, and we can see his hand even in tough times…

For WA1 who was running a high-end medical business, persuading suppliers, who were noted to be ordinarily big overseas countries that investing in Africa would yield profit, proved to be a mammoth task:

> For big companies, Africa was not really on their map, because they had a lot of other high valued customers in Europe. So we had to let them know that we were going to market their product properly in Africa, because a lot of people don't want to go and do business in Africa.

She emphasised the role of faith in their breakthrough, expressed through traits such as integrity, reliability, honesty which all amount to credibility:

> Because of our faith, we always try to build a rapport with our suppliers. We're trying to get good quality diagnostic equipment and medical supplies to West Africa. We are honest and reliable in our dealings… So

> when they see that, they know you are credible. We have a credible UK business here as well.

However, because participants wanted the services, they were providing to be made available especially to the poor, there was not much to gain in terms of financial returns

> As we were planning our dialysis business we agreed this is not about making much profit. So we planned to offer dialysis treatment to about ten poor patients per month for free. (SA1)

However, the major challenge noted is that of navigating the complex African environment, particularly government systems.

Dealing with Stringent and Corrupt Government Systems

One key challenge related by our participants with regard to establishing transnational businesses is the manner in which some African government systems often work to discourage rather than facilitate diaspora investment. Participants noted concerns ranging from governments mistrust of diasporans who are often perceived as a political threat, to issues of endemic corruption. Due to their faith, which centres on key traits of honest, trustworthy and discourages bribery, the women entrepreneurs' challenge was to establish their businesses without compromising these to please a corrupt system. In WA1's views:

> The problem with Africa is still that of corruption. We sat down with the government and tried to convince them to get involved as we are getting the cheapest possible price …but they weren't buying into it. The officials wanted us to pay them money. We said we will not bribe anybody… after prayer, we felt God leading us to work with private doctors and hospitals… We never had any challenges in negotiating these partnerships, which gave us the confidence that God has opened the door.

In some cases after long periods of trying to engage government authorities, diasporans were given very tight appointments, which as SA1 notes below is very costly:

> We prayed and did quite an intense research in our effort to engage the government. Then a breakthrough came, my husband was given a 30 minute slot to see the Vice-President … He had to pay a ticket to go see him for those 30 minutes…

Conclusion

Our study has revealed the complex interaction of faith and other components considered central to entrepreneurship development in general and transnational entrepreneurship in particular. Using sociological and education lenses, we have engaged with the specific experiences of five skilled African migrant women entrepreneurs who share a strong belief in biblical principles as underpinning their business ventures. While participants' trajectories vary in terms of levels of education and occupations taken up on arrival, they share a Christian belief in going into entrepreneurship not only for personal survival, self-improvement and economic prosperity but also for the common good, both in places of origin and host country. Biblical principles construct their practices and behaviours in ways that set them apart from other entrepreneurs.

We have also noted the critical role and complex interaction of education and faith in shaping these practices and behaviours. For example, education enables them to be knowledgeable about effectively running their businesses in the context of a global knowledge-based economy, while faith makes the knowledge seeking and application achievable. We have seen how the ability to forge strong connections with appropriate key players in the field is critical for success and requires faith-based character building. For example, through their good character, WA1 and husband managed to persuade suppliers of the high-end technology, who ordinarily would be wary about doing business with Africa, to support their transnational business.

Through their faith, they are able to navigate the corrupt terrain of some African governments to successfully launch their businesses without compromising their Christian values and professionalism by succumbing to corrupt practices. While the issue of total dependency on God has been previous questioned (see e.g. Ojo 2012), our study suggests the need to seriously consider the relationship between faith and entrepreneurship in transnational contexts. Overall, the extent to which faith works to produce enduring entrepreneurships is a subject for further exploration as we consider more data.

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12

Conclusion: Reflecting on African Diaspora Direct Investment

Juliana Siwale and Dieu Hack-Polay

Diaspora Contribution to Africa

Africa diaspora investment is a topical issue. The contribution that diasporas make to the economic development of their countries of origin (COO) is well documented. This book has specially focused on the African diaspora and their entrepreneurial activities in COO. In doing so, it has provided theoretical underpinnings as well as contextual experiences of Africans setting up businesses back home. The main focus of the book was to establish the economic, social and psychological reasons for such 'home direct investment' even in cases where a home return may not be a future plan. In this final chapter we, therefore, summarise the

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different perspectives as related to African diaspora direct investment (DDI), by delving into some of the key issues that we think have shaped the foregoing chapters. The chapters in this book have traversed many areas of diaspora investment, ranging from interrogating the meaning of remittances, role of social networks, challenges of managing businesses in COO to policy implications. Other chapters have touched on the not so theorised concepts of 'compassionate investment' and 'spiritual capital'.

The emerging theme is that diaspora's motivations to engage in entrepreneurial activities in their COO extend beyond economic pursuit and wealth maximisation (Rana and Elo 2017). Instead, socio-culture and, in some cases, religion play a bigger part. The narratives within the book have gone beyond individual diaspora experiences and thrown light on the prevailing local policy and institutional environments in the COO as well as the social and psychological pressures on African diaspora for investing in their home countries.

Part I sets the scene by exploring DDI: rationalities and impact. In this section, the book first provides a historical account of diaspora and transnationalism to allow for an understanding of how and why people immigrate and integrate into a country other than their own COO. What is interesting to note are the motivations behind these transnational movements which have largely remained the same from the time of nomadic merchants to modern diaspora; and that is immigrating to make sufficient economic gains to remit home and enrich their own social status. But this does not in any way play down the political factors behind immigration witnessed in the last decade.

In acknowledging the potential contribution of African diasporas to development efforts in their COO (Nielsen and Riddle 2007; Chrysostome 2014; World Bank 2016), we have used national case studies of Ethiopia and Tunisia to showcase how African governments have strategically targeted diaspora investors with appropriate financial instruments and policy support. While this macro-view of diaspora participation is hugely applauded, we argue that a micro-view of what diasporas do in terms of direct investment, why they remit or invest in businesses that they do, is very revealing of their behaviour. Overall, there is an understanding that for most Africans in diaspora, the ability to better the lives of relatives or the community and possibly help them out of unemployment and poverty is the initial guiding rationale for DDI. This act of investing for others and not for self as dictated by economic theory of profit maximisation has been termed 'compassionate investment'. It seems clear that the well-presented macro-view of remittances through the lens of global institutions like the World Bank that continue to peddle the neo-liberal approach to DDI is at odds with the bottom–up viewpoint.

This is not to imply that Africans in diaspora do not take risks and invest in COO for their personal economic benefit. In extending the micro-level view on DDI, for those that invest, there is a tendency to go for 'safe investments' in business types that give the diaspora maximum control over operations while minimising risk. This kind of investment behaviour we argue is limiting the creative and innovative forms of investment in sectors like manufacturing, which have great potential for growth and job creation. Instead of building houses they may never go back to live in and investing in real estate are the most critical areas of investment. It is the view of the authors in Part I that business opportunities in Africa abound but diasporas face huge political and social-cultural challenges.

The threat of failure and, therefore, the importance of supportive environment is a running theme of Part II that looks at the broad business operating environment and discusses some enablers and deterrents to African diaspora businesses. Understanding the threats or challenges is significant if we are to further the African entrepreneurial spirit. The desire to invest in their COO may be there, but the geographical distance makes the survival and sustainability of their businesses a real challenge. This raises the question: Are these diaspora businesses one-offs or do they portend to portray any future?

Diaspora Social Capital and Entrepreneurial Spirit

The chapters in Part II draw on social capital and networks literature and argue that the impact of diaspora networks on entrepreneurship is understated in low-income and emerging economies. The importance of the intersection of networks created in both COR and COO need to be engaged with. To be able to sustain DDI in business venture creation and deal with institutional voids, diaspora investors need both. However, the authors note that in most cases African diaspora networks, especially in COR tend to be fragmented and, therefore, fail to act as a resource for exploring transnational business opportunities. Given that diaspora networks can be part of the solutions for increasing entrepreneurial activity in many of these economies, there is a call for recognising diaspora networks through policy development.

As acknowledged in many of the chapters of the book, local culture matters and Africans tend to be group-oriented. Within this community or group structure, family networks of transnational diaspora entrepreneurs can facilitate the cross-border entrepreneurship between their home and host country. However, the findings from two lived case studies (Chapter 7) of diasporas in the UK show that contrary to current literature, local networks particularly family ties maybe counterproductive of diaspora entrepreneurs. Rightly or wrongly, diasporas still struggle with family ties and all the associated cultural and the contextual issues and the impact this might have on the continuity of business investments. Thus, despite the vast opportunities that Africa presents, some African diasporas have chosen not to align with the likely opportunities that are present in their COO, and those that do, the issue of what type of business and where to locate such businesses (as well as partners) remain a point of anxiety.

Compassion, Gender and DDI

What the chapters in Part III of the book argue so strongly is that political, cultural, religious and other social variables may, in many cases, matter more than conducive economic environment. The dual embeddedness (Dimitratos et al. 2016) of the diaspora in the two social contexts continually reshapes and challenges the held socio-cultural positions in unexpected ways, with unanticipated outcomes. Thus, the sociological perspective into the continuing discourse of DDI has potential to unravel the motivations for investment that do not exactly dovetail with economic rationality. Women migrants are portrayed as active investors beyond what the transnational literature suggests. The main argument is that transnational mainstream literature overlooks the 'behind the scenes' acts of diaspora women acting as informal 'business angels' or 'social lenders' who, apart from their own economic gain, remit to help fund businesses of extended family members and, in some cases, the wider village community. Therefore, in discussing diaspora investment and African women, in particular, it is important to note that African culture tends to be group-oriented. In this sense, most women are obliged to not only help beyond the family but also act for the communal good. Furthermore, it is argued that women's remitting or investment behaviour resonates with the notion of 'social enterprises' but on an informal level. This connects back to 'compassionate investment' (see Chapter 5)—doing good for the bigger society without a direct financial return.

In view of their social investment style, authors call for the transnational literature on remittances to go far enough in interrogating the empowering effect that these women experience as they empower others. This act of empowering others, in turn, empowers the diaspora women themselves to challenge the social and cultural norms associated with a woman especially in male-dominated cultures. Emerging from these shifting social and financial dynamics, African women in diaspora are becoming assertive, creative and risk-taking by being entrepreneurial with their resources and in directing the flow of investments in COO and, for some, in COR.

An interesting angle taken to understanding and explaining diaspora investment by women is the attention given to skilled migrant African women of faith by exploring the relationship between spirituality and entrepreneurial orientation (see Chapter 10). Women of faith are of interest given the increasing attention to the intersection between religion and economic development. Unlike the conventional belief in profit maximisation, these women of faith see their business activities (both in COO and COR) as being underpinned by biblical principles. These women claim to be tapping into what they call 'spiritual capital', generated by their faith, and how this intangible resource affects their decision-making processes, business practices and their experiences of transnational business activities. Furthermore, the belief is that the women of faith act differently when it comes to helping others because they perceive this as a way of serving God, who, in turn, blesses and prospers their entrepreneurial ventures. Interestingly, what motivates them to do business transcends economic rationality and may not align itself with the individualistic opportunity-driven entrepreneurship. Instead, the discourse in the chapter takes faith as an active variable in the mix of factors accounting for why women of faith in diaspora may want to invest in COO even though they don't see themselves directly benefiting or indeed returning back in the near future. This notion of total dependency on God though has previously been questioned (Ojo et al. 2013), but there is scholarly merit in calling for further exploration into the relationship between faith and entrepreneurship in transnational contexts.

What emerges from the chapters in this book is a diversity of lens to theorising DDI while bearing in mind the enabling as well as constraining factors for diasporas doing business in their COO. It's clear from the various accounts that a richer and progressive understanding of diaspora investment should make social and cultural expectations central to diasporans investing behaviours. However, the social spaces that diasporans occupy are shaped by more than one social, economic and political system that may allow a diaspora to engage in the cross-border activity. Thus, both COO and COR institutional environments matter. The role of networks, formal or informal, matters, and for that reason, further advance research on diaspora networks is recommended. In particular, studies should aim at identifying diaspora ventures in Africa to evaluate the challenges they have encountered in setting up their enterprises. Such studies will further enlighten policy-makers on the specific strategies that reduce the burden on diasporas of establishing a venture in their COO.

The narratives around DDI and gender have generated interesting research questions: Is there a business case for viewing these women as 'social lenders'? Are they 'social business angels' guided by the social mission to empower others? At another level, the book notes diasporas' sensitivity to negative experiences of their own or those of other diasporas as a downside to encouraging further investment with COO. This undermines the advantages that should be drawn from local cultural knowledge as well as their knowledge of local business culture and social networks. Therefore, authors argue for a contextual approach in dealing with socio-cultural impediments that create fear of, than the top–down approaches most international organisations engage with or prescribe. It's clear from the chapters in this book that most Africans in diaspora are channelling or have the desire to channel remittances to foster entrepreneurship, but are not primarily driven to invest for purposes of creating jobs. The initial drive for most is to achieve social recognition, fit in with what others are doing and prepare for the future. This begs the question: How do we address such a mindset in order to align it with the macroeconomic expectations? And how can they be challenged to be more of 'opportunity entrepreneurs' who identify market openings in the dual socio-economic spaces that they currently occupy and take advantage of them?

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