

Diaspora, (M)SM-Entrepreneurs & Development

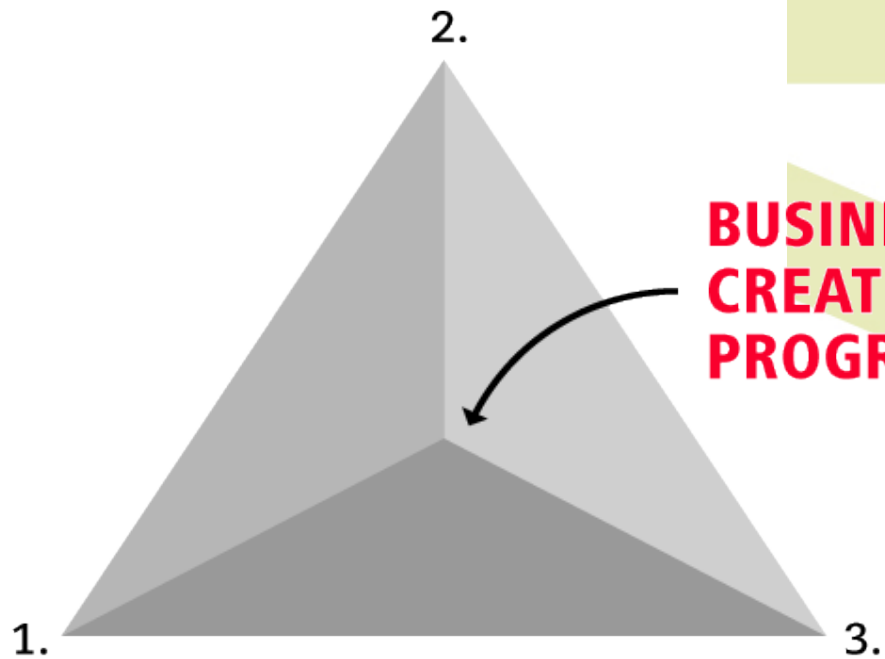
The nexus between Diaspora, (M)SM-Entrepreneurs & Emerging Economies

Some reflections, practical lessons...

...what do we (not) know...

**Klaas Molenaar,
November 2013**

Understand the nexus, and define objective



**BUSINESS
CREATION
PROGRAMMES**

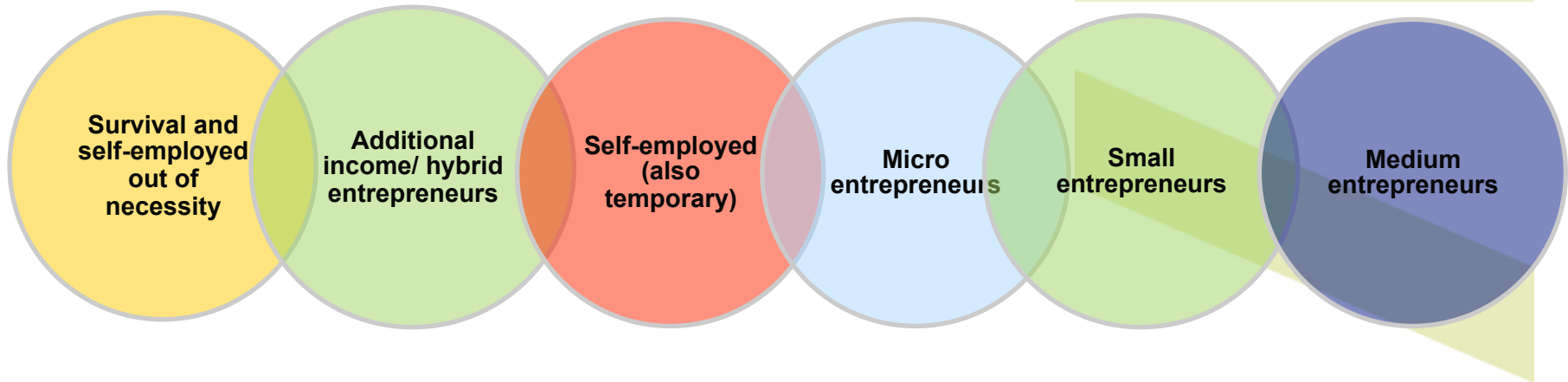
1. ENTREPRENEURSHIP 2. DEVELOPMENT 3. MIGRATION

Define objectives - specified

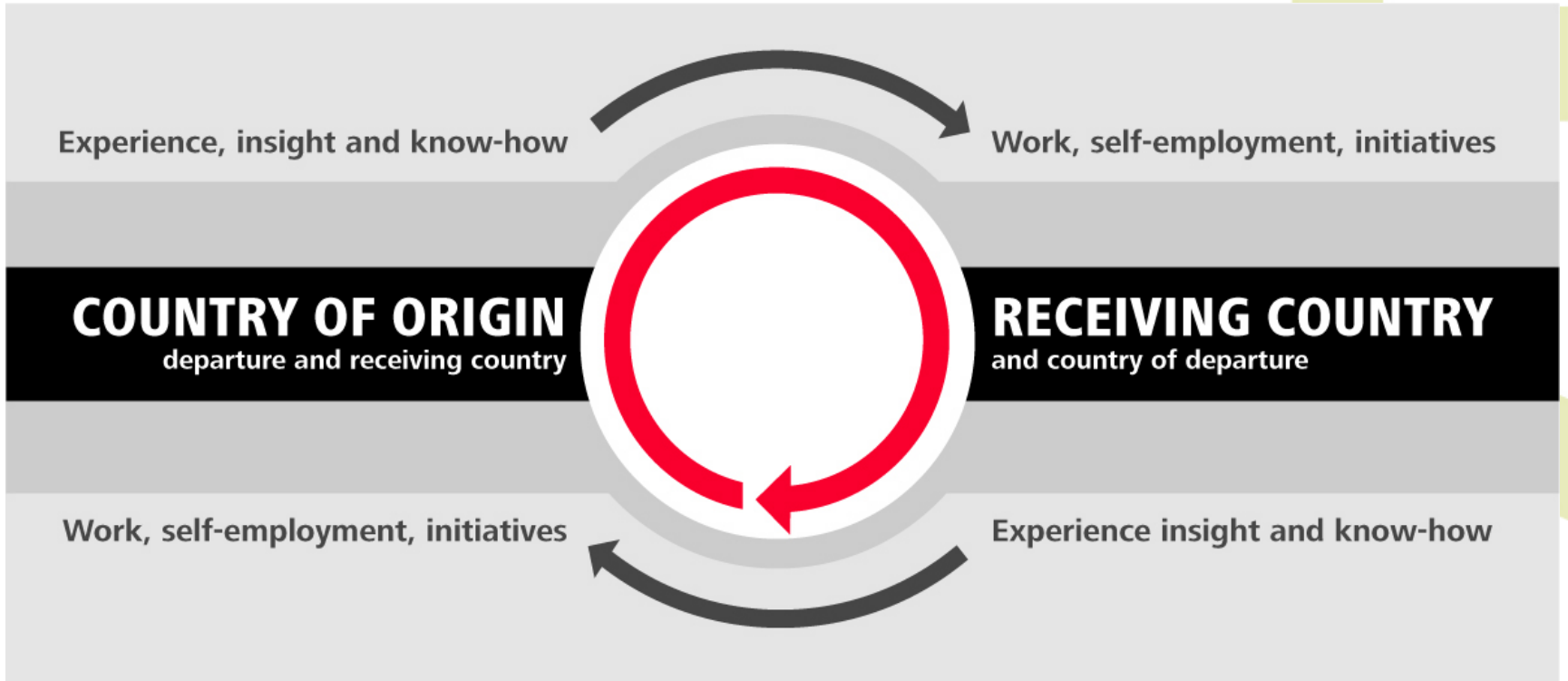


	MICRO LEVEL	MESO LEVEL	MACRO LEVEL
MIGRATION	The migrants and their (entrepreneurial) aspirations	The transnational networks (social capital)	The people flow in a globalising society
ENTREPRENEURSHIP	The entrepreneur	The enterprise(s); (SME)	The enabling environment
DEVELOPMENT	The individual contribution as entrepreneur (human capital)	The contribution of SME (financial & social capital) to economic development (work and income)	The private sector and its role in (global) development

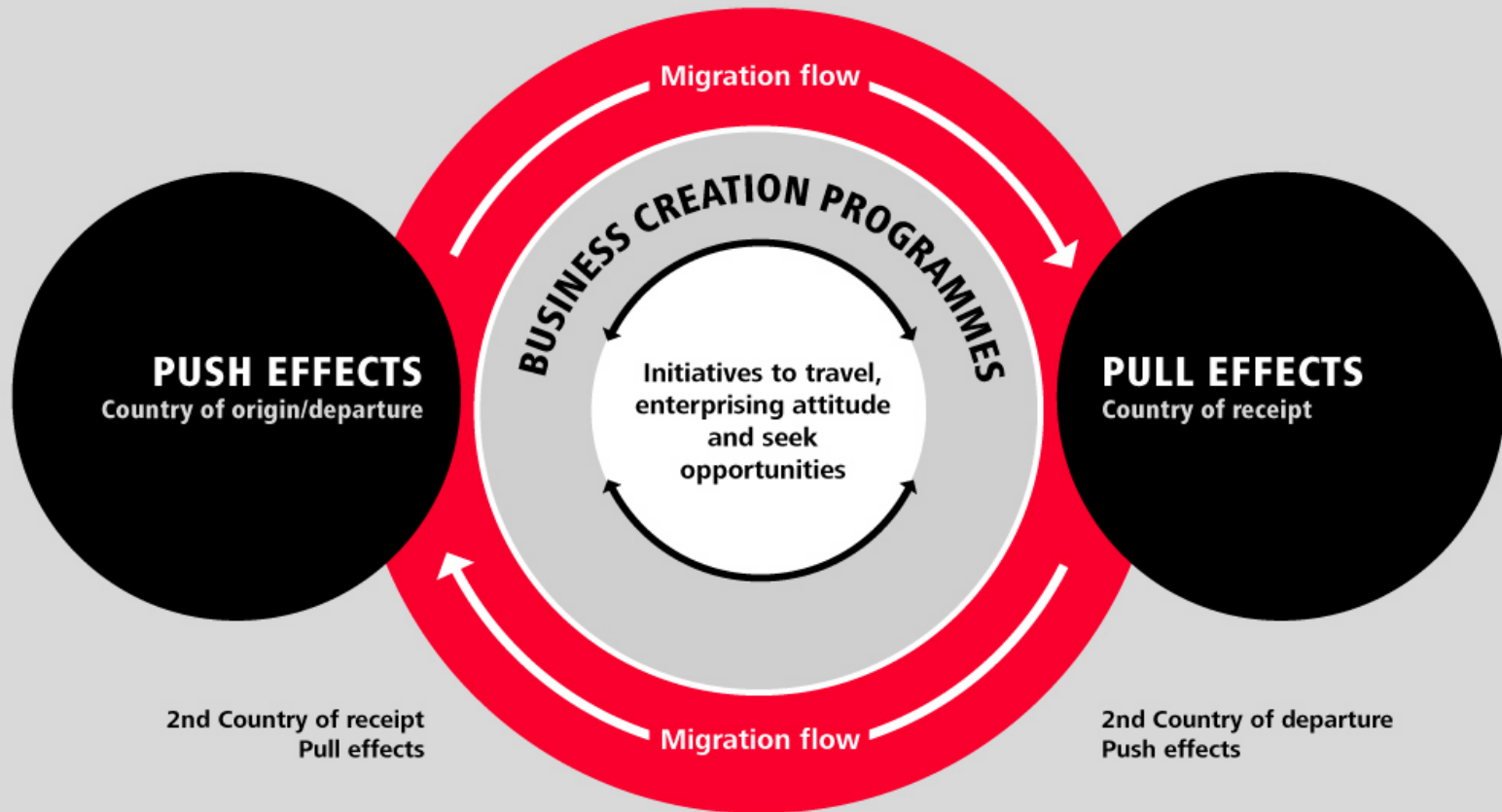
Define your target group....



Accept circularity



See push and pull at both ends



When setting up support programmes

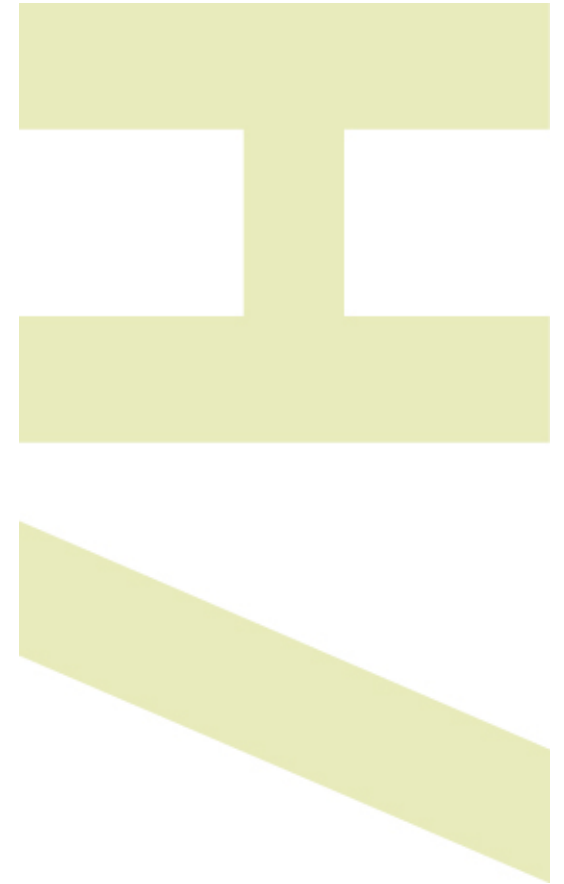
- Determine the decision-making process to set up businesses, - who decides?**
- Ask whether the migrant would have set up his/her business anyhow?(without outside support/special services?)**
- Ask what the motivating factor is: the business, development, migration?**

Key questions

- In other words, is there any need for migrant enterprise creation and related SME support programmes?
- Do those programmes offer any distinguishing benefit?

Former Assumptions

- Human Capital limited
- Financial Capital limited
- Social Capital limited
- Entrepreneurial Characteristics
- Barriers
- Entire process – all in one



Practical lessons learned 1.0

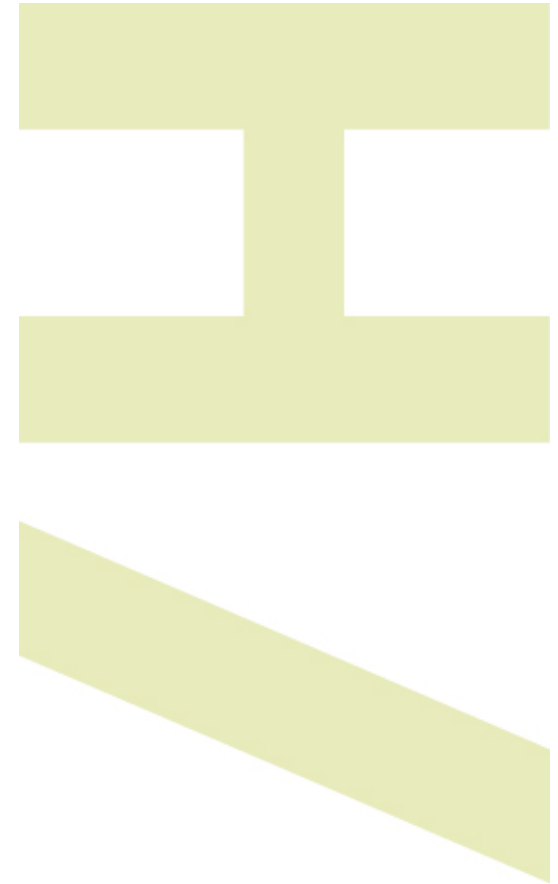
- Focus on entrepreneurs rather than enterprises
- Focus on the business rather than socio-cultural aspects
- Focus on dealing with barriers
- Subsidies should only be used for training and counseling, and preferably based on cost-sharing principle
- Encourage entrepreneurs to start with their own resources
- Preference for local financing under market conditions
- Focus on growth potential, rather than survival

New understanding

- They know
- They have
- They are connected

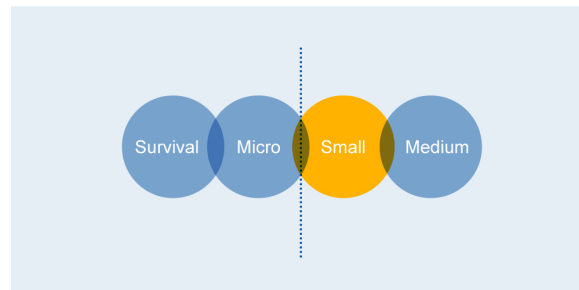
Still

- They need to be selected
- There are barriers



Migrant/ diaspora 2.0

- **Successful SME entrepreneurs**
- **Use the internet**
- **Are mobile**
- **Are connected**



- **Young Diaspora professionals**
- **Are higher educated**
- **Less tied to CoO**
- **Different aspirations**



And still with advantages(in CoO and CoR)

- ❑ Information advantage: Information on foreign markets
- ❑ Skills advantage: Foreign language, informal skills
- ❑ Institutional advantage: Access to foreign markets
- ❑ Resources advantage: Support from informal (family) network
- ❑ Cultural advantage: Understanding of markets, niche markets

And barriers....(in CoO).

- Information barrier: Rules & regulations, market information
- Skills barrier: Language, formal education, business skills
- Institutional barrier: Rules & regulations, legal status
- Resources barrier: Access to finance, business premises
- Cultural barrier: Attitude towards immigrants, niche market

Diaspora, SME and development

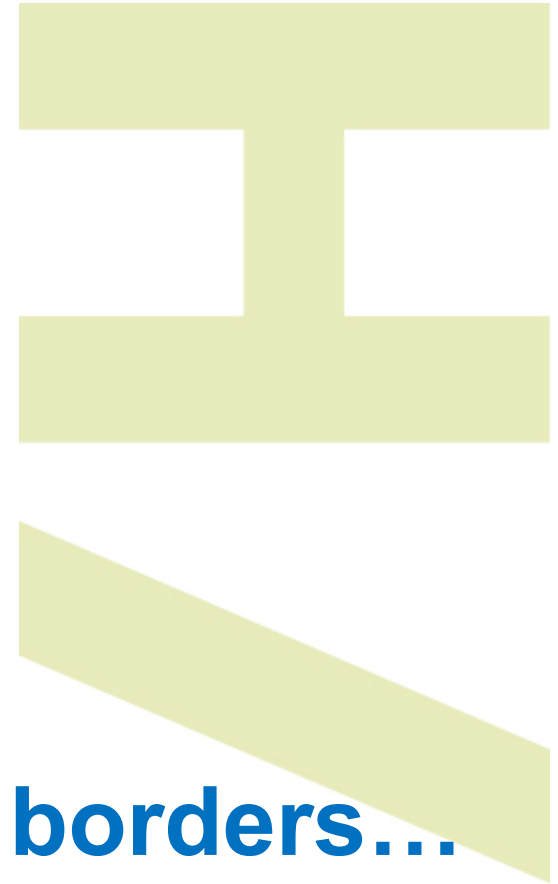
Become 2.0 as

- Broker
- Referral point
- Partner
- Innovator



Key lessons for programme design

- ❑ Start with entrepreneurial awareness raising (Information and *positive demotivation*)
- ❑ Eliminate unnecessary regulatory obstacles that obstruct immigrant entrepreneurs (*Enabling environment*)
- ❑ Strengthen business skills (Training and Counseling but *do it yourself*)
- ❑ Strengthen social, cultural and financial resources of immigrant entrepreneurs (*Access to resources*)
- ❑ Strengthen network organizations (*Networking*)
- ❑ Where possible, aim for generic measures that target all (aspiring) entrepreneurs (*main stream!*)
- ❑ **Innovate!**



Great ideas

.....have no borders...