

## Chapter 9

# The Role of ICT in Supporting Transnational Diaspora Entrepreneurship

**Leona Achtenhagen**

*Jönköping International Business School, Sweden*

**Bengt Henoch**

*Jönköping International Business School, Sweden*

**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, Hrikvna & 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 DIASPORA 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; Yujico, 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

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