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## Introduction: Overview of the Book

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### The Making of the African Diaspora

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

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

## Reconceptualising the Diaspora

In the context of this book, we found it indispensable to revisit the definition of diaspora and consider a meaning that is more relevant and meaningful for the modern world with changing identities. We perceive the diaspora as a group of people who have left their country of origin (COO) to settle for a protracted period or indefinitely in a foreign country and have recent ties or maintain ties with the COO. In this perspective, the diaspora includes economic migrants and dependants who have been abroad for a number of years (we suggest five years and more), and refugees. This definition excludes diplomats and students as well as tourists. It will also exclude third or later generations of migrants settled in foreign countries who become citizens since these are likely to identify with the host collectivities, for example referring to themselves as Black Americans, Black British, Caribbean, etc. This perspective is supported

by Crush (2011) who argues that a more realistic definition of diaspora will include those who contribute to Africa or have the potential to do so. In the case of the African diaspora, if our definition is applied, the figures will be around 25 million which, though significantly lower than the UN's earlier stated 160 million, represents a sizeable population.

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

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

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

## Diaspora Direct Investment and Remittances

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

This book aims to examine the experiences of Africans setting up businesses and remitting money back home. The main focus of the book is to

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

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

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

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

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

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

However, successful DDI may rely on networks. This study explores the role of local networks of transnational diaspora entrepreneurs in their COO. Drawing on findings from two extensive data sets, Chapters 5 and 6 show that local networks particularly family ties may be counterproductive of diaspora entrepreneurs as they engage in transnational entrepreneurship. This means that a wider network is essential. And the diaspora, aware of this sine qua non condition, strive to use their professional and educational networks to ensure greater oversight

of ventures. Chapter 8 pursues some of these important themes by examining the lessons that can be learnt from the way in which the diaspora manages DDI and its relationships with home national government. The chapter makes suggestions for greater capacity of action on both the diaspora's side and the local players' including political authorities, SMEs, large companies and individual families who are recipients of remittances.

## Audience and Structure of the Book

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

The book is divided into three parts. **Part I** sets the contexts of diaspora investment and considers, beyond economic rationale, why the diaspora will take risky ventures often managed remotely, despite issues of trust and lack of formal framework for channelling investment funds securely. **Part II**, building on the difficulties identified in the earlier part of the book, assesses the mechanisms put in place to manage diaspora investment in the COO and the degree of effectiveness of management structures as well as what could be learnt from the experiences of the diaspora. **Part III** examines the little-explored issue of gender with regard to diaspora investment, to unveil the women's drive

to reposition themselves as key players by seeking to free themselves from some traditional cultural ‘burden’. We hope the book provides insights for all parties interested in investment and development issues, particularly with regard to the role of the diaspora and that some of the ideas discussed here will benefit governments in Africa and groups of diasporas around the world. The authors will value feedback on this first edition of this important contribution to our understanding of cultural, economic and psychological complexities surrounding DDI.

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