INTRODUCTION

In recent years, the social sector has grown rapidly, highlighting its importance within the social and economic system. The field of social enterprise is developing a body of knowledge, research and good practices committed to bringing social enterprise to achieve the dual objectives of financial sustainability and social mission accomplishment. In our current economic meltdown, where social firms are under increasing pressure to deliver continual innovation to solve social problems, a thorough understanding of how social enterprises are affected by ICT implementation is critical for both their social and economic effectiveness. It is time to understand how social enterprises are using ICT for value creation. It is also time to focus on the use of ICT for their core operations, on transactional applications of ICT used to build networks with their stakeholders and, to focus on applications of ICT for managing knowledge and providing new services.

OBJECTIVE OF THE BOOK

This book aims to provide applications of ICT on the social entrepreneurial enterprise world. ICT have emerged as a major component of both any business model and developed economy. This proposal focuses on the role of ICT in promoting the development of the social sector. Both theoretical and empirical evidence, which stem from the provision of collaborative knowledge discovery, needs to be discussed in depth.
Chapter 8
The role of ICT in enhancing the socio-economic value creation of transnational diaspora entrepreneurship

Professor Leona Achtenhagen
Professor Bengt Henoch
PhD Candidate Quang Luong
Jönköping International Business School, Sweden

ABSTRACT

Millions of people around the world live in other countries than their countries of origin. In many developing countries, remittances sent home by migrants are a vital part of the economy. Transnational entrepreneurial activities by migrant entrepreneurs, also called diaspora entrepreneurs, involving resources from both the home and the host countries, can contribute to socio-economic value creation of both countries. ICT solutions can play an important role in facilitating and supporting such entrepreneurial activities. This chapter outlines the relevant context of migration, remittances, transnational diaspora entrepreneurship and innovation systems, and discusses prerequisites and challenges of such ICT solutions.

INTRODUCTION

The core characteristic of social entrepreneurship (SE) is that it aims at benefitting society rather than merely maximizing individual profits (Tan, Williams, & Tan, 2000, p. 353). Entrepreneurial activities can then act as catalysts for social transformation (Alvord, Brown, & Letts, 2004).

Following Drori, Honig and Wright (2009), transnational entrepreneurship (TE) research deals with issues concerning why, how, and when individuals and/or organizations pursue new business ventures, often in far less attractive environments, while relying on abilities and opportunities stemming from the exploitation of resources, both social and economic, in more than one country. Transnational diaspora entrepreneurship (TDE) relates to diaspora entrepreneurs pursuing new entrepreneurial ventures involving their countries of origin (Riddle, Hrikvnak, & Nielsen, 2010). The term ‘diaspora’ refers to ethnic minority groups of migrants residing in host countries, but having strong connections to their home countries (Newland & Patrick, 2004). Both TE and TDE are based on transnationalism, which is an increasingly popular concept to describe a contemporary form of migration, characterized by the process by which migrants actively maintain a variety of ties (e.g. political, social, economic, and emotional) to more than one country simultaneously (Glick Schiller, Basch, & Blanc-Szanton, 1995).

A strong linkage between SE and TDE exists, as both phenomena can include socio-economic value creation in countries or regions characterized by migration. Migration corridors (as typical migration patterns) are fueled by poor socio-economic conditions in the home region and hopes for better lives in the host region. In result, the migrant-sending communities lose skills, as
entrepreneurial, qualified migrants leave the country (leading to ‘brain drain’) and these qualified migrants often end up in unemployment or less qualified jobs in the host region (leading to ‘brain waste’). On both ends of the migration corridors, (social) entrepreneurship and self-employment are seen as a remedy, but entrepreneurial activities are often limited to “village economies” (i.e. catering to a very limited, local market with non-scalable activities). Information and communication technologies (ICT) can support transnationalism by mobilizing migrants (i.e. diaspora) to pool resources in migration corridors, thereby connecting “village economies” to the global economy and creating socio-economic value. This book chapter elaborates on the role of ICT in facilitating transnationalism and TDE.

The remainder of this chapter will be structured as follows: The following section integrates academic literature on social entrepreneurship with that on transnational diaspora entrepreneurship, arguing that the entrepreneurial activities of immigrant entrepreneurs have an enormous potential for social transformation in both, their home and host countries. Next, the concept of TDE innovation systems is introduced, framing a discussion of how migration can generate business opportunities, which can help socio-economic value creation in the home and host countries. Here, we emphasize the role of ICT in fostering transnational diaspora entrepreneurship by reducing different obstacles such entrepreneurial activities typically face. ICT plays a crucial role in facilitating not only TDE activities per se, but – importantly – they provide also the opportunity to transfer financial funds between individuals in different countries in an affordable and reliable matter. These transfers are highly relevant for social transformation, which is at the heart of social entrepreneurship. A concluding discussion proposes an ICT-based solution to support such entrepreneurial efforts. The chapter ends with some thoughts on future research.

LINKING SOCIAL ENTREPRENEURSHIP AND TRANSNATIONAL DIAPORA ENTREPRENEURSHIP

The interest in the topic of social entrepreneurship and social enterprises has increased enormously during the past years. Politicians, policy-makers and practitioners alike have noticed the impact which social entrepreneurs can have when stepping in where governments fail in providing for their people (e.g., Haugh, 2005; Wallace, 1999; Yujuico, 2008); for example in reducing poverty, empowering underprivileged groups in society (e.g., women, immigrants, and disabled), providing social, economic as well as educational services. Many different definitions of social entrepreneurship exist, which can be integrated as follows: “Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner” (Zahra, Rawhouser, Bahwe, Neubaum, & Hayton, 2008, p. 118). Social entrepreneurship is an important phenomenon in both, developed and less developed nations. For example, one well-known solution to reduce poverty are micro-credits, providing very small loans that aim at empowering people to earn their own money through establishing small-scale entrepreneurial activities (e.g., Yunus, 2008). Many organizations in a range of different countries are following the prime example of the Grameen bank in Bangladesh by setting up micro-finance institutions.
Different types of social entrepreneurs exist. Zahra, Gedajlovic, Neubaum, and Shulman (2008) differentiate 1) social bricoleurs, discovering and addressing small-scale local social needs; 2) social constructionists, exploiting opportunities and market failures by filling gaps to underserved clients in order to introduce reforms and innovations to the broader social system, and 3) social engineers, recognizing systemic problems within existing social structures and addressing them by introducing revolutionary change. In a transnational context which regards the involvement of migrants in (social) enterprising activities, all of these types can be relevant.

With much of the financial resources concentrated in developed countries and social problems concentrated in underdeveloped and developing countries, globalization (including migration from developing to developed countries) has increased the awareness of opportunities for social improvement in developing countries (Zahra, Ireland, & Hitt, 2000). Advances in ICT have increased interactions between people in developed and developing countries: “The internet, blogs, 24-hour worldwide television, and easier international travel have facilitated personally transformative interactions between those in the developed world and those in developing countries” (Zahra, Rawhouser et al., 2008, p. 119). Such transformative interactions include entrepreneurial activities, in the social as well as for-profit realm. ICT developments have also provided new ways for social entrepreneurs to organize and manage their operations to deal with social problems worldwide, and especially directed to developing countries (Zahra, Rawhouser et al., 2008, p. 120).

Transnational diaspora entrepreneurs, as people who have migrated but continue to interact with their countries of origin, can leverage their market knowledge to circumvent the challenge of accessibility, which people from other countries entering those markets typically face. Thus, transnational diaspora entrepreneurs can with their better market access reduce the liability of foreignness and newness, and find it easier to build legitimacy for their activities (Zahra, Rawhouser et al., 2008, p. 124).

The potential pool of such transnational diaspora entrepreneurs is enormous. International migration has become a significant phenomenon not only in Europe, but in many parts of the world (e.g., Doyle, 2004; Van Nimwegen & Van der Erf, 2010). Approximately 3% of the world population (and accounting for 10% of the population in developed countries) are immigrants (Riddle, 2008). Migration in Europe is driven by a range of different factors, with economic conditions among the major push and pull factors (Schoorl et al., 2000). Globalization and the development of transportation and communication are fostering the movement of people around the world at greater pace. The mere act of leaving the home country to start a new life somewhere else demands an entrepreneurial mindset, and thus it does not surprise that many migrants get involved into entrepreneurial activities.

As mentioned in the introduction, migrants often originate from economically underprivileged countries, and their leaving the country results in a brain drain for that economy. Therefore, the relevance of integrating migrants into co-development efforts to create socio-economic value in their home countries and thereby changing that pattern, is increasingly being acknowledged (Hatton & Williamson, 2011; Newland & Tanaka, 2010). Also, migrant-sending countries have initiated efforts to attract migrants to return, and diaspora networks have developed to support and develop the country of origin, often in social enterprise activities. The concept of ‘circular
migration’ is especially relevant here, implying that migrants can move rather freely between their home and host country, making use of transnational networks for their entrepreneurial activities. This can lead to social and economic development in both countries, as well as for the migrants themselves (Bieckmann & Muskens, 2007). Immigrant entrepreneurship (which is often also called ethnic minority entrepreneurship) is one of the outcomes of migration, and research on this phenomenon has been conducted in many different parts of the world (for a comprehensive overview see Dana, 2007). So far, however, researchers in this field mostly have investigated entrepreneurial activities of migrants in either their home countries or their host countries, and only very few studies focused on host-home country corridors, which are of major concern for transnational diaspora entrepreneurship. Globalization, with its advances in ICT and transportation, has facilitated migrant entrepreneurs to engage in entrepreneurial activities which leverage their access to both, their home and host countries at the same time.

By linking diaspora communities with their home regions, migration corridors can contribute to facilitating social and economic development (Portes, Haller, & Guarniza, 2002). Due to the connections and accessibility to both, home and host countries, transnational entrepreneurs can leverage capital and other types of resources across dual environments (Patel & Conklin, 2009). This enhances the potential impact of their entrepreneurial activities and economic development in both countries, and can thereby include activities creating social wealth in different ways, as will be discussed in more detail below.

However, transnational diaspora entrepreneurs face some specific obstacles. They often must link starkly different institutional and business environments, particularly accentuated when conducting activities between one highly developed and one developing country (cf. Riddle et al., 2010). Existing policy support measures usually lack transnational links and have no mechanisms for evaluating and taking transnational risks. In addition, the measures are managed by institutions and organizations with different and unconnected agendas and with mainly regional mandates. Thus, policy measures for transnational diaspora entrepreneurs require new tools for cross-border linking and support. ICT can play an important role in this development, as we will discuss later in this chapter.

**ENHANCING THE SOCIO-ECONOMIC VALUE CREATION OF TRANSNATIONAL DIASTORA ENTREPRENEURSHIP**

**Innovation systems in the transnational diaspora entrepreneurship context**

Entrepreneurship in the context of innovation systems is related to how different relevant private and public actors cooperate in a system to promote the transfer of innovations and business concepts into profitable (social) enterprises. In a regional innovation system, we can typically identify three main types of actors, namely businesses of different sizes from trade and industry, academia (i.e., universities and colleges), as well as government actors from local, regional and/or national levels, interacting in a so-called ‘triple helix’ structure (cf. Leydesdorff & Etzkowitz, 1995) in the field between market demands – which include demands for socio-economic value creation – and boundary conditions set by the infrastructure.
For the context of transnational diaspora entrepreneurship, which links the diaspora with its home region through migration corridors, the concept of innovation system can become considerably more complex. In an extreme version, interlinking channels connect two regional innovation systems, in the home and the host country, to what can be described as a transregional diaspora-driven innovation system (Henoch, 2007).

These interlinking channels, the trade and the diaspora channels, can be characterized as follows:

1. The trade channel contains product and services which are the results of (social) entrepreneurial activities, but also inquiries to initiate such activities. While the interest of developed countries to engage in trade with developing countries has been relatively weak in the past, transnational diaspora entrepreneurs can play an important role in changing this pattern.

2. The diaspora channel contains, via remittances, a considerable capital flow, which makes an impact on socio-economic development by allowing consumption and/or investments in the home region. While much potential for enhanced value creation exists, this would require an improved managing of remittances, e.g. through diaspora saving- and credit-associations to channel these towards potential investments in the home regions. ICT can play a crucial role in enabling such processes.

Universities and colleges can be an important actors also in transregional diaspora-driven innovation systems. Some institutions already constitute a genuinely multiregional and multicultural system in themselves. Academia has three interlinked responsibilities, namely education, research and contribution to/interaction with society, e.g. via continued education and as supplier of new knowledge. In the context of an innovation framework for diaspora/home-country development, all of these three tasks are highly important and are accentuated by recent calls for more responsible education and research supporting the creation of sustainable social, environmental and economic value. A prime example of this development can be found in management education, with the Principles of Responsible Management Education (www.unprme.org), which follow the United Nations Global Compact initiative. Thus, contents related to diaspora, developing countries and associated social, economic and techn(ological) aspects can be expected to increasingly find their way into academic curricula. International mobility and multi-ethnic aspects are examples of areas which could help in developing such focus:

- Many universities are involved in student and teacher mobility programs, where teachers gain intercultural insights from teaching abroad, and students complete part of their study programs in other countries. In Sweden, the state-funded Linnaeus-Palme program provides such a platform, by sponsoring teacher and student exchanges between Swedish universities and universities in underdeveloped and developing countries (www.programkontoret.se).
- Many universities are located in multi-cultural regions and have (varying) shares of diaspora students. These students can become important actors in creating socio-economic value, not least by drawing on the innovation system channels.
Strong and dynamic home-country relations by diasporas can make an impact even on the host region, thereby enhancing the universities’ role as actors in society, but also facilitating the recruitment of national and international students.

This concept of a transregional diaspora-driven innovation system serves as road map for discussing transnational diaspora entrepreneurship, and in particular how ICT and (ICT) platforms can support transnational diaspora entrepreneurship, as will be further elaborated on below.

**The role of transnational diaspora entrepreneurs**

Transnational enterprises can be classified into different types depending on the extent and the level of transnational activities of the business. *Circuit firms* are those involving goods and remittance transfers across countries; *cultural enterprises* are those satisfying the desire of immigrants in acquiring and consuming cultural goods from their country of origin; and *ethnic enterprises* are those established by return migrant entrepreneurs and still maintaining business contacts with their host countries (Portes et al., 2002). All of these types of firms can be run as for-profit or social enterprises respectively.

Over the last few decades, the extraordinary development of information and communication technologies (ICTs) and Internet-based applications have facilitated the flows of worldwide communication, with Skype being a prime example. ICTs also provide tools which support financial transactions as well as the structuring and building of databases. This facilitates and strengthens the connections between different parts of the world, and helps migrants to maintain ties among themselves, their communities and the home countries (Borkert, Cingolani, & Premazzi, 2009). Not only do these tools help migrants maintain their relationships and a sense of belonging, but they also offer them opportunities to be involved in social and/or economic activities in their home countries.

**Attracting financial resources to the home countries**

One of the crucial roles of ICT in transnational diaspora entrepreneurship is to facilitate remittance and investment flows to migrants’ home countries through online or mobile money transfer services. Remittances, which can be viewed as a positive outcome of migration, extensively benefit the home countries of the migrants in creating economic value and social impact. Recent years have witnessed an extraordinary growth of remittance volumes. Statistics from the World Bank indicate that remittances worldwide have increased from US$ 30 billion in 1990 to US$ 372 billion in 2011 (Ratha & Silwail, 2012). Latin America, Caribbean, East Asia and the Pacific, along with South Asia have the largest shares of international remittances, whereas Sub-Saharan Africa is the least popular destination of remittance inflows with only 5% of total world remittance (IFAD, 2007). Remittances play an important role in developing countries and have become the second largest capital inflow after foreign direct investment (FDI). In some developing countries, remittance inflow is the largest source of external financing (Vargas-
Lundius et al., 2008). Furthermore, remittance flows appear to be more stable than any other international source of funding to recipient countries (Maimbo & Ratha, 2005).

Remittances have a positive impact on both the micro and macro level of the recipient country. On a macro level, remittances contribute significantly to the gross domestic product and foreign exchange earnings of home regions (Azeez & Begum, 2009; Niimi & Özden, 2006). On a micro level, remittances improve the level of household income and living standard of migrants’ (extended) families (Maimbo & Ratha, 2005; Azad, 2005), providing a crucial source of finance to secure livelihood for migrants’ families in home countries (Samal, 2006).

The diaspora support to the home country, by transferring remittances through the diaspora channel, is typically a small-funds transfer (or, in some cases, reversed support). As mentioned above, diaspora represents 3% of the world population, sending more than US$ 370 billion in remittances (IFAD, 2007; Ratha & Silwail, 2012). This exceeds official development aid by a factor ranging between three to ten. The uncertainty of this factor depends on the uncertainty regarding the amount of informal or semi-formal transfers, as many diaspora groups organize physical (cash) transports of remittances to their home communities. It should be recognized that informal or semi-formal money transfers have a history of over thousand years. In some countries, local cooperative credit associations have historic traditions (Lee & Venugopal, 2004) and are known, for example, as kye (Korea), tandas (Mexico), susu (Trinidad), hui (China) and mujin (Japan). Transnational informal or semi-formal money transfers have similar traditions. The formal market is dominated by commercial operators, such as Western Union and MoneyGram, which take a high fee per transaction, ranging from 5% to 20% of the transferred sum, thereby playing into the hands of informal funds transfer systems (El Qorchi, Munzele, & Wilson, 2003). Naturally, it is also of concern that these informal systems could be used for illegal activities, such as money laundering, terrorism and tax evasion. Governments react in different ways, prohibiting informal transfers, requiring licensed or registered transferring systems and demanding from banks and transfer agents (such as Western Union) to be more competitive. A major challenge is to develop an ICT and/or mobile-based remittance transfer system that is safe and affordable for those sending money, while maintaining transparency and avoiding illegal uses.

While the volume of remittances sent to developing and under-developed countries is increasing, this financial inflow is often not utilized in a very productive way for socio-economic value creation. One important reason for this sub-optimal use is the lack of accessibility of financial services among remittance recipients. This lack of access to functioning and affordable financial services substantially limits the potential positive impact of remittances on the economic development of home regions. As we will discuss in more detail below, ICT could play a major role in improving this accessibility. Currently, governments, private donors, and financial institutions from different countries are trying to channel remittances towards more productive uses by:

- Connecting remittance transfers to financial services for recipients, providing access to savings and investments programs
- Encouraging microfinance institutions (MFIs) and credit unions to serve as receiving institutions for remittance inflows to better reach poor recipients
• Encouraging the use of remittances to support micro, small and medium-sized enterprise development (Johnson & Sedaca, 2004).

Microfinance institutions (MFIs) can act as a financial terminal which receives remittances from abroad and channels these to various programs focused on savings and investment. MFIs have the capacity to improve financial services, especially in order to benefit the low-income groups in recipient countries. This can be achieved by offering reliable products at low costs, increasing loyalty of existing clients who receive remittances via MFIs, generating income from offering them fee-based products, and strengthening the lending capability of MFIs by mobilizing savings from incoming remittances. MFIs are able to serve the poorer population, which otherwise does not have access to banks, by establishing service points closer to rural areas (Orozco & Hamilton, 2008; Orozco & Millis, 2007; Hastings, 2006).

Remittances can play an important role in providing capital to support small and micro enterprises in recipient countries, thereby increasing the socio-economic value creation in those countries. Countries such as Mexico, El Salvador, Guatemala and the Philippines have succeeded in directing parts of remittance flows to support micro-enterprise development through different savings plans and investments (Maimbo & Ratha, 2005). In some countries, remittances are also leveraged by community investment funds to mobilize remittances for community-managed investments in micro-enterprises. The 3X1 program initiated by the Mexican state of Zacatecas is one example. Money collected from overseas Mexicans flows into a fund supporting community development projects (Maibo & Ratha, 2005, Orozco & Lapointe, 2004).

Mobile and online money transfer services

ICTs play an important role in connecting remittances to banking systems and microfinance branches to support the productive use of remittances for value creation. In the last few years, a number of mobile and money transfer services have emerged which provide safe and inexpensive alternatives for migrants to send money to their home countries.

Mobile banking is one example of Electronic Money Transfer (EMT). Banks and money-transfer companies have understood that offering mobile phone-based services phone to customers provides a cheap, very fast and easy to use access to financial services. Smart Money and GCash in the Philippines, M-PESA in Kenya and WIZZIT in South Africa are a few examples of such mobile money-transfer services. About 3.3 billion people, or half of the world’s population, already have access to mobile phones. The volume of mobile-phone subscribers in developing regions has increased dramatically during the last few years. For wireless internet, the penetration rate in Africa was 4.75 percent in 2003. By 2012, the rate has been estimated to reach over 50 percent (Mas & Kumar, 2008). By offering remittance services that encompass banking and microfinance services in addition to the transfer of funds, the sender can cater to the preferences and needs of family/kin in a better way.

Knowledge transfers from host countries to home countries

Diasporas are often involved in cross-border trading as middle men to provide market information to foreign investors and to bridge the gap between culture differences across
countries. Migrants act as agents promoting trade and investment between host and home countries by creating trust and reducing transaction costs (Docquier & Lodigiani, 2008). Studies by Choi (2003) as well as Orozco and Garcia-Zanello (2009) show that diasporas are able to attract more foreign investments to their home countries. Taking Chinese immigrant communities as an example, Newland and Patrick (2004) estimate that there are 35 million Chinese overseas who contributed $48 billion in Foreign Direct Investment (FDI) to China. They also play an important role in strengthening bilateral trade between China and their host countries (Newland & Patrick, 2004). Thus, diasporas and diaspora entrepreneurs can have an enormous impact on economic value creation and social development.

Diaspora associations provide a physical or virtual meeting place for migrants sharing the same origin by locality, ethnicity, and religion. They include professional associations, alumni associations, charitable associations, investment groups, or culture groups run by immigrants (Newland & Patrick, 2004). Such diaspora associations can play a major role in linking diasporas to their home countries, by leveraging their support of the cooperation between migrants’ host and home countries (Borket et al., 2009). These networks are an intermediate means of information exchange, matching, business guidance and promotion, typically relying on the use of ICT to facilitate these processes. Examples are the Armenia High Tech Council of America (www.armtechcongress.com), the South Africa Diaspora Network (SADN, www.southafrica.info), the Lebanese Business Network (LBN, www.lbn.com.lb) or the Silicon Valley Indian Professional Association (SIPA, www.meetup.com/sipaorg) (Newland & Patrick, 2004).

Knowledge transfers to migrants’ home countries through diaspora networks is a noticeable outcome of diasporas’ involvement in the socio-economic development of their countries of origin. There are a number of channels facilitating such knowledge transfer. The most obvious channel is the return flow of skilled emigrants to their home countries (Mahroum, Eldridge, & Daar, 2006). Another alternative, which is becoming more and more popular, is the flow of digital knowledge via ICT network channels. A growing number of diaspora network websites and forums have eased the process of information exchange and knowledge sharing between diasporas and their counterparts in their home countries. A few examples are the South African Network of Skill Abroad (SANSA), the Digital Partner (DP) or the Digital Diaspora Network (DDN).

The role of ICT for social enterprising in diaspora contexts

Thus, the role of ICT (e.g. via net-based and mobile services) is well-established and, as discussed above, plays an important role in facilitating transnational financial services for diaspora’s remittances. Migrants’ economic support to their kin is in many countries the spine of the national economy, but these remittances contain a largely under-utilized link to financial services that can support savings, investments and entrepreneurship.

In recent years we have witnessed an explosive development of a social media information society with an impressive set of tools, such as:
1. Blogs, interactive mini-sites
2. Complete networks: Facebook, MySpace supporting closed and open groups
3. Information sharing, video: YouTube, photo: Flickr, knowledge resources
4. Social book-marks, for recommendations, purchase
5. Social news services
6. Social localization and meeting services, e.g., GPS-based
7. Society or knowledge building services, such as Xing or Wikipedia
8. Tools for individualized and lifelong learning

Noting the needs for supporting transnational diaspora entrepreneurship and the requirements to link starkly diverse environments, these recent developments of social media hold much promise to further improve the productive use of money and knowledge transfers for socio-economic value creation.

It is commonly known that the wide-spread use and acceptance of the Internet has led to an explosion of different forms of e-businesses for selling and distributing goods, such as Amazon for selling private goods, Ebay as a trading and sales outlet for private users and companies, or Alibaba as a trading platform for micro and small enterprises. This web-based e-business methodology has spread to the social (enterprise) development arena with different actors, for example:

- Institutional operators: international aid (e.g. DFID.uk), governments (e.g. Jamaica foreign office)
- Charity NGO’s (e.g. globalgiving.org)
- Diaspora businesspeople (e.g. homestrings.org)
- Diaspora organizations (e.g. Ghana Union, Turkish Union)
- Financial professionals (e.g. MFIs, credit unions and banks)

The objectives regarding the socio-economic development are typically to contribute to fighting poverty, and different ‘business model logics’ can be identified:

- Helping returning diasporas to find jobs or recruit diaspora professionals
- Channeling person-to-person (P2P) loans or donations to small enterprises or social projects
- Supporting diaspora professionals in investing in their country of origin
- Channeling funds to MFIs
- Providing affordable alternative financial services

The web-based ICT activities for social enterprising are complemented by other activities, for example by social entrepreneurship supported by micro financing and different forms of business-development services. The easier access to mobile telephony as well as SMS messaging can also play an important role for medical information purposes as well as for business mediation. Recently, the smartphone has changed the way to interact with the world and has
made rich data available anywhere. The impact of smartphones is also becoming evident in developing countries. Microfinance institutions are already envisioning the consequences of new, and emerging, technologies. For example, real-time information about farming, health and trading will be available to mobile phone users in Uganda with new technology services developed by the Grameen Foundation, Google and telecom operator MTN Uganda (Seattle Times, 2010).

As stated above, there are numerous examples of net-based support to transnational diaspora social and commercial entrepreneurship. The ICT-based support can comprise different services with varying commitments (Newland & Tanaka, 2010):

- **Networking** (for example, the US-based African network TAN, which promotes entrepreneurship among people of African descent; www.theafricannetwork.org)
- **Mentoring** (for example, the US-based organization The Indus Entrepreneurs (TIE), which promotes entrepreneurship in India and Pakistan, providing free software and technical support, along with mentoring and educational services; www.tie.org)
- **Training** (for example, the Dutch organization IntEnt, which provides start-up support and training for immigrant entrepreneurs; www.intent.eu)
- **Investment** (for example, the organization INAFI, which empowers the poor in African, Asian and Latin American countries by providing affordable alternative financial services; www.inafi.org)
- **Venture capital and partnerships** (for example, the organization Homestrings, which facilitates to make investments in home countries by preselecting projects and funds; www.homestrings.com)

ICT-based support typically offers one or more of these services, and a trend towards more integrative services appears to be emerging. For example, AFFORD, the African Foundation for Development, was founded as a UK registered charity in 1994. The founders were a group of Africans in the UK who were concerned that despite the large number of Africans in the UK who organize themselves and contribute to Africa’s development, Africans were effectively marginalized from mainstream development activities directed towards Africa. Convinced that different Africans can and should learn from each other, AFFORD has developed a package of services to support diaspora to engage in Africa, including information on job and volunteer opportunities in Africa, investment opportunities and remittance services.

INAFI, the International Network of Alternative Financial Institutions, is an international organization consisting of non-governmental MFIs, representing 50 members from 24 countries in Africa, 75 members coming from 6 Asian countries, and 200 members coming from 17 South and Central American countries. In total, INAFI serves about 26 million clients, has an outstanding loan portfolio of about US$ 8 billion and more than US$ 2.5 billion of savings. Recently, INAFI has launched a project to engage MFIs as operators of remittance transfers in addition to handling savings and micro insurances. The basis is a collection account opened by the remitter in the receiving MFI, and is used to distribute individual remittances and payments.
locally. The individual payments are initiated via the Internet or mobile phones. Initially, the project is piloted in 10 European and 10 African countries, and channeled through major diaspora organizations and MFI networks.

These examples show a trend towards more integrated services, and it is likely that future services will become even more integrated, relying on the rapid development of ICT, and especially of social media and mobile communication. Such services supporting transnational diaspora entrepreneurship must consider the specificities of the migration corridors. The linking of entrepreneurship to the diaspora communities and home regions faces some specific obstacles, as they bridge starkly different institutional and business environments, particularly accentuated when linking between one highly developed and one developing country (Riddle et al., 2010).

Institutional programs to promote (social) entrepreneurship and self-employment have long been recognized as instruments for fostering economic development and growth, and are implemented in many countries worldwide, including many otherwise largely neglected ethnic communities. Usually, these programs lack transnational links and are managed by institutions and organizations with different and unconnected agendas. The programs typically have a regional focus, while transnational entrepreneurs require different tools and support for cross-border linking. Only a few examples of intra-corridor business support programs exist, such as the Dutch organization IntEnt (Molenaar, 2008).

Some functionalities which emerging ICT services supporting transnational diaspora entrepreneurship should provide become evident:

1. Support for the formation of teams of intra-corridor entrepreneurs and mentors to establish cooperation or logistics networks around a business concept. This support can be provided through a thematic, web-based meeting place, where diaspora and home-region entrepreneurs and mentors can establish contact, e.g. through social media displaying relevant interests and competences.

2. A successful start-up of for-profit and non-for-profit ventures requires at least basic knowledge of entrepreneurship, including how to conduct feasibility assessments and market analyses. As a complement to face-to-face training, web-based education and training sites targeting entrepreneurs and mentors and offering knowledge exchange and tutoring related to entrepreneurship and business development in an interactive way can reach a larger audience. Such training sites can be based on established and emerging ICT such as texts, notice boards, discussion forums, chats, video communication and blogs.

3. Intra-corridor entrepreneurship must link highly different institutional and business environments at both ends of a migration corridor, especially as the financial and business support systems mostly continue to be regional. Thus, an important task is to systematically explore the conditions for North/South cooperation, for example concerning risks and contract issues. Making such information available in a searchable database could support entrepreneurs in developing their (social) ventures, contribute to trust building between team members and facilitate the transnational linking of regional actors. The information could be provided by established networks in micro-finance and business development.
4. Financial services should be seen as an integral part of transnational diaspora entrepreneurship, which requires different solutions to easily manage transactions and financial services available via the Internet, catering to the specific needs of these entrepreneurs.

CONCLUSION

In this chapter, we explained the important role which transnational diaspora entrepreneurs can play for socio-economic value creation in their home and host regions. We discussed how this role can be facilitated by ICT. In addition, we pointed out that additional potential resides in expanding regional innovation systems into transregional diaspora-driven innovation systems, for which again ICT play an important role. However, it has also become evident that transnational diaspora entrepreneurs face a number of challenges, for example as partial solutions to challenges are so far too little integrated into more comprehensive systems. To conclude, we provide an outlook as to what a well-structured, multi-functional, ICT-based platform facilitating the role of transnational diaspora entrepreneurship as a driver of social-economic value creation could look like. Such platform could have the potential to effectively accelerate the start-up of new diaspora cross-border enterprises, also supporting social enterprising. In view of the rapid development of social media, a web- and mobile-based platform hosting a set of tools could substantially contribute to providing support, including:

1. A thematic, web-based meeting place, where diaspora and home-region entrepreneurs and mentors can exchange information, including a search tool find partners and establish co-operation teams and/or logistics networks around the concept.

2. A search profile matched to the user’s individual needs and capable of structuring unstructured information available on the internet and through social media. The search profile is based on ”semantic web” methodology.

3. A web-based education and training site targeting entrepreneurs and mentors and offering interactive knowledge exchange and tutoring, related to entrepreneurship and business development, including information about regulatory infrastructures. The training site can be supported for example by texts, notice boards, discussion forums, chats, video communication and blogs.

4. A database covering relevant information regarding available resources, in particular microfinance and business development services, and organizations which are willing to cooperate in supporting transnational diaspora entrepreneurs. The information could be obtained from established networks in microfinance and business development.

5. A set of easily handled transaction and financial services that target the needs of migrants in general and transnational diaspora entrepreneurs in particular. Such services can include, for example, financial transactions, savings, collaterals, administration and book keeping.
FUTURE RESEARCH AND DEVELOPMENT

An interesting topic for future research and development work on the role of ICT in transnational diaspora entrepreneurship regards the process of involving “village economies”, i.e. village handicraft, small industry and agricultural activities, in the global economy. ICT could facilitate this process and greatly contribute to socio-economic value creation (including, importantly, poverty reduction), but a number of issues remain to be addressed:

• Feedback mechanisms on quality issues from markets and customers are currently lacking
• Village producers need to be informed about market needs and pricing options
• Diasporas could take a more active role in developing trading networks and distribution channels, for example via e-commerce and franchising
• Adequate training for entrepreneurs and mentors needs to be provided
• Connections of “village economies” to regional distribution channels and depots are required; these include bulk transports of goods to distribution networks which reach end customers
• Flexible and reliable payment systems for delivered goods are needed
• Role models for cross-border financing of startups and trading could be better communicated to attract more external investments from diaspora and others.

How far from current practice are these suggestions? A study of the rural Ethiopian cotton handicraft and industry reveals how ICT-based solutions can support that products reach diaspora-supported European distribution channels via regional distribution channels and depots, drawing i.a. on the following practices:

• Via mobile telephony, farmers receive information regarding the best market for grain
• Product prices are provided by the Ethiopian Commodity Exchange (www.ecx.com.et/)
• Business and trading networks are established (for example, the Ethiopian Business Network and Ethiopian Women Exporters' Association)

In Kenya, similar services are offered by m-farmer (mfarm.co.ke/). Future research and development could address how different partial solutions could be integrated and evaluate different solutions, while embracing the continuous further development of ICT and social media.
REFERENCES


Lee K., & Venugopal V., (2004). *Engaging the Social Capital of Immigrants to Create Sustainable Communities. Association for the Study and Development and Community.* Gaithersburg, Maryland. USA.


ADDITIONAL READING SECTION


**KEYTERMS & DEFINITIONS**

Circular migration: Migrants move rather freely between their home and host countries, making use of their transnational networks, for example for their entrepreneurial activities.

Diaspora: Ethnic minority groups of migrants residing in host countries, but often having strong links to their home countries.

Innovation system: Cooperation of relevant private and public actors (businesses, universities, and government) to promote the transfer of innovations into successful enterprises.

Migration corridor: Typical migration patterns between home and host countries.

Remittance: Money sent by migrants to their home countries, often to support family and kin.

Social entrepreneurship: benefitting society, rather than merely maximizing individual profits.

Transnationalism: Contemporary form of migration, where migrants actively maintain a variety of ties (e.g. political, social, economic, and emotional) to more than one country at the same time.

Transnational entrepreneurship: Entrepreneurial activities relying on resources in more than one country.

Transnational diaspora entrepreneurship: Migrant entrepreneurs pursue entrepreneurial activities involving their countries of origin.