

The Diaspora as a Change Agent in Entrepreneurship-Related Institutions in Sub-Saharan Africa

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Abstract:

Diaspora networks' role in supporting and stimulating entrepreneurial activities in Sub-Saharan African (SSA) economies need hardly be elaborated. For instance, some SSA countries have established government agencies to encourage diasporas to help local communities and provide policy advice. At the 2003 Extra-Ordinary Summit of the Assembly of Heads of State and Governments, the African Union (AU) amended Article Three of its Constitutive Act to invite and encourage African diaspora's active participation. However, institutional changes associated with diaspora networks are a phenomenon that has been noted but poorly understood. This paper addresses a little examined intersection between the diaspora literature and the institutions literature. We examine the contexts, mechanisms and processes associated with diaspora networks' roles as institutional change agents in the context of entrepreneurial behaviors in SSA economies. Our dependent variables are measures of changes in institutions associated with diaspora network. We have related our analysis mainly to the nature of the diaspora networks compared to other networks, characteristics of the environments in which diaspora networks are embedded in and operate, and some activities, mechanisms and modes that serve to transmit institutions from the host country to the homeland.

Keywords: Institutions | institutional change | diaspora networks | Sub-Saharan African | proximity | social remittance

Article:

1. Introduction

Diaspora networks' roles in stimulating entrepreneurial activities in the developing world need hardly be emphasized (e.g., Mercer et al, 2009; Isenberg, 2008; Kshetri, 2007a, 2013; Portes, 1996). Economies in SSA represent a fertile ground for studying the influence of diaspora networks' roles in entrepreneurship development. This is because of the simple fact that diasporas associated with SSA economies constitute the single biggest sources of financial

inflows to Africa (Mbaye, 2011). For instance, according to the International Organization for Migration (IOM), African diasporas remitted US\$60 billion to their homeland in 2012 (Nzeshi, 2013). A report of the World Bank and African Development Bank indicated remittances from Ugandan diasporas account for 20 percent of the total investments in Uganda in recent years (ugandanconventionuk.org, 2013). According to the World Bank, Nigeria is the fifth biggest recipient of diaspora remittances.

Although the substantial diaspora remittances provide a clear economic benefit to the SSA economies, it is apparent that non-economic benefits associated with the diaspora networks could be even more significant. The central idea in this paper is that from the standpoint of entrepreneurship in the SSA economies, entrepreneurship-related institutional changes that can be attributed to the diaspora networks are potentially even more important.

The concept of remittances has been broadened from an exclusively economic term to include social, political and cultural contributions such as transfers of entrepreneurial skills, experience, ideas, technology and knowledge as well as cultural and civic awareness in their ancestral homeland (Levitt, 1998; Saxenian and Sabel, 2008; Nyberg-Sorensen, 2004). Businesses owned by diaspora networks establish partnerships with private and public sector organizations in an attempt to break formal, as well as informal institutional, barriers to entrepreneurship (Kshetri, 2007a). The diaspora networks' possible roles in bringing entrepreneurship-friendly institutions in the SSA economies have received much attention in the popular press and policy debates (e.g., Annan, 2011). For instance, the Diaspora policy has been a key component of Rwanda's long-term development plan (Box 1). Some researchers have suggested that cross-border diaspora networks act as a substitute to compensate for the "imperfect domestic institutions" in the developing world (Nanda and Khanna, 2008).

Institutional changes associated with diaspora networks differ widely across economies in terms of scale, scope and characteristics. Such changes are affected by the specific contexts, institutional setting, history and other factors (Kshetri, 2011).

Against the backdrop of potentially important roles of the diaspora in changing entrepreneurship-related institutions in the SSA economies, notably lacking from the diaspora networks literature is explicit attention to the contexts, mechanisms and processes associated with such changes. This is a serious gap in the literature because various interrelated trends, as discussed above, are making diaspora groups and their views politically, socially and economically important.

There are at least three interrelated reasons why diaspora networks are in a position to bring institutional changes in their ancestral homelands. First, diaspora networks are transnational in nature but tend to have a high degree of proximity - relational, positional and spatial - to their homeland. Prior research indicates that while transnational networks facilitate international trade by overcoming informal barriers, domestic networks facilitate barriers by collusion (Rauch, 2001). Theoretically, this logic can be extended to argue that diaspora networks tend to be in a better position than most domestic networks in breaking institutional barriers to entrepreneurship in the developing world. No less important is the fact that because of a high degree of proximity, they can have a strong influence on the information and behavior of various institutional actors in their homeland (Rice and Aydin, 1991).

Box 1. Rwanda's initiatives to capitalize on its diaspora networks to maximize the social remittance

Following the Rwandan Genocide of 1994, Rwanda mainly focused on rebuilding economic infrastructure and thus, diaspora engagement was not a high priority for the country. President Kagame, who came to power in 2000, set Rwanda's goal to increase the GDP by seven times over a generation. His government's Vision 2020 plan aimed at transforming the coffee- and tea-growing country into a middle-income, service-based economy by 2020. In the early 2000s, Rwanda started to recognize the key role of its diaspora in achieving high economic growth (Black, McLean Hilker and Pooley, 2004). A country of five provinces, Rwanda also refers to its diaspora community as the sixth province (igihe.com, 2011).

In 2001 the Rwanda government launched the Rwanda Global Diaspora Network (RGDN), which was an independent association led by Rwandan diasporas. In the same year, the government also established a department on diaspora engagement in the Ministry of External Relations and Internal Cooperation (MINAFFET). In 2008, the government established Diaspora General Directorate (DOD) (<http://www.rwandandiaspora.gov.rw/>), which exclusively focuses on and serves Rwandan diaspora networks. The DGD's mission and vision include mobilizing Rwandan diaspora for the "national development of their motherland." In 2009, the Ministry of External Relations and Internal Cooperation published the Rwanda Diaspora Policy (Republic of Rwanda, 2009). The new policy document considered the diaspora as a key component of the Vision 2020. The Government of Rwanda also works closely with a number of international organizations such as International Organization for Migration (IOM), the Voluntary Service Overseas (VSO), and the United Nations Development Program (UNDP) as well as non-governmental organizations (NGOs) to effectively utilize its diaspora networks for the country's economic and social development (Fransen and Siegel, 2011).

The total amount of remittances received from Rwandan diaspora networks increased from US\$43 million in 2005 (Fransen and Siegel, 2011) to US\$100 million in 2010, which was more than 1.5 percent of the country's GDP (Provost, 2012). The increasing focus of the government and private sector organizations on attracting Rwandan diaspora networks to work in the country indicates an emphasis placed on the role of the social remittance. Among other things, Rwanda's DOD provides information on vacant posts in the country, especially in public institutions (Rwanda Ministry of Foreign Affairs and Cooperation, 2010). In December 2011, the MINAFFET, Job in Rwanda Ltd. and Wakening Abilities for the Future (WAF) organized the first career day for the Rwandan diaspora networks. The theme of the career day was "Inspiring Careers in Rwanda." The idea is to provide Rwandan diasporas the opportunity to meet with organizations and discuss about the possibilities of collaborating with them as consultants and promote their organization and marketing their product and services (igihe.com, 2011). These initiatives have produced clear, positive effects that have benefitted Rwanda with significant social remittance. The Return of the Diaspora-Rwanda (<http://www.julieddl.be/index.php?/project/the-return-of-the-diaspora-rwanda/>) has documented a number of Rwandan diasporas with significant experiences as entrepreneurs, engineers, journalists, managers, artists and specialists in a number of areas such as marketing,

finance, insurance and international relations in the West and other African countries that returned to Rwanda to contribute to their homeland's development.

Second, an enormous body of literature has documented the globalization-led institutional changes (Campbell, 2004). In this regard, the issue of institutional changes associated with diaspora networks is rather important because personal globalization (e.g., consisting of telephone calls, travel and remittances) is one of the important dimensions of globalization (e.g., Globalization Index (GI) developed by Foreign Policy and AT Kearney, Foreign Policy, 2007). Therefore, it is reasonable to expect that social remittances associated with diaspora networks could be a trigger in bringing entrepreneurship-related institutional changes in the developing world.

Third, because of political and economic globalization, national economies are weakening whereas diaspora networks have been empowered (Holm and Sørensen, 1995). For instance, some SSA economies have established government agencies to encourage diasporas to help local communities, and provide policy advice (Ratha et al., 2011). At the 2003 Extra-Ordinary Summit of the Assembly of Heads of State and Governments, the AU amended Article Three of its Constitutive Act to "invite and encourage the full participation of the African diaspora as an important part of the continent" (cf. Davies, 2010).

Despite the above observations, most research on the diaspora's contributions to the homelands has focused primarily on economic remittances (Brinkerhof, 2008). In little research have scholars examined diaspora networks' roles in bringing changes in entrepreneurship related institutions in the developing world. Therefore, this analysis will bridge a gap in the literature by providing a possible explanation for the diaspora-led institutional changes, which is based on the natures and characteristics of the host and home countries and the focal industry as well as on various links established by the diaspora networks. The central argument of this paper is based on the idea that diaspora networks are an important change agent because of the transnational character and proximity with the homeland. Furthermore, this paper argues that the amount of changes they are likely to bring depends on national and industry-level institutions in the home country and the host country's institutions' conduciveness to entrepreneurship and the extent to which they provide opportunities to develop and internalize entrepreneurship-related values, skills, knowledge and orientation. In this way, the intangible resources associated with the diaspora such as skills, ideas, work ethics and their potential to bring institutional change are no less important than the tangible economic remittances.

At this point, some clarification is in order. We define the diaspora groups as ethnic/national groups migrated from their ancestral homeland to a foreign country, referred to in this paper as the host or the destination country (Kitching et al., 2009). The migration could be temporary as well as permanent. In the remainder of the paper, we first provide a brief literature review and examine important concepts related to diaspora and institutional changes. Next, we analyze the contexts, mechanisms and processes associated with diaspora-led institutional changes. This is followed by a section on discussion and implications. The paper ends with some concluding comments.

2. Diaspora Groups and Institutional Changes: Some Anecdotes, Observations and Political Characters

2.1. Diaspora Greeks in their ancestral homeland in the nineteenth century

Diaspora groups can challenge the traditional conception, assumptions and views about businesses in their homeland. A nice and striking example to illustrate this comes from the investment of diaspora Greeks in their ancestral homeland in the nineteenth century. The Greek diaspora groups from the Ottoman territory, mainly the Eastern Mediterranean and Black Sea region, brought with them codes of business, which were new by the Greek standard (Exertzoglou, 1988). In the beginning, most local businessmen considered the diaspora as a group of speculators and viewed their business activities as based on nonproductive practices (Xenos, 1869, cited in Chatziioannou, 2008). However, the diaspora group introduced new entrepreneurial practices such as stock exchanges and large-scale public works and redirected economic resources in entrepreneurial ventures that yielded higher economic returns (Sombart, 1913 [1998]). Consequently, the new capitalist ethics and the diaspora's risk taking propensities became an important societal force that brought new entrepreneurial ideas to individuals and the government; and shaped and reshaped the Greek entrepreneurial landscape (Chatziioannou, 2000, 2008). Overall, economic and social patterns formed in the Greek diaspora community had favorable and long lasting impacts on entrepreneurial development in Greece (Minoglou, 2007).

2.2. Twentieth century and the current century

Fast forward to the last decades of the twentieth century and the current century, when we can see successful and interesting examples of diaspora-led institutional changes in the developing world. Diaspora's contribution in rebuilding the Taiwanese economy has been mainly in the form of social rather than economic remittances. In the 1980s, the Taiwanese government approached the diaspora in the West. It consulted and solicited views from executives with Taiwanese roots working in the United States and established formal forums to collect their inputs, which were used to formulate and implement various programs (Isenberg, 2010).

In the same vein, the overseas Chinese have been at the forefront of important initiatives needed in the formation of social organizations promoting entrepreneurship (Kshetri, 2007b). Likewise, entrepreneurial firms created by diaspora Indians have helped improve quality and complexity of services and moved away from focusing merely on low cost (Saxenian, 2006b). Silicon Valley-based Indian managers played instrumental roles in the development of MNC development centers in Bangalore and contributed to entrepreneurial resources (Saxenian, 2003). Likewise, former UN Secretary-General Kofi Annan noted that the African diaspora has transferred skills and brought innovations in Africa (Annan, 2011). Some SSA economies such as Rwanda, Ethiopia and Kenya have created "diaspora bonds" to encourage the involvement of their diasporas in development projects (Provost, 2012) (See Box 1 for Rwanda).

Even in Arab economies, the diaspora has been a central force in bringing institutional changes. Many members of Arab diasporas have returned from Western countries, who are in political and business leadership positions in their home countries and have brought important political changes (Kshetri and Ajami, 2008).

2.3. The political dimension of diaspora-led institutional changes and its variability across economies

The above examples are suggestive of institutional changes associated with diaspora networks caused by coercive, normative and mimetic pressures. However, a "one-size-fits-all" approach is not helpful in understanding entrepreneurship-related institutional changes associated with such pressures and thus, promoting changes. Diasporas' decisions to return to their homelands are likely to be the result of a process with-simultaneously-numerous underlying causes, push-as well as pull-factors. For instance, while China put forward a combination of economic and patriotic arguments and motivations to attract its diaspora community in diverse sectors, including scholars and professionals, India has traditionally lagged behind on this front. However, in recent years overseas Indians, mainly in the Silicon Valley, have forced Indian politicians to introduce diaspora-friendly policies. Likewise, while diaspora-led institutional changes in some economies are limited to a specific industry (e.g., offshoring in India), others have experienced such changes on broader scales and levels (e.g., Taiwan).

The processes related to enactment and formation of new legislations and regulations, as well as their implementation, are likely to face an array of challenges. Especially, economies such as China that are characterized by a strong state and a weak civil society are likely to follow a top-down approach in the formulation and implementation of entrepreneurship related policies. In such economies, diaspora networks are likely to have limited ability to push for broad social and political changes. In China's case the only possible significant change seems to be through mimetic pressures.

In India, on the other hand, religious, social, economic and political associations have offered a viable set of examples encouraging the development of many new trade and professional associations (Frankel, 2006). A strong mutual interdependence between the state and the private economic actors, particularly organized business groups, has developed very quickly. Therefore, the liberalization resulted in the shift of trade associations' institutional locations. More specifically, their roles are not just limited to indirect causal chains and externality effects. Put differently and more succinctly, their direct effects have become more prominent.

Diaspora networks are characterized by different degrees of formalization and the varied nature of their relationships with the governments in their ancestral homelands. For instance, most Indian diaspora networks tend to be loose and informal networks organized around community, faith and religion based associations. On the other hand, the Nigerian diaspora networks are formal, albeit loose. Likewise, diaspora-government cooperation is arguably more institutionalized in Egypt, Ghana or Morocco than in Cameroon (Ying et al., 2010).

3. Literature Review

3.1. Factors affecting the transfer of ideas, technology and knowledge from the source to the potential adopter or receiver

As noted above, diaspora networks have the potential to transfer ideas, technology and knowledge and promote institutional reforms in their homeland (Levitt, 1998; Saxenian and Sabel, 2008). Theoretical and empirical evidence suggests the diffusion rate of these ideas, technology and knowledge are a function of where they originate from, the broad environment, including social, cultural, political and economic forces in the home and the host countries, characteristics of the potential adopting units, as well as characteristics of the focal ideas, technology and knowledge (O'Neil et al., 1998).

Research conducted at the organizational level has indicated organizations mimic other organizations in the same industry, outside their industry but similar in complexity, or those "on the cutting edge" (DiMaggio and Powell, 1983). We can extend this logic to consider how ideas, technology and knowledge related to the natures of organizations associated with diaspora networks and the host countries are likely to be perceived in their homeland.

It is also important to consider possible interaction effects and relations between the source and the potential adopter or receiver of ideas, knowledge and technology. In this regard, researchers have found that the degree of proximity between the two parties is an important variable affecting the diffusion rate of ideas, knowledge and technologies. Communications researchers have observed that various proximity mechanisms - including relational, positional and spatial - affect the extent to which the source affects behaviors, practices and interests of the potential adopter or receiver (Rice and Aydin, 1991; Rice, 1993).

3.2. Institutions and institutional changes

Institutions are "macro-level rules of the game," which include formal constraints such as rules, laws, constitutions; as well as informal constraints such as social norms, conventions and self-imposed codes (North, 1996). Scott (2001) has proposed three institutional pillars - regulative, normative and cultural-cognitive. They are related to "legally sanctioned behavior," "morally governed behavior" and "recognizable, taken-for-granted behavior" respectively (Scott et al., 2000). The regulative pillar can be mapped with formal institutions while normative and cultural-cognitive pillars are related to informal institutions.

From the standpoint of entrepreneurship, some examples of regulative institutions include government organizations' assistance and special supports to start businesses, special preference and priority accorded to new and small businesses for government contracts and the government's sponsorship of organizations that help new businesses develop. Cognitive institutions include individuals' knowledge and experience related to legally protecting a new business, dealing with and managing risks and finding information about markets for their products. Normative institutions include admiration of entrepreneurs and that of entrepreneurship as a career path, and entrepreneurial process, societal views about innovative and creative thinking (Busenitz et al., 2000).

An understanding of the phenomenon of institutional change is of particular relevance for this paper. Institutions arguably have a higher propensity to change when they are characterized by contradictions that "create conflicting and irreconcilable incentives and motivations" (Campbell, 2004).

A simple approach to understand institutional changes associated with the diaspora networks would be to look at the various contradictions institutions embedding the diaspora networks produce with institutions in their homeland. Looking from this perspective, institutional changes can be seen as an outcome of the dynamic interactions of contradictions and "praxis" (Seo and Creed, 2002). Seo and Creed (2002) have proposed four sources of contradiction: "(1) legitimacy that undermines functional inefficiency, (2) adaptation that undermines adaptability, (3) intra-institutional conformity that creates inter-institutional incompatibilities, and (4) isomorphism that conflicts with divergent interests." These are arguably accumulated results of organizations' continuous isomorphic adaptations (Bums and Nielsen, 2006). First, conformance to the existing institutions may be at the expense of technical and functional efficiency. Second, continuous isomorphic adaptations may lead to psychological and economic "lock-in" and "competency traps," which may undermine further adaptability. Put differently, "adaptive moves make adopters less able to adapt over the long run" (Seo and Creed, 2002). Third, the legitimacy seeking process may require appeasing multiple institutions that are conflicting and inconsistent. Finally, misalignment between institutions and the divergent interests of actors embedded in the institutions may lead to contradictions.

3.3. Institutional change agents

It may be helpful to consider the roles of diaspora networks as institutional change agents or institutional entrepreneurs. Institutional entrepreneurs challenge or disrupt particular models of social or economic orders and construct new organizational fields (Bartley, 2007; Daokui et al., 2006; Schramm, 2006; Svejenova et al., 2007). They "lead efforts to identify political opportunities, frame issues and problems, and mobilize constituencies" and "spearhead collective attempts to infuse new beliefs, norms and values into social structures" (Rao et al., 2000). They also engage in activities related to deinstitutionalization or dissolution of existing logic or governance structure as well as institution formation, which entails the birth of a new logic or governance structure (Scott, 2001).

Institutional entrepreneurs' "subject positions" need to be dominant, which allows them to gain wide legitimacy, bridge diverse stakeholders and compel other actors to change their practices (Hoffman, 1999; Maguire et al., 2004). It is important for them to mobilize external and internal constituents, have financial resources (DiMaggio and Powell, 1991) and be able to communicate with other institutional actors in the system so their initiatives are perceived favorably (Groenewegen and van der Steen, 2007).

Theorization or "the development and specification of abstract categories and the elaboration of chains of cause and effect" is an important process through which institutional entrepreneurs facilitate the diffusion of new ideas (Greenwood et al., 2002). Theorization provides rationales for the practices to be adopted and thus, increases the likelihood of acceptance of the practice (Strang and Meyer, 1993). Two key elements of theorization concern framing and justifying. Framing focuses on the need for change and justification is value of the proposed changes for concerned actors (Greenwood et al., 2002).

3.4. Social movement organization

One way to understand institutional changes associated with a diaspora network, especially a more formalized one, is to view it as a social movement organization, defined as "a complex, or formal, organization which identifies its goals and preferences with a social movement or a countermovement and attempts to implement those goals" (McCarthy and Zald, 1977). Prior researchers have suggested social movement organizations help construct and develop new cognitive frameworks, norms, values and regulatory structures (Sine and Lee, 2009). These organizations play important roles to undermine and weaken existing institutions and to develop new institutional arrangements (Hiatt et al., 2009).

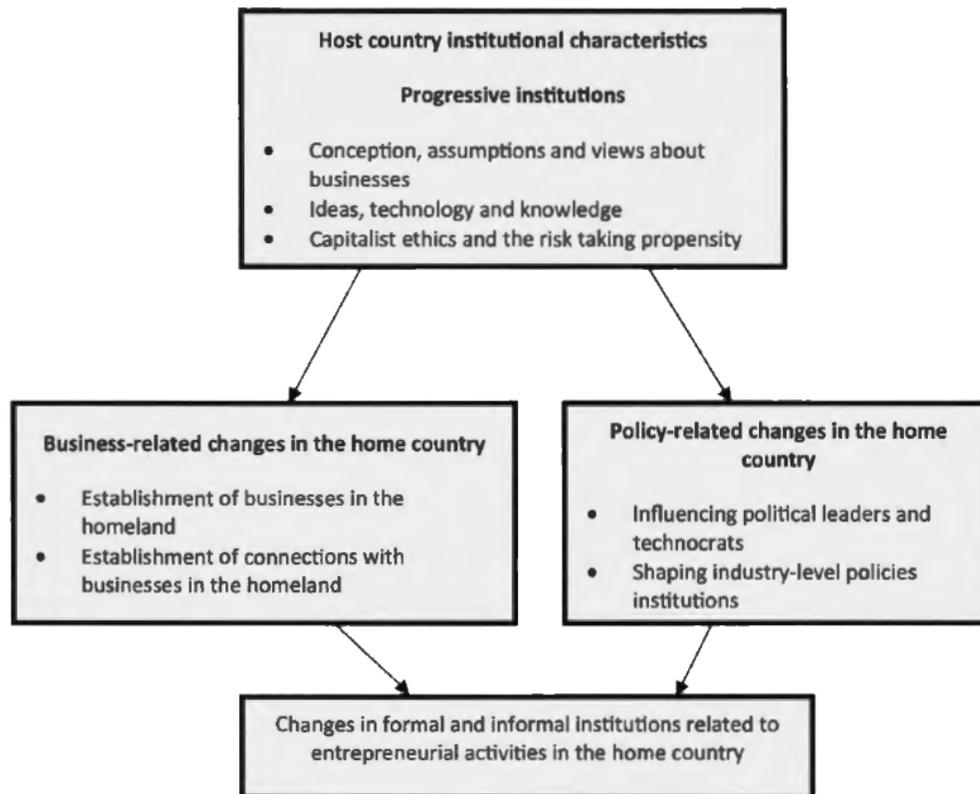


Fig. 1. Diaspora network's role in bringing changes in formal and informal institutions related to entrepreneurial activities in their home country.

4. Contexts, Mechanisms and Processes Associated with Diaspora-led Institutional Changes

Figure 1 illustrates the process associated with a diaspora network's transmission of host country institutional characteristics to bring changes in formal and informal institutions related to entrepreneurial activities in the home country. Our framework is based on the idea that although diaspora networks clearly are an important change agent because of their transnational character and proximity with the homeland, the amount of change they are likely to bring also depends on national and industry-level institutions in the home country, as well as the host country's institutions' conduciveness to entrepreneurship and the extent to which they provide opportunities to develop and internalize entrepreneurship-related values, skills, knowledge and

orientation. Moreover, because this paper's focus is on entrepreneurship-related institutions, diasporas' engagement in entrepreneurial activities are probably most relevant and important. Therefore, additional elements of the framework come in the form of isomorphic pressures associated with diasporas' engagement in entrepreneurial activities, both in their home and host countries. Our dependent variable concerns the change in institutions associated with diaspora networks.

4.1. Diaspora networks vs. domestic networks

Prior research indicates transnational networks and connections are inherently more progressive than local ones (Mercer et al., 2009). Because of their transnational character, diaspora networks can overcome informal barriers (Rauch, 2001). This superiority of diaspora networks vis-a-vis domestic networks may be even greater in developing economies, which tend to be characterized by thin, weak or missing institutions to stimulate entrepreneurial activities (Nanda and Khanna, 2008).

From the developing world's perspective, compared to domestic networks, the diaspora networks are more likely to consist of high achieving individuals who can bridge diverse stakeholders and influence other actors to change their practices (Hoffman, 1999). They may also possess the capability to mobilize external and internal constituents (DiMaggio and Powell, 1991). In addition, they may come up with approaches to successfully theorize the adoption of entrepreneurship related institutions by appropriately framing and justifying.

There have been highly visible efforts by diasporas to change institutions in their homeland. One example is the Sudanese-British entrepreneur, Mo Ibrahim, who emphasized the need to change institutional arrangements in Africa: "The World Bank should refuse to fund any project which is not regional. African governments must be pressed to regionalize their economies and stop being 53 little countries, each with their flag, jealously watching each other" (Smith, 2009). As another example, U.S.-educated Zambian economist Dambisa Moyo has been a fierce critic of institutions in Africa. She forcefully argued that foreign aid in the SSA economies has deepened the poverty, led to an economic distortion and fuelled corruption and inequality in the continent. She has advocated alternatives such as encouraging trade and foreign direct investment with the continent and developing micro-financing and capital markets. In the above examples, because of prior success and a Western exposure, Ibrahim and Moyo have a favorable subject position to bring institutional changes. They have effectively framed issues related to deficiency of institutions and have made attempts to deinstitutionalize entrepreneurship-unfriendly institutions.

4.2. Diaspora network vs. MNCs owned by non-diaspora

From the developing world's perspective, the presence of firms with transnational scope, irrespective of whether owned by diasporas or non-diasporas, is associated with the stimulation of entrepreneurial activities. Prior research has documented various spillover mechanisms such as skilled labor turnovers, enterprise spin-offs, demonstration effects and supplier-customer relationships associated with MNC's activities that facilitate the diffusion of entrepreneurial culture and innovation (Cheung and Lin, 2004; Kshetri, 2008).

Table 1. A summary of factors related to diaspora-led institutional changes in the SSA economies.

| | Independent Variables in the Proposition | Diaspora Effects and Associated Modes, Mechanisms and Activities | Related References |
|---|---|--|---|
| Effectiveness in bringing changes compared to other networks | Diaspora networks vs. domestic networks | <ul style="list-style-type: none"> • Source-receiver interaction: transnational networks associated with diasporas are more effective. • Institutional entrepreneurship: approaches that can successfully theorize the adoption of entrepreneurship related institutions by appropriate framing and justification. | Mercer <i>et al.</i> (2009), Rauch (2001) |
| Characteristics of the institutional environments in the homeland | Diaspora network vs. MNCs owned by non-diaspora | <ul style="list-style-type: none"> • Source-receiver interaction: diaspora communities' close proximity with the homeland. | Saxenian (2006b), Rice and Aydin (1991) |
| | Characteristics of the homeland: Western-educated leaders and technocrats Diaspora networks' effects in nascent vs. established industries | <ul style="list-style-type: none"> • High degree of proximity with diaspora networks. • Knowledge and ability to understand adaptations required for institutional changes. • Thin institutions in nascent and formative sectors provide an opportunity for the formation of new institutional. | Stallings (1992), Saxenian (2006b), Rice and Aydin (1991) |
| Characteristics of the institutional environments in the host country | Characteristics of the host country: developing vs. industrialized countries | <ul style="list-style-type: none"> • Formal and informal institutions to identify and support highimpact entrepreneurs less likely to exist in developing countries compared to developed countries. | Nanda and Khanna (2008), Schramm (2004) |
| | Characteristics of the host country: Simon's first group vs. second group | <ul style="list-style-type: none"> • Sense of temporariness/lack of permanence: processes such as organizational socialization in the transmission of institutions are less effective. | Simon (1998), Freeman (1997) |
| Pressures associated with diasporas' engagement in entrepreneurial activities | Businesses established in the homeland | <ul style="list-style-type: none"> • Experienced entrepreneurs/entrepreneurial role models: improve the image of entrepreneurs. • Creation of contradictions: Successful ventures may create economically favorable conditions and undermine functional inefficiency associated with traditional business practices. | Seo and Creed (2002), Gnyawali and Fogel (1994) |
| | Business connections established with the homeland | <ul style="list-style-type: none"> • Diaspora networks facilitate an access to information, funding, talent, technology and contacts for potential entrepreneurs Connect businesses to the value delivery networks of the diasporas' businesses. • Identify under-utilized entrepreneurial ingredients and link them into global networks. | Isenberg (2008), Saxenian (2006b). |

Diaspora networks often occupy an important position in the society. To take an example, the diaspora Greek merchants became a part of the elite business community (Minoglou, 2007). Moreover, diaspora communities maintain a close proximity with the homeland as they often collaborate with former classmates and colleagues (Saxenian, 2006b). Because of a high degree of relational proximity (Rice and Aydin, 1991), businesses practices are more likely to be affected by information, influence and behavior associated with the diaspora networks than those associated with average MNCs. Moreover, the transmission of institutions through organizational socialization (Chao et al., 1994) is likely to be higher in diaspora-owned businesses compared to those owned by other MNCs. Overall, a low degree of proximity acts as barriers to the transmission of institutions and technology associated with a MNC owned by non-diasporas.

4.3. Characteristics of the homeland

4.3.1. Western-educated leaders and technocrats

Some diaspora associations build initial connections to their homelands through relationships with policymakers (Saxenian, 2006b). Therefore, the degree of proximity with policy makers affects the extent to which diaspora networks can influence national policy. In this regard, communications researchers have observed various proximity mechanisms including relational, positional and spatial (Rice and Aydin, 1991).

Governments consisting of Western-educated policy makers tend to have a high degree of relational proximity with diaspora networks. Western-educated policy makers and diaspora networks also have a high degree of positional proximity because of similar roles, obligations, status and expectations (Burt, 1980) and thus, the two groups compare with and agree to each other's terms (Erickson, 1988).

A high proximity makes it easier to bridge the gap between the government and diaspora networks. Diasporas can communicate effectively with the government and mobilize resources and government officials. Looking from this perspective, they have the potential to be effective institutional entrepreneurs.

It is worth noting that governments controlled by coalitions with internationalist links typically consist of sophisticated technocratic teams with foreign training and experience, who tend to carry reform measures early and consistently (Glasser, 1995; Stallings, 1992). They are likely to possess knowledge and ability to understand adaptations required for institutional changes (Minsky, 1996). Technocrats and bureaucrats help precipitate institutional changes by directing attention and providing supports and resources (Kshetri and Ajarni, 2008). Evidence consistent with this proposition has emerged from Mexico, Thailand, Korea and the Middle East (Glasser, 1995). In sum, politicians, bureaucrats and technocrats with internationalist links are likely to perceive collaboration with diaspora network to bring entrepreneurship-friendly changes as a win-win situation.

4.3.2. Industry-level institutions: Nascentness of institutions

Compared to established industrial sectors, in nascent and formative sectors (e.g., high technology and offshoring), institutions are thin. For instance, there is often no developed network of regulatory agencies in such sectors (Powell, 1993). Prior research indicates associations such as those associated with diasporas can work closely with state agencies (Greenwood and Hinings, 1996). This logic also can be extended to the process of institutional changes associated with diaspora networks. In some situations, the state will collaborate with such associations and networks to rationalize an arena of activity (Scott, 1992).

India's NASSCOM, which was headed by a diaspora in the early years of its evolution during the 1990s, is used here as an example to illustrate this point. NASSCOM collaborated with government agencies at various levels, which benefited both parties. Ex-NASSCOM head, Dewang Mehta helped 19 state governments in India draft IT policies (Voicendata, 2006). Thus, diaspora networks played an important role in strengthening the regulative institutions by providing the state with their expertise in developing a new regulatory framework and strengthening the enforcement mechanisms.

Perhaps even more important, NASSCOM has developed and enforced industry codes and standards in Indian offshoring industry. Much of the credit of the remarkable progress in Indian offshoring firms' success goes to NASSCOM, which has played a phenomenal role in monitoring the industry behavior and bringing significant institutional changes. Most obviously, when the state's regulatory roles are weak, trade associations such as NASSCOM can help fill

the regulatory vacuum (Kshetri and Dholakia, 2009). The activities of industry associations are components of normative institutions (e.g., Scott et al., 2000).

Academic research and anecdotal evidence also suggest diaspora networks' contribution in the deinstitutionalization of entrepreneur unfriendly practices and values is likely to be more prevalent in a nascent sector compared to an established one. Entrenched interests of economic and political elites and existing institutional arrangements tend to constrain the ability of new players such as diaspora networks in bringing such changes in the traditional sectors. An explicit example illustrating this statement comes from India. A small number of well-connected industrialists have dominated the Indian economy and protected themselves from outside competition (Weitzman and Fontanella-Khan, 2011). Petras (2008) notes that most Indian billionaires built their wealth by "using economic power to secure neo-liberal policies." Similar points can be made about most SSA economies. Some SSA economies have realized this issue. For instance, Nigeria's policy has been to encourage diasporas to invest in the country's emerging industries (Nzeshi, 2013).

4.4. Host country characteristics and diaspora-led institutional changes in the home country

Immigrants with origins in the SSA economies are scattered across economies with various levels of economic development and diverse orientations toward immigrants. From a SSA economy's standpoint, there appear to be important qualitative differences in the institutions that are transmitted by immigrants hosted by economies with diverse characteristics. That is, depending upon the country of origin, a given level of economic remittance may translate to various levels of social remittances. For instance, a Nigerian diaspora with education, skills or experience gained in the United States or Switzerland are likely to play more positive roles in bringing institutional changes in their home countries than those in Saudi Arabia (Mercer et al., 2009). Anecdotally speaking, although U.S.-based Indian entrepreneurs have taken back-office functions as well as R&D works to India, Indian diaspora networks based in developing economies such as Africa and Middle East are not in a position to do so.

Considering the transmission of entrepreneurship-related institutions, diaspora networks can be viewed as intermediation agencies between the host country and the homeland. In this regard, diaspora networks' potential to transmit entrepreneurship friendly institutions in the home country is a function of entrepreneurship related institutions in the host country as well as an opportunity to assimilate with the population and observe entrepreneurial and business practices, behaviors, activities and culture in organizations. Countries hosting diaspora networks (or immigrants) differ widely in terms of entrepreneur-friendliness of institutions and orientation toward immigrants. For instance, formal and informal institutions facilitating the birth and growth of entrepreneurial firms are weak or missing in developing countries (Nanda and Khanna, 2008). On the other hand, developed countries such as the United States have environments to facilitate high impact entrepreneurship (Schramm, 2004).

Host countries differ in their orientation toward immigrants (Lobo and Salvo, 1998; Rumbaut, 1999), which affect diaspora networks' skill levels, experiences and ideas that can be potentially transmitted to their homeland. In terms of orientation toward immigration, consider Simon's (1998) categories. Simon's first group views immigrants as an extra source of labor. Economies

in this group include South Africa, the Gulf States, Gabon and Asian emerging economies. In the Middle East, for instance, recruiters organize most of the movements of workers on fixed term contracts. In most cases, contract workers are required to depart the receiving country upon completion of the contract. Moreover, they are not permitted to bring family members with them (Lucas, 2001). A low level of legal protection for immigrants and their limited assimilation into the host culture inhibits their internalization of entrepreneurial values and ideas. The sense of temporariness or a lack of permanence may act as a barrier to access high quality entrepreneurial ideas. Benefits to immigrants through processes such as organizational socialization in the transmission of institutions from the organization to the employees are likely to be limited (Chao et al., 1994).

The "old" immigration countries of Western Europe and North America, as well as Australia, New Zealand and Israel form Simon's second group. These are arguably the most open countries for immigrants with well-institutionalized programs. Immigration policies are "routinized, expansionary, and inclusive" (Freeman, 1997). They explicitly or implicitly allow immigrants to stay permanently. Immigrants get social and legal protection and the acquisition of nationality is an important issue (Simon, 1998).

4.5. Changes associated with diasporas' engagement in entrepreneurial activities

Most SSA economies are characterized by ineffective entrepreneurship-related practices. Various actors' conformance to the existing institutions tends to hamper ideas that may lead to high quality entrepreneurial ventures and initiatives (Seo and Creed, 2002). In this regard, businesses established by diaspora networks, which may be physically located in the homeland or the host country, can have various linking mechanisms to bring changes in institutions in the homeland. In this section, we discuss such changes in terms of businesses as well as business connections established by the diaspora networks in their homeland.

4.5. 1. Businesses established by the diaspora in the homeland

Diaspora networks associated with SSA economies are found to engage in the establishment of businesses in their homeland. In recent years, some international agencies are also encouraging diasporas to establish innovative businesses in SSA economies. One such example is the African Diaspora Marketplace (ADM). According to the Chief Innovation Officer and Director of the Office of Innovation and Development Alliances at USAID, promoting the ADM's mission includes "supporting African diaspora entrepreneurs who are looking to create innovative, sustainable businesses in their country of origins" (Kriss, 2012).

Prior research indicates that businesses owned by diaspora networks are likely to introduce new and innovative business models and practices (Kshetri, 2007a). For instance, many family-owned businesses established by diaspora members in China attribute their success to "manufacturing excellence, innovative culture and growth orientation towards niche-exports" (Poutziouris et al., 2002).

Overseas Chinese returnees provide illustrative examples of how diaspora-owned businesses can influence institutions related to entrepreneurship. Overseas Chinese in Asia have developed

complex and dense social organizations and institutions (Wu and Wu, 1980; Moore, 1997). In recent years, they are developing similar institutions in China. Wang (2001) documented the evolution of a "club culture" in China, which has promoted innovation and risk taking. Overall, Chinese returnees have contributed in producing synergies and in "thickening" existing institutions (Amin and Thrift, 1995; Keeble et al., 1999). Saxenian (2006a) refers to this as the phenomenon of "brain circulation."

In a discussion of Chinese culture and entrepreneurship, the nature of venture capital (VC) deserves attention. In China, most VC funds are linked to the government, which cannot accept the Western level of risk taking. They can be considered more like loans rather than equity financing and an incubator losing such funds often becomes a target of official criticism (Harwit, 2002). Overseas Chinese perform better in risk taking behaviors (Moore, 1997). In this regard, successful entrepreneurial spin-offs from Chinese returnees may induce and promote risk taking behaviors among the Chinese as a result of mimetic isomorphism. In this regard, one way to view Chinese diaspora networks is as social movement organizations, which have helped undermine and weaken existing institutions (e.g., risk aversion) and develop new institutional arrangements (e.g., risk taking) (Hiatt et al., 2009).

Many developing countries are characterized by persisting societal perception that bright and capable people do not pursue entrepreneurship as a career. They are in desperate need of an entrepreneurial role model. Successful entrepreneurial ventures established by the diaspora may trigger a change in societal perception of entrepreneurs. Individuals who are experienced entrepreneurs or entrepreneurial role models are likely to improve the image of entrepreneurs and increase the attractiveness of entrepreneurship as a career (Gnyawali and Fogel, 1994). Various studies have documented how diaspora Greeks acted as role models in the 18th and 19th century (Minoglou, 2007; Xenos, 1869; Sombart, 1913 [1998]; Chatziioannou, 2000; (Chatziioannou, 2008). Network theory suggests potential entrepreneurs are more likely to be influenced by successful entrepreneurs in their own ethnic networks compared to non-ethnic ones (Rice and Aydin, 1991).

Successful entrepreneurial ventures run by the diaspora may gain legitimacy by creating economically favorable conditions in the societies and undermine functional inefficiency associated with traditional business practices. In this way, such ventures may act as a source of institutional changes by creating a contradiction (Seo and Creed, 2002).

In some cases, diaspora entrepreneurs are likely to promote practices considered to be unconventional by the norms of their homeland. For instance, observers have noted that entrepreneurial firms run by returnees tend to focus on transparency, minimization of hierarchy and venture capital-based entrepreneurship, whereas traditional businesses are dominated by inefficient state-owned or family-run firms (Saxenian, 2006b). Therefore, diaspora networks are in an important position to generate positive externalities in the homeland. Their practices and orientations are likely to be imitated by other organizations through mimetic isomorphism (DiMaggio and Powell, 1983).

4.5.2. Business connections established by the diaspora with the homeland

Diaspora networks are connected to their homeland through "strong" as well as "weak" ties (Granovetter, 1973). In addition to family, friends and ethnic connections, businesses owned by immigrants in the host country may create various networks to draw on wider market and institutional contexts associated with the homeland (Kloosterman and Rath, 2001; Rath and Kloosterman, 1999). For instance, China's and India's rise in entrepreneurial profiles can be attributed to the various links provided by the highly qualified overseas Chinese and non-resident Indians with the high-tech clusters in developed countries, which facilitated the creation of successful entrepreneurial ventures (Kuznetsov, 2006).

Prior researchers have noted the important roles of diaspora-based connections for businesses conducted by immigrants in the host country (Kitching et al., 2009). Diaspora communities are connected to the homeland by various networks. In China's case, they are also known as the 'bamboo network' and an 'invisible empire' (Seagrave, 1996; Weidenbaum and Hughes, 1996). Diaspora networks' ties to their ancestral homeland can facilitate access to goods that can be sold in Western countries (Stoller, 2002). Kitching et al. (2009) found that family, friends and other networks in their ancestral homeland acted as suppliers for businesses such as coffee supplies, herbal ingredients, furniture, handicrafts and signage, which were established by Chinese and Vietnamese immigrants in London.

Diasporas build alliances with classmates, friends, families and social networks in their homeland. For instance, some African diaspora associations provide information on investment opportunities and sourcing in their homeland and facilitate contacts between traders in their host and origin countries (Ratha et al., 2011). Likewise, immigrant entrepreneurs from SSA economies share information, develop contacts and establish trust in Africa as well as in the United States (Portes, 1996). Thus, diaspora communities identify under-utilized entrepreneurial ingredients such as skill, talent and knowledge in their homeland and link them into global networks (Saxenian, 2006b).

For many potential entrepreneurs in SSA economies, diaspora networks are becoming a reliable channel, which facilitate access to information, funding, talent, technology and contacts (Isenberg, 2008). Moreover, businesses networks associated with diaspora networks are more effective, if only for the simple fact they are more transnational. The networks may help connect businesses in the country of origin to the value delivery networks of the diasporas' businesses (e.g., customers' customer and suppliers' suppliers).

Prior research indicates that coercive pressures by customers or other powerful members of the value delivery networks affect an organization's strategy (Bates, 1997). For instance, American and European organizations' adoption of TQM practices is considered a response to coercive forces. In this regard, SSA-based firms are also facing coercive pressures from businesses owned by the diaspora networks, which have acted as suppliers and customers. Such connections may lead to changes in entrepreneurial orientations in terms of factors such as product quality and response time, delivery efficiency and flexibility in dealing with orders of various sizes (Schmitz and Knorrnga, 2000).

5. Discussion and Implications

In this paper, we examined the contexts, mechanisms and processes associated with diaspora-led institutional changes in the developing world, with special emphasis on SSA economies. Our analysis provided insights into the complexities of institutional changes associated with the diaspora and suggested the indirect intangible benefits may be even more significant than the tangible economic component. In this way, we extended prior research by explicitly focusing on institutional changes associated with diaspora networks. Therefore, this research contributes both to our understanding of diaspora networks' effects in bringing institutional changes in the developing world, and to the growing body of research on stimulation of entrepreneurial activities by the diaspora networks.

The framework is offered as a starting point for researchers interested in studying diaspora-related institutional changes. Empirical work on institutional changes associated with diaspora networks has not yet commenced, and we anticipate that measurement of the various constructs proposed in this paper will be difficult.

Evidence from some successful economies such as Taiwan indicates that institutional changes associated with the diaspora networks may help them move from the peripheral position (Saxenian, 2006b). Likewise, diaspora of Indian professionals have played an important role in the development of the Indian IT sector (Wadhvani, 2004). These success stories have prompted policy makers to recognize the importance of diaspora-led institutional changes. In this regard, we provide a framework for policy responses, which links domestic and international measures with changes in formal and informal institutions (Table 2). The framework would help policy makers maximize the dividends associated with diaspora.

If there is a lesson in successful economies' utilization of diaspora networks, it is that in addition to more reactive measures such as changes in regulations in response to pressures from diasporas, governments need to engage in proactive activities such as inviting the diaspora community to represent and participate in the national policy-making as well as inviting input, feedback and suggestions. In many economies, some efforts are underway and steps have been taken in this direction, albeit mostly symbolic in many economies' cases. For instance, 20 of the 150 seats in the AU's Economic, Social and Cultural Council (ECOSOCC), are reserved for diaspora organizations (Oladeinde, 2006). Likewise, Recommendation 10 of the UN Global Commission on International Migration (GCIM) has emphasized diasporas' participation in "transnational knowledge networks" in addition to the existing focus on encouraging saving and investment (UN, 2006b). However, substantive results are yet to be achieved from such initiatives.

In many SSA countries, benefits associated with diaspora networks' underlying social contributions are not fully realized because of a misguided sole focus on the economic remittances. Given the potentially important role of the transfer of various skills in entrepreneurial development (Brinkerhof, 2008), policy interventions may need to have a clear and explicit focus on the social remittances component. The examples discussed above indicate an economy may especially benefit by developing formal and informal mechanisms to link high achieving expatriates (Isenberg, 2010).

Table 2. A framework for policy responses.

| | Domestic Measures | International Measures |
|-----------------------|--|--|
| Formal institutions | <ul style="list-style-type: none"> • Reform oriented/Western educated bureaucrats and technocrats. • Policy initiatives to involve diaspora networks in the construction of institutions through bricolage. | <ul style="list-style-type: none"> • International level efforts to attract diasporas to represent and participate in the national policy-making (e.g., Taiwan in the 1990s). |
| Informal institutions | <ul style="list-style-type: none"> • Enhancing absorptive capacity and strengthening linking mechanisms with the domestic economy. • Using diaspora entrepreneurs to provide business advice and mentorship. • Creating favorable conditions for diaspora networks on the home front. | <ul style="list-style-type: none"> • International level efforts to attract diasporas to start businesses and business connections in their homeland, possibly by providing economic incentives (e.g., Mexico). |

However, as a result of inertia effects and a lack of successful adaptations into a new environment created by the globalization, many developing countries have not been able to benefit from the diaspora networks' potential to bring institutional changes. Their failure to shift from old orientation may be attributed to a lack of understanding of diasporas' roles in the changing social, political and economic climates. Governments in the developing world need to direct more efforts toward buttering up the diaspora networks. Domestic and international efforts aimed at improving formal and informal institutions related to entrepreneurship are important (Table 2). Taiwan's experience indicates that international efforts to attract diasporas to represent and participate in the national policy-making and to start businesses can pay off brilliantly to the economy of the homeland. Once the diasporas are attracted, more formalized efforts at the domestic level would help accelerate the rate of institutional change. For example, policy frameworks are needed to engage the diaspora in providing advice and mentorship to support entrepreneurial activities (Commission on the Private Sector and Development, 2004). SSA economies also need policy efforts to enhance absorptive capacity of domestic firms and strengthen linking mechanisms of diaspora-owned businesses with the domestic economy.

It is also important to create favorable conditions for diaspora networks on the home front. In SSA and other parts of the world, there are examples of creative and successful efforts, which have fostered opportunities for greater levels of participation by diaspora communities. For instance, the government of Rwanda reached out to the diaspora networks by emphasizing on "diasporic unity" and encouraging communication among various diaspora groups as well as with the government (Fransen and Siegel, 2011). Starting in the early 1990s, many municipal governments in China had established high tech development zones, which had venture parks that exclusively targeted returning students. In addition to low rent, tax relief, shared infrastructure and financial benefits, the parks addressed special needs of returnees. They included dealing with the bureaucratic process related to residency, housing and special schools for their children (Saxenian, 2003). Such activities have helped network, share and fertilize high quality entrepreneurial ideas.

Finally, in the SSA economy's context, diaspora networks' activities and the resulting institutions tend to be biased toward a global focus and the formation of relatively large enterprises. These initiatives are likely to be of little value in serving local markets, which often consist of poor and

illiterate consumers. Therefore, government policies should not ignore the needs of indigenous entrepreneurial activities, which often tend to be of small scale and local or regional appeal. Policy initiatives are needed that focus on the involvement of the diaspora networks in the construction of institutions through a process of bricolage (e.g., Campbell, 2004), which entails borrowing the most appropriate elements from the North and applying them in the unique institutional context of the developing world. In this connection, it is important to point out that some foreign multinationals have taken initiatives to apply the western approach of business and management in the context of the developing world. For instance, Citibank operates in the Arab economies according to the principle of Commercial shariah. Another example is Barclays' collaboration with Susu money collectors in Ghana to collect savings from informal traders who lacked access to banking. Barclays provides Susu collectors with training and lending. These approaches can be regarded as an example of complementarity because two seemingly contradictory phenomena (Western institutions' capitalism and Commercial shariah) are combined and essential characteristics of each component are preserved (Bohr, 1963; Potter, 2004). Although the approaches of multinationals such as Citibank and Barclays are successful, diaspora networks, because of a higher degree of proximity and understanding of local institutions, are in an even better position to employ a bricolage process so benefits to the local community can be maximized.

5.1. Future research

There are several implications of the above discussion for future research into the diaspora-institutional change nexus. Mercer et al.'s (2009) study indicated that although diaspora networks may be active in their host country in the west, in many cases, the "center" is the ancestral homeland such as in Africa. Future research may benefit considerably from incorporating the center-periphery model in a discussion of diaspora-led institutional changes and examining various factors that determine the degree of centerness of the ancestral homeland.

In future conceptual and empirical work scholars need to compare and contrast various cultures related to the diaspora networks' ancestral homeland in terms of the institutional changes associated with such networks in their homeland. For instance, researchers could benefit from understanding how the diaspora communities' loyalty to the homeland and various networks they form (e.g., China's guanxi networks) contribute to institutional changes.

The nature of entrepreneurial practices that diffuse from foreign firms owned by diaspora versus those owned by non-diaspora may differ. In this regard, future researchers may seek to study the extent to which practices imitated by local firms in SSA economies from diaspora-owned firms are similar and different from those imitated from non-diaspora owned MNCs.

6. Concluding Comments

The preliminary evidence presented in this paper suggests diaspora networks influence entrepreneurial behaviors and institutional changes directly as well as through indirect causal chains and various forms of externalities. In this way, they play more substantial roles than merely substituting for the imperfect domestic institutions as identified in the prior research. In both national and international policy circles interested in developing entrepreneurial activities in

the developing world, it is important to develop a comprehensive diaspora strategy designed to have large-scale impacts on the broader community.

The potential of institutional changes associated with diaspora networks stems from the fact these networks are transnational but, at the same time, have a high degree of proximity to their homeland. Such networks generate externalities and spillovers to the economy in various ways. Networks created by diaspora communities are likely to be more effective in helping diffuse high quality entrepreneurial ideas than those created by both domestic networks and multinationals associated with non-diaspora sources. The common culture, values and social norms increase proximity and establish mutual understanding and trust.

The diaspora networks' physical location seems to be of less relevance. In some cases, they may physically return to the ancestral homeland. In other cases, they may be located in the host country but can engage in various activities that can lead to changes in entrepreneurship related institutions in their ancestral homelands.

Although some economies such as China and Taiwan have used diaspora networks as a means to achieve their policy objectives, many SSA economies have not been able to do so. The conception and delivery of a quality entrepreneurial environment is crucial to attract diaspora networks with the highest potential to bring institutional changes in the homeland. However, once such an environment is developed, it is likely to provide positive feedback showing a virtuous circle and self-reinforcing improvement in institutions.

Finally, all diaspora networks are not created equal. Diaspora networks that possess skills and experiences are likely to stimulate and facilitate the process of "brain circulation" and help bring positive changes in institutions in their homelands. The SSA economies must exploit the opportunities afforded by diaspora networks while minimizing the risks associated with undesirable and less desirable kinds of migrant networks such as those involved in human trafficking and illegal migration (Savage and Harvey, 2007; UN, 2006a). Such networks contribute to the creation of institutions that promote unproductive and destructive entrepreneurship rather than productive ones. The SSA economies also need to ensure the reliance on diaspora networks has no negative effect on incentives to innovate domestically.

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