


Chapter 18

Empowering Ethiopian Diaspora by Leveraging Institutional Support to Foster Diaspora Business Participation in Home Country

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ABSTRACT

In order to better understand how institutional elements influence diaspora venture start-ups, with mediating function of support of institutions in determining the viability of businesses in diaspora communities. Regression analysis and mediation influences are used in this quantitative investigation to examine the direct and indirect association among these constructs. The results depicted that a strong framework of institution has a major positive influence on support of institutions, which in turn has a positive influence on diaspora business shaping. Policymakers, managers, and

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practitioners who want to encourage diaspora venture start-ups through focused interventions might benefit greatly from these outcomes. In the end, the investigation contributes to the theoretical understanding of the interaction among institutional dynamics and entrepreneurial success, opening up new avenues for investigating this intricate link in various settings.

INTRODUCTION

Due to the vital function that enterprises start-up by the diaspora manifest in the frugal innovation and fiscal advancement of their domestic business areas; their worth has drawn attention from around the whole interregional market (Birhane et al., 2024). Diaspora bricolages are the procedure of venture capitalists that left their domestic business area to engage in business bricolages that peripheral the communities where they were originally from. This phenomenon is especially imperative in emerging countries, as investments and remittances from the diaspora can have a big influence on local economies. The importance of diaspora traders in Ethiopia's fiscal advancement, job creation, and skill transfer is becoming more widely skilled (Teferra, 2021). Globalization is credited with giving rise to the idea of diaspora bricolages by strengthening the bonds among migrants and their countries of origin. Framework of institutions that encourage and peripheral diaspora interaction can serve as a catalyst for these kinds of connections (Manor, 2021).

Education and training of the Ethiopian diaspora is important as it will lead to advancement of economy in Ethiopia. They indeed have assumed a very central position in the peripheral of national economy in the last two years from the remittance received by Ethiopians living in the diaspora ((Samuel, (2022). Ethiopia in 2021 has received among \$3.6 billion on average in remittances that was about 6.5% of Ethiopia's GDP (Amare et al., 2023). This amount rose to approximately \$4.2 billion in the fiscal year 2022/23 as more Ethiopians living in the foreign countries look for ways to contribute their income and invest in their home country business. Remittance not only gives quick money to the households but also generate demand for employment in their respective areas (Bitew et al, 2024). Furthermore, the Ethiopian political regime has learned that diaspora communities are a significant investment force. If greater participation from the expatriates is to be achieved, financial incentives to the diaspora peripheral from the host country institutions, and favourable business environment for the diaspora businesses should be developed (Girma et al., 2023). If well managed diaspora will help in instituting relatively heavy investment in various sectors that consequently spur sustainable advancement and employment at the home country (Durga et al., 2024). Therefore, the strengthening of a good association among institutions of the Ethiopian diaspora and local

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