Migration’s impacts on Ghana’s ICT sector: return, entrepreneurship and the importance of ‘peripheral migration’

Linnet Taylor
Institute of Development Studies
University of Sussex, UK
Migration, development and knowledge transfer

• Migration as both cause and outcome of development
  – Social safety net/livelihood strategy, BUT
  – Changes aspirations and makes people migrate

• Source of knowledge transfer:
  – various levels, (national, regional, workplace)
  – different types (explicit, tacit)
Research question and methodology

• **Question:** what types of migration, and whose, are leading to successful entrepreneurship?

• **Hypothesis:** a mixture of international mobilities, including circular and repeat migration, as well as ‘peripheral migration’: contributions from migrants indirectly connected to the business.

• **Methodology:** Rather than looking for migrants, survey one sector, taking each business as a case, and analyse the migration found within the population

• Census of 95 **commercial internet cafes** in 4 regions of Ghana – 3 northern regions + Accra
1. Remittances are an important resource in business startups

Capital earned abroad is a key factor in the formation and sustainability of these businesses. Businesses funded by savings made by the owner or remittances from others abroad tend to be better resourced than those without, and turn a higher profit.
2. Smaller businesses are using ‘peripheral migration’ to survive

- **Ongoing contacts abroad** are important for the smaller businesses: direct relationship between business size and extent of its network abroad.
- Evidence that businesses are using contacts to **smooth shocks** and **counteract market failures**.
3. Distance matters

Only a small difference in (logged) inputs between migrants/nonmigrants. BUT:

Businesses involving migration outside Ghana show a large jump in ROI, while those with migration outside Africa show another significant jump.
4. Migration for work purposes may be more beneficial than tourism or study

- Migration for work is associated with a higher ROI than study or tourism.
- Bears out theory of tacit knowledge transfer?
Fuzzy set qualitative comparative analysis

• fsQCA was used to look at sustainability.

• Model 1:
  breaking even = f(migration for work AND foreign inputs AND owner’s maturity)

• Resulting solution: migration for work functions alone as a strong contributing factor to the outcome of business sustainability. It does not need to be combined with foreign inputs or maturity.
Which factors interact with migrating for work?

- Model 2:
  Business sustainability = f(migration for work, maturity, outdegree, education)

- Resulting solution:
  Migration for work + ~mature, \( OR \)

  Migration for work + ~ outdegree + ~educated, \( OR \)

  ~ Migration for work + mature + outdegree.
Conclusions

• Migration is a strategy of the non-elite, the risk-tolerant and the young, allowing them to increase their chances of success and compete with older, higher-status businesspeople.

• Migration is being used by small-scale businesses to survive shocks and remedy market failures.

• Work migration is associated with strong entrepreneurial skills and outcomes.
Next steps

• Disaggregate data to distinguish:
  – Individuals from businesses
  – Pre-business formation migration & return from migration during life of business
  – Duration of stay: what length is associated with strongest outcomes?

• Data seems to argue for new solutions that allow nonelites greater mobility, e.g. mobility partnerships.
Thank you!

Linnet Taylor

ltaylor@ids.ac.uk