

Diaspora Networks, Non-Economic Remittances and Entrepreneurship Development: Evidence from Some Economies in Latin America

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Kshetri, Nir, Diana Rojas-Torres, and Marleny Cardona Acevedo (2015). "Diaspora Networks, Non-Economic Remittances and Entrepreneurship Development: Evidence from Some Economies in Latin America," *Journal of Developmental Entrepreneurship* 20(1).

*** Electronic version of an article published as *Journal of Developmental Entrepreneurship*, Vol. 20, No. 1, 2015, 18 pages <https://doi.org/10.1142/S1084946715500053>
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Abstract:

Diaspora networks' non-economic remittances in the forms of social, political, cultural and technical contributions to their homeland play important roles in entrepreneurship and economic development. In this paper, we examine the effects of such remittances on entrepreneurship development in economies in Latin America and the Caribbean (LAC). We analyze how factors such as migrants' skills and education and characteristics of the host country are likely to affect non-economic remittances and their contribution to entrepreneurship and economic development. We offer some examples of initiatives taken in the home country and the host country to maximize the potential non-economic remittances and their impacts on entrepreneurship development in the home country. A key lesson and take-away that we can gain from entrepreneurially successful efforts of some economies is that the primary focus of diaspora policies need to be centered on utilizing various forms of non-economic remittances in stimulating the quantity and quality of entrepreneurial activity.

Keywords: Diaspora networks | Latin America and the Caribbean | non-economic remittances | social remittances | technical remittances | political remittances

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1. Introduction

Diaspora networks are playing an important role in the development of entrepreneurship in developing countries. For instance, Woodruff and Zenteno's (2007) survey of microenterprises in Mexico found that about one-third of the capital invested was associated with migration to the United States. It is argued that economic remittances from diaspora networks play the role of financial intermediaries in the sense that such remittances enable households and micro-entrepreneurs to overcome credit constraints and imperfections they face in the financial markets in developing countries. Households and micro-enterprises receiving economic remittances are able to invest in human and physical capital, which is likely to stimulate entrepreneurial

activities and contribute to long-run economic growth of a country (Mundaca, 2009). Perhaps even more impressive is that the population at the middle-to-bottom end of the wealth distribution is more likely to benefit from economic remittances (Lucas, 1987; Rozelle et al., 1999; Woodruff and Zenteno, 2007). Note that poor households often face a high degree of credit constraints and thus, have low degree of access to self-employment and entrepreneurship (Mundaca, 2009). This issue is rather important because of the fact that poverty reduction has been identified as a key entrepreneurial impact (Ahmad and Hoffmann, 2008; Kshetri et al., 2014).

Moving to the focus of this paper, the concept of remittances has been broadened from an exclusively economic term to include social, political, technological, technical and cultural contributions such as transfers of entrepreneurial skills, experience, ideas, technology and knowledge as well as cultural and civic awareness in the diaspora networks' ancestral homeland (Connell et al., 2007; Goldring, 2003, 2004; Levitt, 1998; Saxenian and Sabel, 2008; Nyberg-Sorensen, 2004). Prior research has indicated that the contributions of non-economic remittances to socio-economic development are no less important, and may in fact be even more important (Kshetri, 2013).

Despite the above observations, most research on the diaspora's contributions to the homelands has focused primarily on economic remittances (Brinkerhof, 2008). Prior researchers have suggested that theories that focus purely on economic factors cannot capture the broader social and other non-economic factors that may affect remittances-related decisions (Castels, 2000). Nonetheless, the role of non-economic remittances in socio-economic development has been under-researched and under-valued (Kshetri, 2013). In little research have scholars examined the non-economic remittances associated with diaspora networks such as their roles in bringing changes in entrepreneurship related institutions in the developing world. This research gap is serious because the diaspora networks' possible roles in bringing entrepreneurship-friendly institutions in developing economies have received much attention in the popular press and policy debates (e.g., Annan, 2011). For instance, Diaspora Policy has been a key component of long-term development plans of some economies such as Rwanda (Kshetri et al., 2014).

The objective of this paper is to investigate how factors such as migrants' skills, education and linkages with the homeland and characteristics of the host country may affect non-economic remittances and their contribution to entrepreneurship and economic development. We argue that economies in Latin America and the Caribbean (LAC) represent a fertile ground for studying the roles of the influence of diaspora networks' noneconomic remittances in entrepreneurship development. This is because key economies in the region, such as Brazil, Chile, and Colombia, have taken a number of measures to maximize diaspora networks' effects on entrepreneurship development in the homelands. Therefore, this analysis will bridge a gap in the literature by providing insights into how key characteristics of the diaspora networks might be related to non-economic remittances and their impacts on entrepreneurship.

Before proceeding, we offer some clarifying definitions. By institutions, we mean "macro-level rules of the game" (North, 1990), which include "formal constraints (rules, laws, constitutions), informal constraints (norms of behavior, conventions and self-imposed codes of conduct) and their enforcement characteristics" (North, 1996). Likewise, 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.

The paper is structured as follows. We proceed by first examining some theories, anecdotes, observations and best practices regarding non-economic remittances associated with diaspora groups. Next, we analyze some key determinants of non-economic remittances associated with diaspora groups in the case of the LAC. Then, we look at various types of non-economic remittances and illustrate them in the LAC context. We then present a section that discusses some measures taken by LAC economies that might stimulate non-economic remittances. The final section provides concluding comments.

2. Diaspora Groups and Non-Economic Remittances: Some Theories, Anecdotes, Observations and Best Practices

In 2012, global diaspora networks were estimated to send over US\$534 billion to their friends and families in developing countries (Diasporralliance.org, 2012). From our perspective, the non-economic remittances are even more important. We thus provide some theoretical and historic perspectives on the roles of non-economic remittances in entrepreneurship and economic development.

2.1. Diaspora groups as institutional change agents in their homelands

There are a number of reasons why diaspora networks are in a position to bring institutional changes in their ancestral homelands (Kshetri, 2013). 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).

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 of the fact that 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 A. T. Kearney), (Foreign Policy, 2007). It is thus 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 Sorensen, 1995). Some economies, for instance, 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 African Union (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).

2.2. 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. The investment of diaspora Greeks in their ancestral homeland in the nineteenth century could be a nice and striking example to illustrate this idea. 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 then 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; Chatziioannou, 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).

2.3. The twentieth century and the current century

Fast forward to the last decades of the 20th Century and the current Century, when we can see successful and interesting examples of diaspora-led institutional changes in the developing world. For instance, diaspora’s contribution in rebuilding the Taiwanese economy has been mainly in the form of social remittances 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, 2007). Following the 1978 political and economic reforms, China invested substantially in national development projects, which included the creation of special economic zones to attract the Chinese diaspora (Phillips, 2009). Likewise, entrepreneurial firms created by diaspora Indians have helped improve the quality and complexity of services provided by Indian firms to their Western clients, which moved away the Indian IT and business process management (IT&BPM) sector from the focus on low cost to high quality (Saxenian, 2006b). For instance, Silicon Valley-based Indian managers played instrumental roles in the development of MNC development centers in India’s main outsourcing hubs such as Bangalore and contributed to entrepreneurial resources (Saxenian, 2003). Likewise, former UN Secretary-General Kofi Annan noted that the African diaspora

networks have helped transfer entrepreneurial skills and brought innovations in Africa (Annan, 2011). Some sub-Saharan African (SSA) economies such as Rwanda, Ethiopia and Kenya have created “diaspora bonds” to encourage the involvement of their diasporas in development projects (Provost, 2012).

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).

3. Some Key Determinants of Non-economic Remittances Associated with Diaspora Groups: The Case of LAC

Diaspora networks have a potential to play an important role in stimulating entrepreneurship in LAC economies. Prior research indicates that remittances have played a key role in increasing economic growth and reducing inequality and poverty in these economies (Acosta et al., 2008). An estimate of the Multilateral Investment Fund (MIF) suggested that the Latin American migrants from the United States and Western Europe sent US\$61 billion in remittances to their homelands annually (Inter-American Development Bank, 2012). Likewise, a study by the Inter-American Development Bank found that, in 2005, 435,000 Latin American immigrants were living in Japan, who sent about US\$2.65 annually to their home countries (Inter-American Development Bank/Multilateral Investment Fund, 2005).

The education and skill levels of diaspora networks associated with the LAC region may warrant elaboration. One estimate suggested there were more than 50 million people of the Hispanic origin in the United States, who owned 1.6 million businesses (Diasporalliance.org, 2012). This Hispanic diaspora population includes highly skilled and educated entrepreneurs. Likewise, in 2002, there were about 270,000 Brazilian immigrants living in Japan, more than half of whom were young and well educated. Most of them stayed in Japan for less than five years, saved money and returned to Brazil to open their own businesses (iadb.org, 2005).

Prior researchers have suggested that the contribution of a given level of economic remittances to economic growth varies across regions. A ten percent increase in remittances lead to a 0.3 percent long-run economic growth in the LAC region compared to 0.13 percent and 1.56 percent in Africa and Asia respectively (Nsiah and Fayissa, 2013). Thus, the contribution of a given level of remittance to economic growth in LAC economies is over twice as high as that in Africa but only 19 percent that of Asia. Regarding the inter-regional heterogeneity in the effect of economic remittances on economic growth, one likely possibility is that a given level of economic remittance is associated with different levels of non-economic remittances in these regions. This section focuses on some key factors that are likely to affect diaspora networks’ non-economic remittances.

3.1. Nature of the host country

Considering the roles of diaspora networks in creating entrepreneurship-related institutions (e.g., friendly regulations, culture and value systems to support entrepreneurship and higher levels of

entrepreneurial skills) in the home country, they 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 these networks' exposure to 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). Developed countries such as the United States, on the other hand, have environments to facilitate high impact entrepreneurship (Schramm, 2004).

Host countries also 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 to 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 receive social and legal protection and the acquisition of nationality is an important issue (Simon, 1998). In light of the above discussion, a key positive factor from LAC economies is that the proportion of LAC migrants in high-income OECD and non-OECD countries is highest among all the geographic regions. According to the World Bank's Migration and Remittances Factbook 2011, the proportion of LAC migrants hosted by high-income OECD and non-OECD countries was 85.5 percent (The World Bank, 2011). The corresponding proportions for other regions were: 80.9 percent for East Asia and Pacific (EAP), 38 percent for Europe and Central Asia (ECA), 63.4 percent for Middle East and North Africa (MENA), 57.8 percent for South Asia (SA) and 27.3 percent for SSA.

3.2. General education, experience, skills and knowledge

It would be reasonable to expect that diaspora networks' levels of education, experience, skills and knowledge are positively associated with the flows of non-economic remittances to their ancestor homelands. In this regard, available evidence suggests that migrants associated with

LAC economies tend to perform poorer in terms of these factors compared to those from some other economies. In the United States, for instance, immigrants from Latin America tend to be less educated compared to those from Asia. For instance, in California, only seven percent of immigrants from Latin America have college degrees. The corresponding proportions are 64 percent for Southwest Asia and India and 56 percent for East Asia (Johnson, 2014). Likewise, only 4 percent of Mexican migrants in the United States are estimated to have tertiary level education. The proportions of migrants in the United States with tertiary level education are seven percent for Central America, twelve percent for the Caribbean, 24 percent for the Andean region and 30 percent for South American countries (Fajnzylber and López, 2007). Regardless of the level of education, compared with the native born population, Latin American migrant workers in the United States tend to be employed in low-skill jobs (Phillips, 2009). For instance, it is estimated that less than six percent of Mexican immigrants occupied professional or executive positions in the United States in the early 2000s (US-Mexico Binational Council, 2004).

4. The Concept of Non-Economic Remittances: Illustration in the LAC Context

Because of the complex and multi-faceted nature of migration process, prior researchers have emphasized the importance of identifying various forms of non-economic remittances (Goldring, 2004; Massey et al., 1993). At least three types of non-economic remittances can be distinguished: social, technical and political (Table 1).

Table 1. The impacts of non-economic remittances on entrepreneurship: An illustration in the Latin America and the Caribbean context.

Type of Non-Economic Remittances	Explanations and Some Mechanisms	Examples
Social	<ul style="list-style-type: none"> • Positive effect on wages in the host country, which may lead to an increase in economic remittances, which in turn promotes entrepreneurship. • Increasing awareness of and promoting a positive image of home country abroad. • Challenging the values that underpin the existing entrepreneurial system and helping diffuse new ideas, such as social responsibility. 	<ul style="list-style-type: none"> • Mexican migrants gathered by the Mexican Migration Project indicated the positive effect of social capital on wage. • Yo Creo en Colombia aims to enhance Colombia's image with promotional activities directed at Colombian and international audiences. • BrazilFoundation engages in activities to raise awareness among the Brazilian diaspora about social projects in Brazil. Its goal is to promote corporate social responsibility among companies that invest in Brazil.

Technical	<ul style="list-style-type: none"> • Flows of knowledge, skills and technology. 	<ul style="list-style-type: none"> • Brazilian scientists working in the U.S. inform their old classmates working in Brazil about interesting and intriguing research being conducted in the U.S. labs. • ChileGlobal designs and finances business projects. Colombia's Red Caldas was established to mobilize its members to contribute to economic and social advancement of Colombia.
Political	<ul style="list-style-type: none"> • Migration-led transformation in political identities, discourses and practices which are likely to promote entrepreneurship. 	<ul style="list-style-type: none"> • Medellín's U.S.-educated mayor Sergio Fajardo transformed city by increasing spending on education, public transportation and microlending projects for SMEs.

4.1. Social remittances

Levitt (1996) has introduced the concept of social remittances, which is defined as “the ideas, behaviors, identities and social capital that flow from receiving to sending-country communities.” For instance, Aguilera and Massey’s (2003) analysis of data on male Mexican migrants gathered by the Mexican Migration Project indicated the positive effect of social capital on wages. For documented migrants, the authors found that close family members with migration experience played a positive role in determining wages. For undocumented migrants, the existence of distant relatives or friends in the United States positively affected wages. In this way, social capital is likely to translate to higher economic remittances, which may stimulate entrepreneurship. Likewise, a study of Colombian scientific diaspora living in Switzerland indicated that they benefit from the social capital. They make use of their professional and institutional contacts and social relations, which helps them to integrate in the country of residence (Tejada, 2010). Skilled Colombians have helped to enhance the country’s reputation. These attempts are likely to improve foreigners’ general perception of the country (Tejada, 2010). One example is the private organization Yo Creo en Colombia, which was established by diasporas. It aims to enhance Colombia’s image with promotional activities directed at Colombian and international audiences (<http://www.yocreocolombia.com/>).

Diasporas can also challenge the values that underpin the existing entrepreneurial system and may help diffuse new ideas, such as social responsibility of businesses, which may become accepted criteria for evaluating business conduct. In this way, diasporas may help develop high quality entrepreneurial businesses. For instance, the nonprofit organization, BrazilFoundation has offices in New York, which engages in activities to raise awareness among the Brazilian diaspora about social projects in Brazil. Its goal is to promote corporate social responsibility among companies that invest in Brazil (Forman et al., 2007).

4.2. Technical remittances

Technical remittances are a second form of non-economic remittances, which refer to the flows of knowledge, skills and technology related to migration (Nichols, 2002). For instance, it is reported that Brazilian scientists working in the United States inform their old classmates working in Brazil about interesting and intriguing research being conducted in the U.S. labs

(economist.com, 2011). To take another example, through a network of about 400 registered influential Chileans diaspora living in the Americas and Europe, ChileGlobal designs and finances business projects. The projects introduce innovations, strengthen human capital and promote technology and knowledge transfers (Agunias and Newland, 2012).

Another example: as of 1999, the members of the Colombian Network of Researchers and Engineers Abroad (Red Caldas) were in 30 countries (Meyer and Brown, 1999). Red Caldas established to mobilize its members to contribute to economic and social advancement of Colombia. Caldas members have initiated a number of collaborative research projects. One such project the Bio 2000 aimed to apply instrumentation developed for physics and engineering in the areas of biology and medicine (Granes et al., 1998). Another project involved transfers of technology in the area of robotics, automation and industrial networks. Tejada's (2010) study of skilled Colombians indicated that one-third of the respondents maintained regular scientific and/or professional exchanges with Colombia.

4.3. Political remittances

Political remittances represent still another form of non-economic remittances. Such remittances are related to the migration-led transformation in political identities, discourses and practices (Goldring, 1992; Moctezuma, 2000), which are likely to play a critical role in promoting entrepreneurship. Østergaard-Nielsen (2003) has identified five categories of politics from the perspective of "migrants' organizations and their transnational networks": immigrant politics, homeland politics, emigrant politics, diaspora politics and trans-local politics. She has suggested a three-step process to analyze migrants' and diaspora networks' political practices: mobilization (why), strategy (how) and impact (what).

To take an example, the so called "nonconformist" U.S.-educated mayor Sergio Fajardo transformed the Colombia city of Medellín. After he became the city's mayor in 2003, he brought about dramatic changes by nurturing an entrepreneurial environment (Kshetri et al., 2014). Fajardo established innovation centers, allocated 40 percent of the city's budget to education and spent US\$17 million a year to stimulate entrepreneurship (Isenberg, 2010). He also increased spending on public transportation and microlending projects for SMEs. These measures have generated significant payoffs. Medellín's homicide rate per 100,000 inhabitants decreased to 29 in 2006 from 381 in 1991 (Romero, 2007). Recent studies have suggested that Medellín is safer than Washington, D.C. and many other leading U.S. cities (Isenberg, 2010). During his appointment, Fajardo also took initiatives to form entrepreneurial networks linking local universities, entrepreneurs, private equity funds, large companies (e.g., the local power utility (EPM)), non-profit organizations (e.g., Proantioquia Foundation and Comfama) and diaspora networks with roots in Medellín. He also focused on building beautifully designed, technologically advanced, public libraries and community centers (Isenberg, 2010). His "Let's Work Together," motto led to the establishment of partnerships with key institutional actors, such as the national government, Medellín city councillors and other relevant groups such as the teachers' union and affected neighbourhoods (comunas).

The Ruta N project launched in July 2010 by the City Hall of Medellín is among the most successful projects undertaken by the local government to facilitate the growth of the

outsourcing and offshoring industry. A three-building complex established in an area of the city plagued by crime, Ruta N forms part of the Medellín Cluster City initiative established in order to enhance the city's competitiveness based on innovation and technological development (Medellin Digital, 2011). This project also emphasizes and promotes state-university-business-society relationships. Public and private actors such as the city government, SENA, the Chamber of Commerce of Medellín, Proantioquia, universities, as well as national and multinational firms, have all participated in the project. The idea is to develop regional production systems from suppliers to customers, covering value chains in different economic sectors. Overall, these measures helped to create a more entrepreneurial friendly climate. In 2012, the Wall Street Journal named Medellín as the most innovative city in the world (<http://online.wsj.com/ad/cityoftheyear>). The city also has set the goal to become Latin America's science, technology and innovation capital by 2021 (latino.foxnews.com, 2014).

5. Some Measures Taken by LAC Economies that Might Stimulate Non-Economic Remittances

Prior research has emphasized the importance of promoting linkages with diaspora networks abroad in cooperation with host countries or with international organizations (Connell et al., 2007; Wickramasekara, 2003). Such linkages can help stimulate economic as well as non-economic remittances. For instance, the International Organization for Migration manages the Ghana–Netherlands Healthcare Project, which is facilitated in the development of a center for the maintenance of medical equipment in Ghana. The project organizes short-term assignments and projects (e.g., internships for Ghanaian medical residents and the Netherlands-based specialists) to stimulate the transfer of knowledge, skills and experiences (Wiskow, 2005).

Financial as well as nonfinancial measures can be taken to maximize the contribution of non-economic remittances to stimulate entrepreneurial activities in the home countries. Table 2 presents some of these measures in the context of LAC economies. Such measures have been taken at the home as well as the host countries.

Table 2. Some examples of measures taken at the home and the host countries that are likely to stimulate noneconomic remittances and their impacts.

	Home Country	Home Country
Financial incentives and assistance	<ul style="list-style-type: none"> • Brazil: Partnership of CAIXA with a U.S. bank to develop six financial products linked to remittances. • Colombia: Nos Une has teamed up with the BANCOLDEX to offer lines of credit to diaspora entrepreneurs, who want to start their businesses in Colombia. • Chile: ChileGlobal designs and finances business projects. 	<ul style="list-style-type: none"> • Colombia: Nos Une provides microcredit for Colombian entrepreneurs in the United States.

<p>Nonfinancial, measures, supports and assistance</p>	<ul style="list-style-type: none"> • Brazil: Entrepreneurial and business training via SEBRAE’s online training program. • La Idea: helps to increase awareness of entrepreneurs regarding the resources available and organizes various events. It has established a virtual marketplace platform to strengthen entrepreneurship among the Latin American diaspora. 	<ul style="list-style-type: none"> • Colombia: ProMicro established by Nos Une and the Colombian consulate in New York offer support to small businesses in New York and New Jersey that are run by Colombians. The program provides technical assistance and free legal consultations for starting and growing businesses in the U.S. and offers work-related education via the SENA.
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As mentioned earlier, immigrants who acquire higher levels of entrepreneurship-related skills, competencies, experiences and abilities at the host countries are likely to contribute more to the development of entrepreneurship in their home countries. Measures taken to increase diaspora networks’ engagement in entrepreneurial activities in the host countries are thus likely to have a positive impact on the home country. Policy makers also have realized the importance of initiatives to increase entrepreneurial opportunities for diaspora communities in the homeland and motivate them to engage in entrepreneurial activities.

Colombia’s Nos Une, which is a development program of the Colombian Ministry of External Relations, has teamed up with the Colombian Foreign Trade Bank (BANCOLDEX) to offer lines of credit to diaspora entrepreneurs who want to start their businesses in Colombia. Nos Une also offers nonfinancial support to such entrepreneurs. For instance, it works with local universities to train potential entrepreneurs on business, management and other areas (Agunias and Newland, 2012). Nos Une, in partnership with the Colombian consulate in New York, started ProMicro, which was a pilot project to offer support to small businesses in New York and New Jersey that are run by Colombians. The program provides technical assistance and free legal consultations for starting and growing businesses in the United States and offers work-related education through the National Service for Training or (Servicio Nacional de Aprendizaje) (SENA). It also provides microcredit for Colombian entrepreneurs. To help Colombian diasporas create successful business plans, ProMicro has collaborated with a network of over 25 private and public partner organizations. As of 2012, ProMicro had provided services to 650 members and offered a number of workshops. It also announced a plan to expand to other regions of the United States (Agunias and Newland, 2012).

Similar efforts have been made by governments at various levels in Brazil. For instance, the city government of Governador Valadares (Minas Gerais) has teamed up with the Bank of Brazil to support entrepreneurial activities involving Brazilian diasporas (Levitt and de la Dehesa, 2003). Likewise, to promote investment by the diasporas and provide advice, in 2001, the Inter-American Development Bank (IDB) and the Brazilian government created a fund, which was especially targeted to the Brazilian diasporas living in Japan (Levitt and de la Dehesa, 2003).

CAIXA and the Brazilian Support Service for Micro and Small Businesses (Serviço Brasileiro de Apoio à Micro e Pequena Empresa, SEBRAE) have launched an initiative to facilitate Brazilian diasporas’ engagement in entrepreneurial activities when they return to Brazil. Brazilian

diasporas in the United States with entrepreneurial capacity are provided entrepreneurial and business training via SEBRAE's online training program. The key idea here is that when they return to the homeland, Brazilian diasporas are likely to be in a position to start their own businesses using their savings. In addition, SEBRAE is making efforts to ensure that remittance recipients in Brazil get appropriate training to start and grow their businesses (Agunias and Newland, 2012). CAIXA provides tailored financial services to migrants and their relatives. As of 2012, CAIXA had established a partnership with a U.S. bank, conducted needs assessments of Brazilian diasporas living in Massachusetts and developed six financial products linked to remittances (Agunias and Newland, 2012).

Several international agencies have also collaborated with other such agencies and national governments. In 2011, the Secretary's Office of Global Partnerships (S/GP) and the United States Agency for International Development (USAID) teamed up to launch the International diaspora Engagement Alliance (IdEA) at the Global Diaspora Forum.

The Latin American IdEA Partnership (La IdEA) is a business competition platform, which was established to stimulate collaboration between entrepreneurs in the United States and Latin America. It helps to increase awareness of these entrepreneurs regarding the resources available. It also organizes various events and has established a virtual marketplace platform to strengthen entrepreneurship among the Latin American diaspora (Diasporalliance.org, 2012).

A key idea behind the establishment of IdEA is to utilize the global connections of diaspora communities to promote sustainable development in their homelands. A number of partnerships have been formed around entrepreneurship (e.g., providing supports to diaspora entrepreneurs in investing and building sustainable enterprises), volunteerism/philanthropy (stimulating diaspora giving in education, health, nutrition, disaster relief and other areas), and innovation (research and other forms of collaboration between diaspora communities and their counterparts in the homelands in science and technology), the Alliance provides a platform for capacity-building and a forum for collaboration across (state.gov, 2014).

6. Discussion and Implications

It is important to note that diaspora networks' non-economic remittances influence entrepreneurial activities in their homelands directly as well as through indirect causal chains. First, these networks often possess high levels of entrepreneurial skills, experience, ideas, technology and knowledge, which are likely to facilitate entrepreneurial development in their homelands. Second, in addition to such networks' direct roles in influencing entrepreneurial activities, they are also likely to play indirect roles such as strengthening formal and informal institutions related to entrepreneurship (e.g., entrepreneurship-friendly regulations) and helping other migrant workers to gain skills and entrepreneurial experiences and find employment opportunities.

From the above discussion, it is clear that, if properly utilized, diaspora networks from the LAC can further stimulate entrepreneurship and serve as an important engine of growth and development of their homelands. The studies reviewed above regarding key factors that are likely to affect diaspora networks' non-economic remittances suggest that although some factors

favor LAC economies vis-à-vis other regions, the region is at a disadvantage in terms of other factors. An observation that is especially important from the standpoint of non-economic remittances is that the proportion of LAC migrants in high-income OECD and non-OECD countries is higher than any other geographic regions. At the same time, immigrants from these economies in the United States are often less educated and tend to be employed in low-skill jobs compared to those from Asia.

One can conclude from the above discussion that diaspora networks' social capital and the strengths of linkages with the homeland are tightly linked to their homelands' entrepreneurship and economic development. In the LAC context, despite some encouraging signs of the positive roles of social capital on entrepreneurship development, diaspora networks from some LAC economies are characterized by relatively low degrees of social capital and linkages with their homelands. For instance, significant trade ties have been reported between Colombia and Florida thanks to a growing number of international businesses opened by Colombian migrants in Florida. These businesses mainly focus on trade with the Colombian migrants' home state. In the early 2000s, about five percent of all Florida's external trade was with Colombia (Collier and Gamarra, 2003). A study of Colombian diaspora networks in South Florida indicated that Colombian migrants have not established strong economic, political and social linkages with their homeland (Collier and Gamarra, 2003). Especially, political linkages are extremely low, or non-existent despite the Colombian government's actions to encourage the diaspora's political participation. Socially, the linkages are primarily with family and close friends. Some economic linkages with their homeland exist, but they are primarily driven by necessity.

A key lesson and take-away that we can gain from some entrepreneurially successful efforts of some LAC economies is that the primary focus of diaspora policies need to be centered around utilizing various forms of non-economic remittances in stimulating the quantity and quality of entrepreneurial activities. Although some economies such as China and Taiwan have used diaspora networks as a means to achieve their policy objectives, many LAC 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.

Experiences of some economies indicate that LAC economies are also likely to benefit from diaspora networks' participation in political and other social affairs through sectoral institutions and formal networks such as trade associations. An example is India's National Association of Software and Service Companies (NASSCOM), which had several returnees as prominent advisors of board members (Docquier and Rapoport, 2012). The NASSCOM has played a key role in raising the profile of the India's rapidly growing IT&BPM sector. Most LAC economies currently lack such participation.

7. Future Research Directions

This study has laid the groundwork for a number of future research directions. First, we limited our analysis mainly to LAC economies. Future research based on the present framework can be extended to other geographic regions, mainly in the context of developing economies.

Second, this study mainly focused on activities taken by governments at various levels. Case studies at the level of an industry or individual firms might be worthwhile target of study. For instance, researchers could examine how one or more forms of non-economic remittances discussed above affected entrepreneurial activities at an industry. A survey of India's IT&BPM sector found that 30–40 percent of the higher-level employees had work experiences in industrialized countries (Commander et al., 2008). Such studies can also be undertaken at the firm levels. For instance, all top managers of India's Tata Consulting Services had worked or studied abroad (economist.com, 2011).

Finally, it is reasonable to assume that various forms of non-economic remittances are not equally important and that specific forms of remittances are likely to have a stronger relationship with entrepreneurial activities in economies characterized by certain social, economic and institutional factors. Future research might examine the contexts and processes associated with the various forms of non-economic remittances discussed above in terms of their relative importance and their effect on stimulating entrepreneurial activities.

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