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Conclusion: Reflecting on African Diaspora Direct Investment

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Diaspora Contribution to Africa

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

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

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

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

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

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

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

Diaspora Social Capital and Entrepreneurial Spirit

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

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

Compassion, Gender and DDI

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

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

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

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

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

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