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LEVERAGING THE DIASPORA ADVANTAGE: A SYSTEMATIC REVIEW OF QUALITATIVE INSIGHTS INTO POLICY MEASURES AND FACTORS INFLUENCING DIASPORA DIRECT INVESTMENT

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Abstract

This systematic review synthesises qualitative research examining the factors that influence Diaspora Direct Investment (DDI) in emerging economies, with a particular focus on the role of institutional environments and transnational networks. Following established systematic literature review protocols, the article surveys 31 peer-reviewed qualitative studies published between 2014 and 2024, retrieved from primary scientific databases, including Web of Science, Scopus, and JSTOR. The synthesis identifies six interconnected themes shaping DDI dynamics: non-economic motivations and emotional connections, transnational networks and social capital, knowledge transfer and capacity building, institutional factors and paradoxical advantages, policy effectiveness and implementation challenges, and heterogeneity within diaspora communities. The analysis reveals how diaspora investors navigate institutional environments differently from traditional foreign investors, leveraging cultural knowledge and social networks to overcome barriers. The findings extend the transnational entrepreneurship theoretical model by identifying three specific mechanisms through which dual embeddedness



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operates: (1) simultaneous access to resources in both home and host countries, (2) ability to leverage cultural knowledge to navigate informal institutional arrangements, and (3) capacity to transform institutional weaknesses into competitive advantages through network-based solutions. Future research opportunities include longitudinal studies, comparative analyses, and mixed-methods approaches. The findings provide actionable insights for policymakers and practitioners seeking to enhance diaspora engagement and investment in emerging economies, offering evidence-based strategies for leveraging global diaspora networks. On the other hand, the synthesis reveals persistent implementation gaps between policy design and execution, emphasising the importance of trust-building and institutional credibility in diaspora engagement strategies. Overall, the key contribution of this article is in the systematic synthesis of a decade of research on DDI, revealing patterns in how diaspora investors differ from traditional foreign investors and identifying specific challenges in policy implementation that have received limited attention in prior literature.

Keywords: *diaspora direct investment, emerging economies, policy measures, qualitative research, systematic review*

1. INTRODUCTION

Diaspora Direct Investment (DDI) refers to financial flows from diaspora members who establish or acquire equity stakes in businesses within their countries of origin. Unlike remittances, which are primarily consumption-oriented transfers, DDI involves productive investments that create employment and transfer knowledge (Riddle et al., 2010). The phenomenon has gained prominence as global migration patterns evolve and transnational connections strengthen, yet our understanding of what actually drives these investments and how policies can effectively encourage them remains incomplete (Mutai et al., 2025).

DDI is particularly crucial as it represents not only a more stable source of foreign investment compared to traditional FDI, but it also brings unique advantages through diaspora investors' cultural understanding and local knowledge. Furthermore, DDI often flows into sectors and regions that traditional foreign investors might overlook, thereby promoting more inclusive economic development. Recent studies, such as those by Karayianni et al. (2023) and Oyadeyi et al. (2024), highlight the increasing importance of DDI, not only as a financial flow but also as a means of knowledge transfer, innovation, and institutional change. Yet, the current state of knowledge on the DDI influential factors and their drivers remains systematically unexplored and requires more research efforts (Iqbal and Rahman, 2024).

The existing research on DDI intersects with several key theoretical domains, including transnational entrepreneurship, institutional theory, and social capital theory. Recent advancements in these theoretical frameworks have highlighted the complex, multidimensional nature of diaspora engagement,

challenging simplistic notions of "brain drain" and emphasising the potential for "brain circulation." For policymakers, understanding DDI dynamics is crucial for designing effective diaspora engagement strategies.

Understanding of DDI is particularly relevant within the context of emerging economies, as these countries face challenges in attracting foreign investment due to institutional weaknesses, information asymmetries, and perceived risks (Podvorica et al., 2025). DDI offers potential advantages in these contexts because diaspora investors possess cultural knowledge, language skills, and social networks that traditional foreign investors lack. Some researchers (Nkongolo-Bakenda & Chrysostome, 2012; Nyame-Asiamah et al., 2020) suggest that these advantages may enable diaspora investors to identify opportunities and navigate institutional barriers that often deter foreign investors. However, the mechanisms through which these advantages operate, the factors that motivate diaspora investment beyond economic returns, and the effectiveness of policies designed to encourage such investment remain underexplored.

Therefore, this systematic review addresses a critical gap in understanding DDI dynamics by asking: *What factors influence Diaspora Direct Investment (DDI) in emerging economies, and how do these factors interact with policy measures designed to encourage such investment?* By synthesising the available research from the past decade, we aim to capture rich contextual insights that complement existing quantitative analyses and provide evidence-based guidance for policymakers in emerging economies.

Thus, this systematic review focuses explicitly on DDI in emerging economies, synthesising qualitative research from 2014 to 2024 to address significant gaps in the current understanding. While previous reviews have examined aspects of diaspora entrepreneurship or remittance flows, our work offers unique contributions by providing an overview of recent qualitative insights into DDI dynamics, exploring the interplay between policy measures and DDI in post-conflict and emerging economies, and synthesising findings on the heterogeneous nature of diaspora investors. Our thematic analysis provides a structured framework for understanding the complex factors influencing DDI, addressing calls for more integrated approaches to studying diaspora entrepreneurship.

The article proceeds as follows: the following briefly summarises the main theoretical concepts and sets up the research objectives. Then, Section 3 outlines the methodological approach towards the systematic literature survey, including the search strategy, selection criteria, and synthesis approach. Section 4 presents findings organised around six key themes that emerged from the thematic analysis. Section 4 discusses the theoretical and policy implications of these findings. The last section concludes the article with limitations and directions for future research.

2. THEORETICAL FOUNDATIONS AND RESEARCH OBJECTIVES

2.1. Theoretical Foundations

As already explained, the DDI is a multidisciplinary phenomenon benefiting from several theories and concepts. The transnational entrepreneurship model examines how entrepreneurs leverage resources and opportunities across national borders (Drori et al., 2009), emphasising the role of dual embeddedness in both their home and host countries. Institutional theory provides frameworks for understanding how formal and informal rules shape economic behaviour (North, 1990), while social capital theory explains how network relationships facilitate access to resources and recognition of opportunities (Nahapiet & Ghoshal, 1998). Recent theoretical developments challenge traditional "brain drain" narratives, proposing instead models of "brain circulation" where diaspora members serve as conduits for knowledge and capital flows (Saxenian, 2006).

Despite these theoretical advances, significant gaps remain in the understanding of DDI dynamics. First, while research has begun to identify the determinants of diaspora entrepreneurship engagement in developing countries (Nkongolo-Bakenda & Chrysostome, 2012), most DDI research emphasises diaspora entrepreneurship broadly, without distinguishing direct investment from other forms of diaspora engagement, such as remittances or knowledge sharing. Second, while quantitative studies have established correlations between diaspora presence and investment flows, we lack a rich understanding of the decision-making processes, motivations, and experiences that qualitative research can provide. Third, although many emerging economies have implemented diaspora engagement policies, a systematic examination of the effectiveness of these policies and the factors influencing their success is limited. These gaps are particularly pronounced in emerging economy contexts, wherein institutional environments differ substantially from those in developed economies, and where the potential impact of DDI on development outcomes may be most tremendous (Iqbal and Rahman, 2024; Syafitri et al., 2025; Mutai et al., 2025).

2.2. Research Objectives

Within this review of the existing literature, three main objectives are established to answer the primary research questions: *What factors influence Diaspora Direct Investment (DDI) in emerging economies, and how do these factors interact with policy measures designed to encourage such investment?* First, we synthesise qualitative findings on the motivations, decision-making processes, and experiences of diaspora investors in emerging economies to understand what drives DDI beyond purely economic considerations. Second, we identify how institutional environments and policy measures shape DDI patterns and outcomes, examining both enabling factors and barriers. Third, we examine heterogeneity within diaspora investor populations and its implications for policy

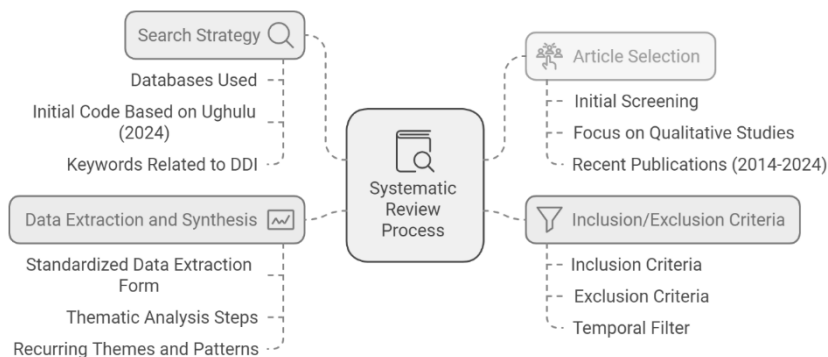
design, recognising that diaspora communities are not monolithic and that different segments may respond differently to various policy approaches.

3. METHODOLOGICAL CONSIDERATIONS

This study employs a systematic literature review methodology following established protocols and methodological guidelines (Tranfield et al., 2003; Denyer and Tranfield, 2009). Systematic reviews offer rigorous and replicable approaches to synthesising research, identifying patterns, and revealing gaps in existing knowledge (Briner and Denyer, 2012). Within entrepreneurship research, such reviews have become essential for advancing theoretical understanding and informing scholars on the future research directions, as well as providing value for policymakers (Pittaway et al., 2004; Becheikh et al., 2006; Macpherson and Holt, 2007; Jones et al., 2011; McDonald et al., 2015).

Our approach, as shown in Figure 1, is guided by the methodological practices outlined in seminal works on systematic review methodologies, such as those by Tranfield et al. (2003) and Denyer and Tranfield (2009). These studies provide a robust framework for conducting systematic reviews, ensuring a comprehensive, transparent, and replicable process for identifying, evaluating, and synthesising relevant research findings.

Figure 1 Systematic literature review process diagram



Source: Own elaboration based on the methodological guidelines of Tranfield et al. (2003) and Denyer and Tranfield (2009)

3.1. Search Strategy

To systematically search the databases of academic articles, we have had to develop a code reflecting the objective of the research on diaspora direct investment (DDI) in emerging economies. We developed a search code to capture studies examining diaspora investment in emerging economies. The search

combined terms related to diaspora investment phenomena (such as "diaspora investment," "diaspora direct investment," "DDI," "diaspora entrepreneur"), emerging economy contexts ("emerging economy," "developing country"), economic development outcomes ("economic development," "economic growth," "knowledge transfer," "entrepreneurship"), policy measures ("policy," "strategy," "initiative," "incentive," "regulation"), and influencing factors ("determinant," "factor," "driver," "barrier," "motivation," "decision-making"). The complete search code is provided in Appendix A.

We searched major academic databases on June 13, 2024: Scopus (Elsevier), Web of Science (Clarivate Analytics), and JSTOR. These databases provide coverage of social science research relevant to entrepreneurship, international business, and development studies. We limited the search to publications from 2014 onwards to capture the most recent decade of research and restricted it to English-language publications due to resource constraints.

3.2. Selection of Articles

Following the initial database search, we implemented a rigorous multi-stage screening process to select the most relevant articles for inclusion in the systematic review. This review focused specifically on policy interventions and factors shaping DDI in emerging and developing economies, given the significance of diaspora engagement strategies and initiatives in these contexts. Furthermore, we concentrated our analysis on direct investment flows from diaspora communities, excluding remittances and other forms of diaspora capital transfers.

3.3. Initial Screening

The review primarily focused on qualitative studies that provide rich, in-depth insights into the experiences, perceptions, and decision-making processes of diaspora investors and policymakers. This approach is intended to understand the complex, contextual factors that influence DDI in emerging economies. By examining studies published within the last 10 years (2014 – 2024), this systematic review aims to capture the most recent and relevant research on this topic, acknowledging the growing recognition of the diaspora advantage and the evolving policy landscape surrounding DDI in emerging economies. The systematic literature review process began with an initial search that yielded 105 documents, reflecting the broad scope of research on Diaspora Direct Investment (DDI) and related topics. We screened titles and abstracts against the inclusion criteria (details are available in Section 2.4), with the initial screening identifying 47 potentially relevant studies for full-text review. We then reviewed these 47 full texts against all inclusion and exclusion criteria, and this process resulted in the final sample of 31 studies included in the systematic review.

3.4. Inclusion and Exclusion Criteria

We established explicit inclusion and exclusion criteria to ensure a systematic selection process. Inclusion criteria were peer-reviewed journal articles or book chapters; published between January 2014 and June 2024; focused on DDI (defined as equity investments or business establishment by diaspora members) in emerging or developing economies; qualitative or mixed-methods studies containing substantial qualitative analysis; and English language publications. Exclusion criteria included studies that examined only remittances without a direct investment component, purely quantitative studies, studies not addressing emerging or developing economy contexts, conference papers, dissertations, and working papers, as well as studies that did not examine factors influencing DDI or policy measures related to DDI.

The ten-year timeframe captures contemporary research, ensuring that findings reflect current economic and policy contexts. We included mixed-methods studies when qualitative findings could be extracted and analysed separately. The focus on emerging economies reflects their distinct institutional characteristics and the relevance of DDI for their development trajectories.

Further refinement of the search results resulted in a final export of 31 documents, comprising a mix of journal articles and book chapters. This mixed composition of sources is valuable for a comprehensive review, as book chapters often provide more in-depth theoretical discussions or case studies, while journal articles typically offer more focused empirical research or theoretical advancements. The final list was exported in CSV (Comma-Separated Values) format to facilitate easy import into various reference management software and data analysis tools. These references were then added to the Mendeley software for efficient organisation and analysis.

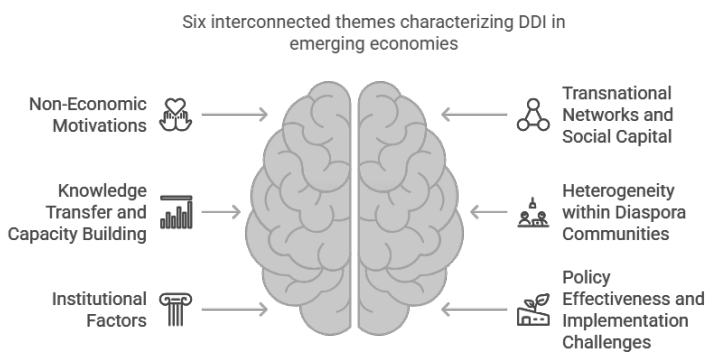
3.5. Thematic Analysis and Coding

We developed a standardised data extraction form to capture key information from each study, including author(s), publication year, country or region of focus, research questions or objectives, theoretical framework employed, methodology and research design, sample characteristics, key findings related to DDI factors, policy implications identified, and study limitations. We subsequently conducted a thematic analysis, following the approach outlined by Braun and Clarke (2006), which involves six phases of analysis.

First, we familiarised ourselves with the data by repeatedly reading all 31 studies, making initial notes on potential themes and patterns. Second, we systematically coded relevant text segments across all studies, generating initial codes that captured meaningful units of analysis related to our research question. Third, we grouped these initial codes into potential themes, gathering all coded data relevant to each potential theme. Fourth, we reviewed and refined these themes, verifying their relevance to both the coded extracts and the entire dataset, and

created a thematic map of the analysis. Fifth, we defined and named each theme, conducting ongoing analysis to refine the specifics of each theme and identify relationships among themes. Sixth, we produced the narrative synthesis presented in Section 3, selecting examples and relating the findings to the research question and existing literature. This process led to the identification of key themes, which are discussed in detail in the following findings section. Figure 2 shows six interconnected themes characterising DDI in emerging economies: (1) non-economic motivations and emotional connections, (2) transnational networks and social capital, (3) knowledge transfer and capacity building, (4) institutional factors and paradoxical advantages, (5) policy effectiveness and implementation challenges, and (6) heterogeneity within diaspora communities. Each theme reflects consistent patterns across the 31 included studies while acknowledging contextual variations.

Figure 2 Overview of the key identified themes in prior research



Source: Own elaboration of the surveyed documents

4. MAIN FINDINGS

Going back to the themes shown in Figure 2, we observe the significance of non-economic motivations driving diaspora entrepreneurs, such as nostalgia, altruism, a desire for social recognition, and an emotional attachment to their home countries (Karayianni et al., 2023; Santiago, 2019; Brzozowski et al., 2017). Earlier published articles, such as Nielsen & Riddle (2009), also explore the same theme. However, this finding directly contradicts the assumption that diaspora entrepreneurship is primarily necessity driven (Elo & Riddle, 2016), emphasising the complexity of factors influencing their entrepreneurial pursuits. Leveraging transnational networks and social capital is identified as a prominent pattern across multiple studies. Diaspora entrepreneurs capitalise on their unique embeddedness in both home and host countries, providing them with distinct advantages in identifying opportunities and accessing valuable resources (Ekanem, 2019; Elo &

Vincze, 2019; Rana & Elo, 2017). This transnational dimension seems to be a key enabler for their entrepreneurial endeavours.

Several qualitative studies underscore the pivotal role of Diaspora Direct Investment (DDI) in facilitating knowledge transfer, capacity building, and "brain gain" in the home countries, particularly in post-conflict environments (Kumpikaite-Valiuniene et al., 2022; Enkhtaivan et al., 2021). However, contradictions arise regarding the impact of remittances and DDI on economic growth, with some studies suggesting limited or even adverse effects in the short run due to the brain drain phenomenon (Didia & Tahir, 2022). A recurring emphasis across the reviewed literature is the need to account for the inherent heterogeneity within diaspora entrepreneurship. Motivations, network usage, and embeddedness can vary significantly based on factors such as industry, personal background, and human capital (Hirt & Mohammad, 2021; Kumpikaite-Valiuniene et al., 2022; Mayer et al., 2015). This heterogeneity underscores the importance of tailored approaches and policies. The recognition of this heterogeneity is crucial because diaspora entrepreneurs are not a monolithic group, and their diverse backgrounds, motivations, and contexts shape their entrepreneurial journeys. Overlooking this diversity may lead to ineffective policies and a failure to harness the full potential of diaspora entrepreneurship.

Interestingly, both push and pull institutional factors in home and host countries influence the decision to engage in DDI. Qualitative research has revealed a paradoxical observation: weak formal institutions in home countries can even counterintuitively become assets for diaspora entrepreneurs (Nyame-Asiamah et al., 2020; Oyadeyi et al., 2024; Poliakov et al., 2020), highlighting the complex interplay of institutional environments. This paradox arises because diaspora entrepreneurs can leverage their familiarity with informal institutions and social networks in their home countries, which may be perceived as barriers by foreign investors. However, this finding also underscores the need for further research to elucidate the specific mechanisms by which diaspora entrepreneurs navigate and exploit institutional voids or weaknesses in their home countries.

Recognising the potential of DDI, governments are increasingly adopting policies and initiatives to engage with and mobilise their diasporas for economic development (Petreski, 2019; Williams, 2018). This growing emphasis on leveraging diaspora resources underscores their perceived significance in national development strategies. The reviewed studies illuminate the complex interplay of economic, social, and institutional factors shaping the perception, experience, and navigation of DDI by diaspora entrepreneurs. While recognising the potential benefits of DDI, the studies collectively emphasise the need for nuanced policies and a deeper understanding of the heterogeneity within diaspora entrepreneurship to harness its potential effectively.

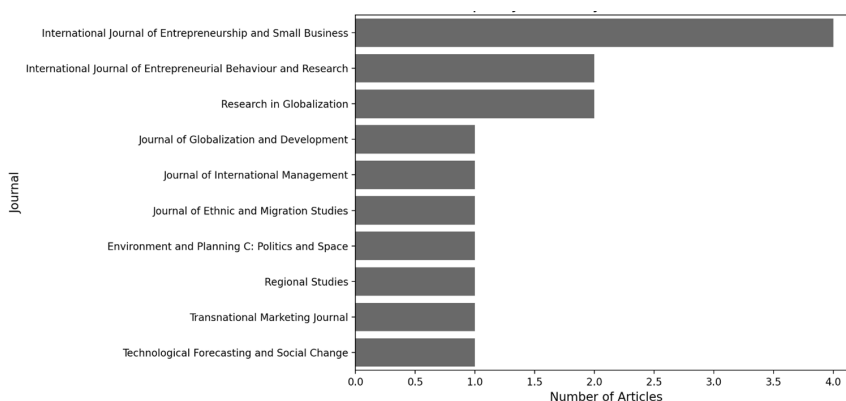
4.1. Bibliometric Overview of Selected Studies

The synthesis of 31 included studies reveals substantial qualitative evidence on factors influencing DDI across multiple regions. Geographically, the

sample represents varied contexts including sub-Saharan African countries (Nigeria, Ghana, Kenya, Ethiopia), Eastern European and Balkan contexts (Lithuania, North Macedonia, Bosnia and Herzegovina, Kosovo, Poland), South Asian settings (Bangladesh, India, Pakistan), Southeast Asian countries (Philippines, Mongolia), and Mediterranean/Middle Eastern regions (Cyprus, Turkey, Eritrea). Several studies adopt comparative or transnational approaches examining diaspora flows between developed and emerging economies (particularly UK-Africa, Nordic-Baltic, and Europe-emerging market corridors). This geographical diversity reflects both the scholarly attention to DDI across different institutional contexts and the varied patterns of diaspora formation and investment potential across regions.

Publication patterns show increasing academic attention to DDI over the review period. Only three studies were published in the early period (2014-2016), followed by 10 studies in the middle period (2017-2019), and 18 studies in the most recent period (2020-2024). This growth in publications suggests DDI is gaining recognition as an essential phenomenon worthy of scholarly investigation. Methodologically, case study approaches were most common (15 studies), followed by interview-based studies (9 studies), mixed-methods designs with substantial qualitative components (4 studies), ethnographic approaches (2 studies), and narrative analysis (1 study). Sample sizes ranged from 8 to 67 participants, with most studies (23 of 31) including between 15 and 40 participants. This methodological diversity strengthens the synthesis by drawing on multiple approaches to qualitative inquiry. Appendix B provides a comprehensive list of included studies, along with their key characteristics. Lastly, we display top-journals publishing the DDI-related topics in our sample in Figure 3, with prevailing *International Journal of Entrepreneurship and Small Business*, followed by *International Journal of Entrepreneurial Behavior & Research* and *Research in Globalization*.

Figure 3 Top 10 Journals by Number of Published Articles



Source: Own elaboration of the surveyed documents

4.2. Findings from Thematic Analysis

Building on the themes introduced in Figure 2, we provide a detailed overview of the analysed themes, accompanied by illustrative examples from the surveyed publications, in the following subsections. The selected studies represent seminal works that have made significant theoretical contributions to understanding the dynamics of DDI. Appendix C provides the full details about the conducted thematic analysis.

4.2.1. Non-Economic Motivations and Emotional Connections

A prominent theme emerging from the qualitative studies is the significance of non-economic motivations driving diaspora entrepreneurs, which extends well beyond profit maximisation or conventional economic rationality. Karayianni et al. (2023) examined Cypriot diaspora members' investment in real estate following the 2013 financial crisis, finding that emotional attachment to their homeland and a desire to support economic recovery drove investment decisions, even when alternative investments offered superior financial returns. The interview data used in the paper showed that investors acknowledged and accepted lower returns in exchange for the opportunity to contribute to homeland development. These investors described feelings of obligation to help their country during a crisis, suggesting that identity and a sense of belonging shaped their economic choices in fundamental ways.

Santiago (2019) documented similar patterns among Filipino diaspora entrepreneurs, whose narratives emphasised family obligations and community connections as central to their investment decisions, rather than peripheral considerations. Respondents consistently described their investments not as primarily business ventures, but as fulfilling duties to family members and homeland communities. This framing positioned economic activity within broader social and cultural contexts, with financial returns viewed as secondary to maintaining family ties and contributing to community wellbeing. Brzozowski et al. (2017) extended these findings across multiple European diaspora groups, proposing that policies emphasising cultural connections, national identity, and recognition of contributions may prove more effective in encouraging DDI than purely financial incentives, such as tax breaks or subsidised capital.

These findings present a significant challenge to the standard investment theory assumption that investors primarily or exclusively pursue profit maximisation. While economic factors certainly matter to diaspora investors and poor financial prospects can deter investment, the evidence suggests diaspora investors are willing to accept higher risk and lower returns when investments align with non-economic goals related to identity, family, and community. This indicates that theoretical models of DDI must incorporate socio-emotional factors alongside traditional economic variables, recognising that investment decisions involve balancing multiple objectives that may sometimes conflict.

4.2.2. Transnational Networks and Social Capital

The leveraging of transnational networks emerged as another theme that highlights how diaspora investors' embeddedness in both their home and host countries provides critical advantages for identifying opportunities and overcoming barriers. Ekanem (2019) examined Nigerian diaspora entrepreneurs operating between the United Kingdom (UK) and Nigeria, finding how they systematically leveraged dual networks to overcome information asymmetries and institutional barriers that typically challenge foreign investors in emerging markets. These entrepreneurs described using UK-based networks to access investment capital, technology partnerships, and management expertise, while simultaneously drawing on Nigerian networks to obtain market intelligence, identify investment opportunities, and facilitate day-to-day business operations in challenging institutional environments.

Elo and Vincze (2019) also documented similar dynamics among Nordic diaspora entrepreneurs, who described their transnational networks as essential resources for compensating for the resource constraints and institutional voids typical of emerging economy contexts. Networks provided not only information and business contacts, but also legitimacy and trust, which substantially reduced transaction costs in environments where formal contract enforcement mechanisms functioned poorly. The social capital embedded in these networks enabled entrepreneurs to conduct business through relationships when formal institutions proved inadequate. Rana and Elo (2017) demonstrated these dynamics operating at a larger scale through their detailed case study of Grameenphone's entry into the Bangladeshi telecommunications market, where diaspora individuals played pivotal institutional entrepreneurship roles in bridging institutional voids and facilitating the multinational corporation's successful market entry in a challenging environment.

The accumulated evidence suggests that transnational social capital functions qualitatively differently from purely domestic social capital, providing unique advantages specifically for diaspora investors that neither purely foreign nor purely domestic investors possess. However, Mayer et al. (2015) introduced a vital nuance by identifying significant distinctions between diaspora entrepreneurs who continue to reside abroad and returnee entrepreneurs who have relocated back to their home countries. Their research found that diaspora entrepreneurs residing abroad relied more heavily on host country networks for resources while using home country networks primarily for market access and operational support. In contrast, returnee entrepreneurs drew mainly on home country networks and appeared to lose access to some host country network resources after repatriation. These differences in network configurations have essential implications for understanding DDI patterns and designing effective support policies.

4.2.3. Knowledge Transfer and Capacity Building

Several studies have underscored DDI's role in facilitating the transfer of knowledge, skills, and business practices from developed to emerging economies, thereby challenging traditional "brain drain" narratives. Kumpikaite-Valiuniene et al. (2022) employed focus groups with Lithuanian diaspora professionals to investigate motivations for knowledge sharing, revealing a strong desire to contribute to the development of their home country. Participants consistently described a strong desire to contribute their expertise and capabilities gained through international experience, viewing knowledge transfer as a means of fulfilling obligations to their homeland and enabling them to make meaningful contributions beyond purely financial investments. Notably, respondents indicated that knowledge transfer often occurred most effectively through direct investment activities and ongoing business involvement rather than through isolated consulting engagements or mentoring relationships.

This aligns with Enkhtaivan et al.'s (2021) mixed-methods study on diaspora knowledge networks in Mongolia, which demonstrated tangible impacts on innovation and technology adoption. The study revealed knowledge transfer occurring through multiple interconnected channels: direct managerial involvement in invested businesses, introductions and connections to international partners and customers, training and skill development for local employees, and demonstration effects on other local firms that observed and emulated successful practices introduced by diaspora investors. This knowledge flow appeared to generate spillover benefits extending beyond the specific firms receiving diaspora investment.

These findings challenge the "brain drain" narrative, suggesting instead a "brain circulation" model that reconceptualises skilled migration not as permanent loss but as creating opportunities for ongoing knowledge exchange between origin and destination countries. However, Didia and Tahir (2022) offered important nuance to this optimistic narrative through their analysis of Nigerian economic data. Their findings suggested that while long-term knowledge circulation through DDI and diaspora engagement can substantially benefit economic development, the immediate and short-term impacts of skilled emigration can nevertheless slow economic growth during transition periods before established circulation patterns emerge. This temporal dimension suggests policymakers should maintain realistic expectations about timeframes for realising knowledge transfer benefits from diaspora engagement initiatives.

4.2.4. Institutional Factors and Paradoxical Advantages

A fascinating theme emerging from the synthesis concerns how institutional weaknesses in emerging economies, typically perceived as barriers that deter foreign investment, can become sources of competitive advantage, specifically for diaspora investors. Nyame-Asiamah et al. (2020) conducted semi-

structured interviews with Ghanaian diaspora entrepreneurs in the UK and found that many attributed their business success to their ability to navigate institutional environments that foreign investors found challenging. Respondents described how their cultural knowledge and deep understanding of informal institutions allowed them to work effectively within systems characterised by bureaucratic complexity, regulatory unpredictability, and weak formal enforcement mechanisms. What appeared as overwhelming obstacles to foreign investors lacking this contextual knowledge represented familiar terrain for diaspora entrepreneurs who understood how business functioned in these environments.

This builds on earlier work by Riddle et al. (2010) on institutional divides, suggesting that diaspora investors may have unique advantages in navigating complex institutional landscapes.

Oyadeyi et al. (2024) further developed this theme, using a phenomenological approach to explore how Nigerian diaspora investors leverage informal institutions and social networks. Their findings revealed the strategies they employed to leverage informal networks and personal relationships as substitutes for weak formal institutions. Rather than avoiding institutional voids or viewing them purely as costs to be minimised, these Nigerian investors actively developed capabilities for operating effectively in weak institutional environments. They understood which informal mechanisms could substitute for absent formal institutions, which relationships needed cultivation, and how to navigate patronage networks. These capabilities, developed through cultural socialisation and maintained through ongoing connections to home countries, provided competitive advantages that formal institutions could not replicate.

Sepulveda et al. (2011) documented similar patterns among diaspora entrepreneurs from Turkey, Morocco, and other emerging markets operating in London, where understanding of informal business practices and the central importance of personal relationships enabled success despite challenging formal institutional environments. These entrepreneurs leveraged their cultural knowledge of informal institutions to navigate regulatory complexity and business uncertainty. They succeeded not despite institutional weakness, but because they possessed specific capabilities for operating in such contexts. This institutional contradiction suggests that standard institutional theory, developed primarily to explain behaviour within relatively strong institutional environments in developed economies, requires substantial refinement when applied to understanding diaspora investment patterns. While institutional quality certainly matters for development outcomes broadly, diaspora investors may thrive under different institutional conditions than typical foreign investors, finding opportunities where others see only obstacles.

These findings align with broader research on how institutional quality affects foreign investment patterns in transition economies (Podvorica et al., 2025). However, diaspora investors' cultural familiarity provides unique advantages that enable them to succeed where formal institutional quality remains weak.

4.2.5. Policy Effectiveness and Implementation Challenges

Several studies offer insights into the effectiveness of existing DDI policies and the challenges associated with their implementation. Williams (2018) conducted case studies of post-conflict economies, using interviews with policymakers and diaspora investors to evaluate the progress of diaspora engagement policies. The study revealed that while governments articulated ambitious diaspora engagement strategies in official documents and public statements, implementation frequently failed due to inadequate coordination across government agencies with overlapping mandates, entrenched bureaucratic obstacles, insufficient allocation of resources to implementation, and lack of sustained political commitment beyond initial policy announcements. Interview data collected from both government policymakers and diaspora investors revealed mutual frustration with these implementation gaps, with policymakers blaming resource constraints and bureaucratic inertia while diaspora investors expressed disillusionment with governments' apparent inability or unwillingness to follow through on stated commitments. This echoes earlier findings by Gamlen (2014) on the challenges of diaspora engagement policies.

Petreski (2019) employed a participatory action research approach to investigate in-depth the reasons why diaspora engagement initiatives in North Macedonia frequently underperformed relative to expectations and stated objectives. The research identified trust deficits between diaspora communities and home-country institutions as fundamental obstacles that policy designs typically fail to address. Even technically well-designed policies with appropriate incentive structures and administrative mechanisms were unable to achieve objectives when diaspora members fundamentally doubted the credibility of implementing institutions or feared that corruption and rent-seeking behaviour would undermine their investments. Building institutional trust has emerged as a prerequisite for effective diaspora engagement; yet, most policy discussions and initiatives have overlooked or minimised this crucial dimension, focusing instead on technical policy design elements while ignoring the relational and institutional credibility foundations required for success.

These findings align closely with broader insights from implementation theory in public policy scholarship, which has long emphasised that policy success depends not merely on technically sound design but critically on implementation capacity and stakeholder perceptions of legitimacy and credibility (May et al., 2009; Visković et al., 2021). For diaspora engagement policy specifically, implementation challenges appear particularly acute, given the transnational nature of target populations who compare their home country's institutional performance against standards in developed host countries, and given the institutional weaknesses characteristic of many emerging economies that precisely create the need for diaspora engagement policies in the first place. This creates a difficult policy dilemma where countries most in need of diaspora investment face the greatest challenges in building the institutional credibility required to attract it.

4.2.6. Heterogeneity within Diaspora Communities

The final central theme emerging consistently across studies emphasises significant variation within diaspora communities, fundamentally challenging the assumption that diaspora members constitute relatively homogeneous investor groups with similar characteristics, motivations, and capabilities. Hirt & Mohammad (2021) employed narrative analysis to examine the diverse experiences of Eritrean diaspora entrepreneurs, revealing how factors such as the generation of migration, professional background, and ties to the home country influence investment decisions and practices. Their analysis demonstrated that first-generation migrants who maintained strong, ongoing connections to Eritrea through regular visits, continued family relationships, and participation in community organisations invested substantially more frequently and in larger amounts than second-generation diaspora members, who possessed weaker emotional connections and limited direct experience with the home country context.

Mayer et al. (2015) documented equally significant differences between diaspora entrepreneurs who continued residing abroad while managing cross-border investments and returnee entrepreneurs who had physically relocated back to their countries of origin. Their research revealed distinct patterns in network utilisation, business strategies, and performance outcomes between these groups. Diaspora entrepreneurs maintaining residence abroad tended to preserve more extensive international connections and pursued more export-oriented business models, leveraging their access to foreign markets and partners. In contrast, returnee entrepreneurs integrated more deeply into domestic market contexts and relied predominantly on local rather than international networks; however, they also faced challenges in maintaining access to foreign resources and connections after repatriation.

Kumpikaite-Valiuniene et al. (2022) found that human capital characteristics, particularly formal education levels and accumulated professional experience in specialised fields, significantly influenced both diaspora members' capacity to invest meaningfully and their willingness to engage with homeland development. Higher-skilled diaspora members with advanced education and professional experience in fields such as technology, finance, or management possessed both greater financial resources for investment and more opportunities for high-value knowledge transfer, which could substantially impact organisational capabilities in their home countries. This suggests that not all diaspora members possess equal potential to contribute to homeland development through investment, and that policies may need to target and support different diaspora segments using differentiated approaches rather than uniform programs.

This documented heterogeneity within diaspora populations carries important theoretical and policy implications. Theoretically, it suggests that research treating diaspora investors as a relatively homogeneous category may overlook important sources of variation that shape investment patterns and

outcomes. Policies designed without explicit recognition of diaspora diversity risk ineffectiveness by failing to account for the diverse motivations, capabilities, constraints, and needs across different diaspora segments, potentially designing interventions that work well for some diaspora groups while completely missing others.

5. DISCUSSION

The complexity and heterogeneous nature of diaspora investment emerge as a central issue identified in prior studies. Elo and Riddle's (2019) research notably challenges simplistic understandings of DDI, emphasising that "there are very different dynamics in various diaspora investment cases depending on who is investing and for what." This observation underscores the need to move beyond one-size-fits-all approaches to DDI policy development. The authors' recognition that "both negative and positive examples of diaspora investments" exist suggests that outcomes are highly context-dependent and influenced by multiple factors, including investor characteristics and investment objectives.

A critical theme emerging from the reviewed papers is the unique positioning and motivations of diaspora investors and entrepreneurs. Ekanem (2019) emphasizes the distinctive advantage of diaspora entrepreneurs through their "transnational networks and cultural insights," which provides them with a competitive edge in navigating international markets. This finding aligns with but contrasts interestingly with Karayianni et al.'s (2023) research, which reveals that diaspora investments are "predominantly driven by emotional factors" rather than purely economic considerations. The research methodologies employed in both studies offer interesting points of comparison. While Karayianni et al. (2023) employed a rigorous qualitative approach focused on the real estate sector, utilizing "semi-structured interviews, non-participant observations, and document analysis," Ekanem's study took a broader view of entrepreneurial activities. As Ekanem notes, successful entrepreneurs "leverage networks to gain critical information and resources," highlighting the importance of social capital in international business ventures.

This systematic review has identified six themes, revealing substantial complexity in how diaspora investors make decisions, navigate institutional environments, and respond to policy interventions in emerging economies. This section discusses the theoretical implications of these findings (Section 4.1), the heterogeneity of the available research (Section 4.2), practical considerations for policymakers (Section 4.3), and the gaps that future research should address (Section 4.4).

5.1. Theoretical Implications

The theoretical implications of our systematic review extend across multiple domains, offering rich possibilities for future research and theoretical

development in the field of diaspora direct investment (DDI). Our findings significantly challenge and expand existing theoretical frameworks in several interconnected ways, while simultaneously highlighting promising avenues for future empirical validation and theoretical refinement. The prevalence of non-economic motivations in DDI decision-making fundamentally challenges standard investment models, which assume that investors primarily maximise financial returns. Karayianni et al. (2023) and Santiago (2019) both documented cases where diaspora investors explicitly accepted lower returns or higher risks to fulfil emotional or familial obligations. This pattern suggests investment behaviour in transnational contexts involves balancing multiple objectives that may conflict. Nielsen and Riddle (2009) had earlier proposed that diaspora investment motivations extend beyond profit; however, the accumulated qualitative evidence from the past decade demonstrates how pervasive and influential these non-economic factors are across diverse contexts and diaspora populations.

Furthermore, the provided structured findings specifically refine Drori et al.'s (2009) conceptualisation of dual embeddedness by demonstrating that embeddedness is not a binary phenomenon but operates along a continuum. Physical location (residing abroad vs. returnee status) fundamentally alters how transnational social capital functions, suggesting that models of transnational entrepreneurship must account for dynamic rather than static embeddedness.

Regarding transnational networks and social capital, the synthesis provides empirical support for theoretical claims about the advantages of dual embeddedness. Ekanem (2019), Elo and Vincze (2019), and Rana and Elo (2017) all documented specific mechanisms through which diaspora investors leverage connections in both home and host countries. However, Mayer et al. (2015) introduced an essential qualification by showing that diaspora entrepreneurs residing abroad and returnee entrepreneurs utilise networks differently. This heterogeneity suggests that dual embeddedness operates differently depending on physical location and integration patterns, pointing toward more nuanced theoretical models that account for variation in how embeddedness translates into advantage.

The paradoxical relationship between institutional weakness and diaspora investment success represents perhaps the most theoretically provocative finding. Nyame-Asiamah et al. (2020), Oyadeyi et al. (2024), and Sepulveda et al. (2011) all found that weak formal institutions, typically conceptualised as barriers to investment, can become sources of competitive advantage for diaspora investors who understand informal institutional arrangements. This challenges conventional institutional theory applications. While institutional theory explains how formal and informal rules shape behaviour (North, 1990; Hudík and Dvouletý, 2025), it typically assumes that institutional weakness creates costs and risks for all actors. The diaspora investment evidence suggests instead that institutional weakness affects different investor types differently, with diaspora investors possessing capabilities that allow them to operate effectively where formal institutions function poorly. This implies that institutional theory requires extension to account

for how actor characteristics, particularly cultural knowledge and network access, mediate relationships between institutional environments and economic outcomes. Our findings suggest an interaction effect between institutional quality and actor characteristics, where weak institutions impose differential costs depending on cultural knowledge and access to networks. This points toward a contingency-based institutional theory for understanding foreign investment.

The knowledge transfer findings connect to debates about brain drain versus brain circulation. Kumpikaite-Valiuniene et al. (2022) and Enkhtaivan et al. (2021) provided evidence supporting brain circulation models, demonstrating how diaspora investors serve as conduits for knowledge flows back to their countries of origin. However, Didia and Tahir (2021) reminded us that the effects of short-term brain drain may persist even as longer-term benefits of circulation emerge. This temporal dimension receives insufficient attention in existing theory, which tends to present brain drain and brain circulation as competing models rather than as potentially sequential phases in the economic impact of migration. Several themes point toward the need for theoretical frameworks that explicitly incorporate heterogeneity. Hirt and Mohammad (2021), Mayer et al. (2015), and Kumpikaite-Valiuniene et al. (2022) all documented significant variation within diaspora populations across dimensions including generation, human capital, and strength of homeland ties. This aligns with earlier work that identifies the diverse determinants shaping diaspora engagement in developing countries (Nkongolo-Bakenda & Chrysostome, 2013).

5.2. Heterogeneity of the existing research

The geographical diversity of included studies, spanning sub-Saharan Africa, Eastern Europe, South Asia, and Southeast Asia, reveals both consistent patterns and contextual variations. Non-economic motivations emerged consistently across all regions, suggesting this represents a fundamental characteristic of diaspora investment rather than a context-specific phenomenon. Similarly, the importance of transnational networks appeared across diverse settings. However, the specific institutional challenges varied substantially. Post-conflict contexts examined by Williams (2018) presented different governance challenges than the more stable but still developing institutional environments in studies like Mayer et al. (2015) on Ghana or Elo and Vincze (2019) on Nordic-Baltic connections. Studies from Eastern European contexts (Kumpikaite-Valiuniene et al., 2022; Sepulveda et al., 2011) often emphasise policy frameworks and diaspora engagement initiatives, reflecting these countries' active efforts to leverage diaspora resources.

In contrast, African context studies (Ekanem, 2019; Nyame-Asiamah et al., 2020; Mayer et al., 2015) more frequently highlighted institutional navigation challenges and the role of informal mechanisms. These contextual differences suggest caution in generalizing findings across very different institutional and developmental contexts. The themes identified in this review do not operate

independently but interact in complex ways. Transnational networks facilitate knowledge transfer (Themes 2 and 3); non-economic motivations shape how investors navigate institutional challenges (Themes 1 and 4); Heterogeneity within diaspora communities affects both network structures and policy responsiveness (Theme 6 intersecting with Themes 2 and 5). These interactions suggest DDI involves multidimensional processes that cannot be fully understood by examining individual factors in isolation.

The self-contradictory role of institutions exemplifies this complexity, where weak formal institutions create challenges that may deter diaspora investment, yet simultaneously create opportunities for diaspora investors who possess the capabilities to navigate informal institutional arrangements. This paradox means that institutional strengthening, while generally beneficial for development, might reduce some diaspora investors' unique advantages.

5.3. Policy Implications

The synthesis reveals that diaspora engagement policies in emerging economies frequently fail not due to poor design, but rather due to implementation gaps and institutional credibility deficits (Williams, 2018; Petreski, 2019; May et al., 2009). Mayer et al.'s (2015) exploratory case study of Ghanaian entrepreneurs revealed a critical distinction in network usage: diaspora entrepreneurs primarily leveraged their networks in their country of residence, while returnee entrepreneurs mainly utilised their networks in Ghana. This finding challenges previous assumptions about dual network usage and highlights the complexity of diaspora entrepreneurship patterns.

This heterogeneity in network utilisation aligns with broader institutional challenges identified in post-conflict and transitional economies. Williams' (2018) study of the Balkans region documented specific institutional developments, such as Bosnia and Herzegovina's "Reform Agenda 2015-2018," which aimed to create an enabling environment for diaspora investment through alignment with EU accession. Similarly, Kosovo's National Development Strategy, while acknowledging the diaspora's potential role, demonstrated the challenges of translating broad policy recognition into specific implementation measures. The varying patterns of network usage identified by Mayer et al. (2015) have significant implications for policy design, particularly when considered in conjunction with Petreski's (2019) findings from North Macedonia. While Petreski identified specific barriers, including government inefficiency and political uncertainty, Mayer et al.'s work suggests that these barriers may affect diaspora and returnee entrepreneurs differently, depending on their primary network orientations. The research indicates that entrepreneurs' ability to navigate institutional challenges varies significantly depending on their industry, personal background, and human capital.

The evidence from these studies collectively suggests the need for more nuanced policy approaches that acknowledge the heterogeneous nature of diaspora engagement. While Williams' research emphasises the importance of improving information flow and providing better facilitation services, Mayer et al.'s findings suggest these services may need to be tailored differently for diaspora versus returnee entrepreneurs. This is particularly relevant given their different patterns of network utilisation and varying degrees of embeddedness in home and host countries. Several other studies have shown that diaspora investors succeed precisely because they are able to navigate institutional voids and leverage informal mechanisms (Nyame-Asiamah et al., 2020; Oyadeyi et al., 2024; Dolan and Zeitz, 2024; Sepulveda et al., 2011). While this capability provides diaspora investors with advantages, it also means they can operate somewhat independently of formal policy frameworks. This suggests that there are limits to what policies can achieve without broader institutional improvements.

Recent work examining government quality in Central and Eastern European countries suggests that institutional factors significantly shape economic outcomes, with governance quality affecting both foreign investment attraction and the effectiveness of policy implementation (May et al., 2009; Visković et al., 2021). This broader institutional context is crucial for understanding why diaspora engagement policies succeed or fail, as diaspora investors operate within and respond to the same institutional environments that affect other economic actors. This relationship resonates with findings on how macroeconomic and institutional factors drive Foreign Direct Investment in transition economies (Podvorica et al., 2025). While diaspora investors possess unique advantages in navigating weak institutional environments, the overall quality of institutions still matters for sustained economic development. This suggests that policies promoting DDI should be understood as complementary to, rather than substitutes for, broader institutional development efforts.

Furthermore, the knowledge transfer mechanisms identified in our review are connected to the broader literature on how foreign investment facilitates structural transformation and export competitiveness (Stojčić & Orlić, 2016). The role of diaspora investors in transferring knowledge, technology, and business practices represents a specific channel through which international connections can enhance domestic capabilities. However, the effectiveness of this channel depends on absorptive capacity within home country economies, suggesting that diaspora engagement strategies must be coordinated with investments in human capital and firm capabilities.

5.4. Limitations and future research directions

While this systematic review offers valuable insights into the complex dynamics of Diaspora Direct Investment (DDI) in emerging economies, it is essential to acknowledge its limitations and consider avenues for future research. The primary focus on qualitative studies, while providing rich, contextual

understanding, inherently limits the generalizability of our findings. As noted by Welch et al. (2011), qualitative research in international business, while invaluable for theory building and exploring complex phenomena, often faces challenges in establishing broad, generalisable conclusions.

First, the exclusive focus on qualitative studies provides rich contextual insights and a deep understanding of processes and experiences, but inherently limits the generalizability of findings across broader populations and contexts. The patterns and themes identified require validation through larger-scale quantitative studies that can test whether insights derived from relatively small qualitative samples apply more broadly. Second, the restriction to English-language publications may have systematically excluded relevant research published in other languages, particularly studies authored by scholars from emerging economies who publish in their local languages. This language limitation could bias the findings toward certain theoretical perspectives more prevalent in English-language scholarship or toward specific regional contexts that are more commonly published in English, potentially limiting the review's comprehensiveness and introducing systematic gaps in coverage. Third, while the ten-year timeframe captures contemporary research and ensures findings reflect current contexts, it may miss important earlier foundational work that established key concepts or identified initial patterns. Some longer-term trends in DDI that unfold over decades rather than years might not be visible within this compressed timeframe. Fourth, the geographical distribution of included studies reveals a concentration in certain regions, particularly sub-Saharan Africa and Eastern Europe, with limited coverage in other geographic areas, such as Latin America and the Middle East. The patterns observed may partly reflect these geographical emphases rather than representing truly universal characteristics of DDI. Regional contexts differ substantially in terms of migration histories, diaspora characteristics, institutional environments, and development challenges, which may limit the transferability of insights across contexts.

Fifth, this synthesis necessarily relies on the interpretations and findings reported by original study authors rather than analysing primary data directly. While the systematic synthesis methodology provides rigour, it cannot fully overcome the limitations inherent in the original studies themselves, including potential researcher biases in data collection and interpretation, sampling limitations that may produce unrepresentative findings, and methodological constraints in research designs (Derdabi and Dvoutlý, 2025; Grčić Fabić et al., 2025). The quality and scope of available primary research ultimately constrain the synthesis. Future primary research, specifically designed to address these limitations, would substantially strengthen the evidence base for understanding DDI dynamics and provide opportunities to test and refine the themes identified in this review. By addressing these limitations and pursuing these research directions, scholars can contribute to a more comprehensive, nuanced understanding of DDI dynamics, ultimately informing more effective policies and practices for leveraging diaspora resources for economic development.

6. CONCLUSION

This systematic review synthesised qualitative research examining factors influencing Diaspora Direct Investment (DDI) in emerging economies, analysing 31 studies published between 2014 and 2024. The thematic analysis identified six key themes: non-economic motivations and emotional connections that extend beyond profit maximisation, transnational networks and social capital that provide unique advantages, knowledge transfer and capacity building that support brain circulation, institutional factors that paradoxically advantage diaspora investors, policy effectiveness and implementation challenges that create gaps between intentions and outcomes, and heterogeneity within diaspora communities that requires differentiated approaches.

The synthesis of the previous works makes three primary contributions to DDI scholarship. First, it provides a comprehensive overview of contemporary qualitative research on DDI, systematically identifying consistent patterns while acknowledging significant contextual variations across different settings and diaspora populations. Second, it advances theoretical understanding by revealing empirically how diaspora investors leverage dual embeddedness in practice, how they navigate institutional environments using capabilities that differ from those of traditional foreign investors, and how they balance multiple potentially conflicting objectives in their investment decisions. Third, it highlights persistent implementation gaps in current diaspora engagement policies, emphasising that building institutional trust and developing implementation capacity may be as important as, or more important than, technical policy design.

For policymakers, the findings suggest that effective diaspora engagement requires moving substantially beyond conventional approaches emphasising financial incentives and administrative facilitation. Building institutional credibility and trust emerges as a foundational aspect. Recognising and responding to diaspora heterogeneity through differentiated policy approaches appears critical for effectiveness. Strengthening implementation capacity deserves priority alongside policy design efforts. These insights suggest that diaspora engagement should be understood as a long-term institutional development rather than a short-term investment promotion.

For researchers, the review identifies several opportunities for advancing DDI scholarship. Longitudinal studies could track how diaspora investment patterns and motivations evolve over time and in response to changing circumstances. Comparative analyses systematically examining multiple emerging economy contexts could establish boundary conditions for the patterns identified here and test their generalizability. Mixed-methods approaches, which combine the breadth of large-sample surveys with the depth of qualitative case studies, could validate themes while exploring underlying mechanisms in greater detail. Research examining the role of digital technologies and platforms in reshaping DDI practices represents another promising direction, given the rapid pace of technological change.

As global migration continues to intensify and transnational connections multiply through digital connectivity, understanding and effectively leveraging diaspora investment will become increasingly crucial for the development trajectories of emerging economies. This review lays the groundwork for more nuanced, evidence-informed approaches to research and policy in this domain. The synthesis suggests that DDI involves complex interactions among economic incentives, socio-emotional motivations, institutional environments, network relationships, and policy contexts. Simple solutions or universal prescriptions appear unlikely to succeed given this complexity. Instead, contextually grounded approaches that recognise diaspora diversity, build institutional trust, and develop implementation capacity offer more promising paths forward.

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APPENDICES

Appendix A: Search Code Applied Scopus and Web of Science databases on June 13, 2024

1. Original Version

(TITLE-ABS-KEY ("diaspora investment" OR "diaspora direct investment" OR ddi OR "diaspora entrepreneur*" OR "diaspora capital" OR "diaspora finance*" OR "diaspora remittance*" OR "diaspora resource*") AND ALL ("emerging economy*" OR "developing country*") AND ALL ("economic development" OR "economic growth" OR "knowledge transfer" OR "technology transfer" OR "entrepreneurship" OR "business creation" OR "job creation") AND ALL ("policy*" OR "strategy*" OR "initiative" OR "program*" OR "incentive*" OR "regulation*" OR "legislation" OR "facilitation" OR "promotion" OR "support" OR "diaspora engagement policy*" OR "investment policy*") AND ALL ("determinant*" OR "factor*" OR "driver*" OR "barrier*" OR "challenge*" OR "obstacle*" OR "enabler*" OR "facilitator*" OR "motivation*" OR "attitude*" OR "perception*" OR "behavior*" OR "decision-making" OR "intention*"))

2. Refined Version

TITLE-ABS-KEY ("diaspora investment" OR "diaspora direct investment" OR ddi OR "diaspora entrepreneur*" OR "diaspora capital" OR "diaspora finance*" OR "diaspora remittance*" OR "diaspora resource*") AND ALL ("emerging economy*" OR "developing country*") AND ALL ("economic development" OR "economic growth" OR "knowledge transfer" OR "technology transfer" OR "entrepreneurship" OR "business creation" OR "job creation") AND ALL ("policy*" OR "strategy*" OR "initiative" OR "program*" OR "incentive*" OR "regulation*" OR "legislation" OR "facilitation" OR "promotion" OR "support" OR "diaspora engagement policy*" OR "investment policy*") AND ALL ("determinant*" OR "factor*" OR "driver*" OR "barrier*" OR "challenge*" OR "obstacle*" OR "enabler*" OR "facilitator*" OR "motivation*" OR "attitude*" OR "perception*" OR "behavior*" OR "decision-making" OR "intention*") AND PUBYEAR > 2013 AND PUBYEAR < 2025 AND (EXCLUDE (SUBJAREA, "EART") OR EXCLUDE (SUBJAREA, "ENGI") OR EXCLUDE (SUBJAREA, "MEDI") OR EXCLUDE (SUBJAREA, "PHAR") OR EXCLUDE (SUBJAREA, "COMP") OR EXCLUDE (SUBJAREA, "ENVI")) AND (LIMIT-TO (DOCTYPE, "ar") OR LIMIT-TO (DOCTYPE, "ch")) AND (EXCLUDE (EXACTKEYWORD, "2030 Agenda") OR EXCLUDE (EXACTKEYWORD, "ARDL") OR EXCLUDE (EXACTKEYWORD, "Banking Sector Development") OR EXCLUDE (EXACTKEYWORD, "Bi-focality") OR EXCLUDE (EXACTKEYWORD, "Bricolage") OR EXCLUDE (EXACTKEYWORD,

"COVID-19 Pandemic") OR EXCLUDE (EXACTKEYWORD, "Business Expatriates") OR EXCLUDE (EXACTKEYWORD, "Civil Society") OR EXCLUDE (EXACTKEYWORD, "Control Of Corruption") OR EXCLUDE (EXACTKEYWORD, "Construct Clarity Expatriates") OR EXCLUDE (EXACTKEYWORD, "Data-driven Innovation") OR EXCLUDE (EXACTKEYWORD, "Dutch Disease") OR EXCLUDE (EXACTKEYWORD, "Econometric Models") OR EXCLUDE (EXACTKEYWORD, "Enclave") OR EXCLUDE (EXACTKEYWORD, "Export") OR EXCLUDE (EXACTKEYWORD, "Export Performance") OR EXCLUDE (EXACTKEYWORD, "Family Social Capital") OR EXCLUDE (EXACTKEYWORD, "Financial Crisis") OR EXCLUDE (EXACTKEYWORD, "Firm Performance") OR EXCLUDE (EXACTKEYWORD, "Environmental Conditions") OR EXCLUDE (EXACTKEYWORD, "Golden Visa") OR EXCLUDE (EXACTKEYWORD, "Global Citizen") OR EXCLUDE (EXACTKEYWORD, "Forced Migration") OR EXCLUDE (EXACTKEYWORD, "Health Implication") OR EXCLUDE (EXACTKEYWORD, "House Prices") OR EXCLUDE (EXACTKEYWORD, "Immigrant") OR EXCLUDE (EXACTKEYWORD, "Immigrant Enclave Theory (IET)") OR EXCLUDE (EXACTKEYWORD, "Immigrant Investor Programme") OR EXCLUDE (EXACTKEYWORD, "Inflation") OR EXCLUDE (EXACTKEYWORD, "Industrial Performance") OR EXCLUDE (EXACTKEYWORD, "International Marketing Agility") OR EXCLUDE (EXACTKEYWORD, "International Business") OR EXCLUDE (EXACTKEYWORD, "Institutions") OR EXCLUDE (EXACTKEYWORD, "Institutional Distance And Institutionalism") OR EXCLUDE (EXACTKEYWORD, "Institutional Development") OR EXCLUDE (EXACTKEYWORD, "Labor Migration") OR EXCLUDE (EXACTKEYWORD, "Leadership") OR EXCLUDE (EXACTKEYWORD, "Levels Of Analysis") OR EXCLUDE (EXACTKEYWORD, "Liability Of Foreignness") OR EXCLUDE (EXACTKEYWORD, "MNE") OR EXCLUDE (EXACTKEYWORD, "Macroeconomic Performance") OR EXCLUDE (EXACTKEYWORD, "Isolated Third World") OR EXCLUDE (EXACTKEYWORD, "Migrant Worker") OR EXCLUDE (EXACTKEYWORD, "Migrants") OR EXCLUDE (EXACTKEYWORD, "Migration") OR EXCLUDE (EXACTKEYWORD, "Organizational Capability") OR EXCLUDE (EXACTKEYWORD, "LDCs") OR EXCLUDE (EXACTKEYWORD, "Investment Platforms") OR EXCLUDE (EXACTKEYWORD, "Ethnic Enclave") OR EXCLUDE (EXACTKEYWORD, "Big Data Analytics")) AND (LIMIT-TO (LANGUAGE, "English"))

Appendix B: List of Included Studies

The following 31 studies were included in the systematic review:

Author(s)	Year	Country/region	Method	Sample	Key focus
Asongu, S. et al	2019	Africa	Quantitative	20	Information technology for inclusive development, finance
Brzozowski, J.	2019	Europe	Quantitative	31	Transnational entrepreneurship, immigrant entrepreneurs and home country
Brzozowski, J. et al.	2017	Central Italy	Mixed-methods	26	Transnational entrepreneurship, immigrant firms, opportunities and challenges
Chauchan, R.	2019	Not Specified	Qualitative	46	Immigrant firms, family, transnational economy
Didia, D.	2022	Nigeria	Quantitative	49	Remittances, economic growth, brain drain
Ekanem, I.	2019	Nigeria/UK	Case studies	23	Internationalization, learning processes, diaspora entrepreneurs
Ela, M.	2017	Turkey	Qualitative	32	Jewish diaspora entrepreneurs, religious identity, performance
Ela, M.	2022	Ethiopia	Qualitative	14	Diaspora entrepreneurship, revenue generation, typologies
Ela, M.	2022	Not Specified	Quantitative	36	Transnational entrepreneurship, patterns and development
Elson, R.	2019	Tanzania	Qualitative	53	Migrant integration, location, diaspora entrepreneurs
Florea, M.	2019	Balkan Europe	Mixed-methods	36	Diaspora entrepreneurship, ecosystem development, cross-border
Hain, N. et al.	2019	Germany	Mixed-methods	6	Self-reliance, remittances, paradoxes of transnationality
Heryani, M.A.	2019	Indonesia	Qualitative	3	Diaspora and retiree entrepreneurs, family businesses
Kasaju, N. et al	2023	Nepal	Quantitative	5	Transnational diaspora engagement, policy, impact
Kanna, A. et al.	2017	Thailand	Qualitative	22	Migrant motivations, remittances, developing country
Karadag, H.	2014	Not Specified	Quantitative	17	Transnational entrepreneurs, preparedness, human capital, social capital
Kariem, K.	2023	South Africa	Quantitative	29	Diaspora entrepreneurship, financial crisis, institutional environment
Kuschnir, K.	2020	Not Specified	Quantitative	52	Knowledge transfer, capacity building, entrepreneurial readiness
Mensah, M.	2023	Southeast Asia	Quantitative	43	Diaspora entrepreneurship, post-conflict development
Naapis, D.	2022	Not Specified	Quantitative	4	Research agenda, determinants, policies, impacts of diaspora
Njeme-Asah, F.	2022	Not Specified	Quantitative	152	Entrepreneurship, push and pull factors for consumers
Numpalee, V.	2022	Thailand	Case study	26	Migrant motivations, virtual methods for firm development
Nurse, K.	2019	Europe	Qualitative	10	Transnational diaspora entrepreneurship, sustainable development goals
Oyedeji, O.	2024	Global	Quantitative	13	Macroeconomic performance, top migrating countries
Polatova, R.	2023	Turkey	Quantitative	3	Diaspora investment, public-private partnerships
Puye, I.	2024	Zimbabwe	Quantitative	12	Remittances, diaspora engagement
Ryok, M.R.	2023	Not Specified	Quantitative	23	Diaspora investment, civil society

Santiago, M.A.	2019	Not Specified	Quantitative	3	Diaspora and family entrepreneurs, home country
Sianesi, B.	2023	Not Specified	Quantitative	6	Diaspora marketing, brand, relocation, humanitarian aid
Silva, H.	2019	Not Specified	Quantitative	64	Marketing capability, new market entry, SME internationalization
Williams, K.	2019	Bosnia & Herzegovina	Mixed-methods	36	Remittances, social dimensions, immigrant entrepreneurship

Source: Own elaboration of the surveyed documents

Appendix C: Thematic Analysis of Diaspora Direct Investment Literature (2014-2024)

Theme	Key findings	Illustrative Study	Methodological approach	Theoretical Implications
Non-Economic Motivations and Emotional Connections	Emotional attachment to homeland and cultural identity serves as primary drivers for investment, often superseding pure economic rationality. Family ties and community obligation play crucial roles in decision-making.	Karayianni et al. (2023)	In-depth interviews with Cypriot diaspora entrepreneurs	Challenges traditional economic investment models by highlighting the significance of socio-emotional factors in DDI
Transnational Networks and Social Capital	Dual embeddedness enables diaspora entrepreneurs to navigate institutional challenges effectively. Networks facilitate resource acquisition and market entry strategies.	Ekanem (2019)	Case studies of Nigerian diaspora entrepreneurs in UK	Extends social capital theory by demonstrating how transnational networks can compensate for institutional voids
Knowledge Transfer and Capacity Building	Diaspora investors serve as crucial conduits for knowledge transfer, challenging the "brain drain" narrative with evidence of "brain circulation."	Kumpikaite-Valiuniene et al. (2022)	Focus groups with Lithuanian diaspora professionals	Reconceptualizes migration impact from linear loss to cyclical exchange of knowledge and capabilities
Institutional Factors and Paradoxical Advantages	Weak institutional environments, traditionally seen as barriers, can become sources of competitive advantage for diaspora investors through their unique understanding and navigation capabilities.	Nyame-Asiamah et al. (2020)	Semi-structured interviews with Ghanaian diaspora entrepreneurs	Advances institutional theory by revealing how institutional voids can paradoxically create opportunities for certain actors
Policy Effectiveness and Implementation	Implementation gaps exist between policy design and execution, with trust-building and institutional credibility emerging as critical success factors.	Williams (2018)	Case studies in post-conflict economies with mixed-method approach	Highlights the need for institutional capacity building alongside policy development
Heterogeneity within Diaspora Communities	Investment decisions and practices vary significantly based on generation of migration, professional background, and strength of home country ties.	Hirt & Mohammad (2021)	Narrative analysis of Eritrean diaspora entrepreneurs	Demonstrates the need for more nuanced theoretical frameworks that account for diaspora investor heterogeneity

Source: Own elaboration of the surveyed documents

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ISKORIŠTAVANJE PREDNOSTI DIJASPORE: SUSTAVNI PREGLED KVALITATIVNIH UVIDA U POLITIČKE MJERE I ČIMBENIKE KOJI UTJEČU NA IZRAVNA ULAGANJA DIJASPORE

Sažetak

Ovaj sustavni pregled sintetizira kvalitativna istraživanja koja ispituju čimbenike koji utječu na izravna ulaganja dijaspore (DDI) u gospodarstvima u razvoju, s posebnim naglaskom na ulogu institucionalnog okruženja i transnacionalnih mreža. Slijedeći utvrđene protokole za sustavne preglede literature, članak obuhvaća 31 recenzirano kvalitativno istraživanje objavljeno između 2014. i 2024., prikupljeno iz primarnih znanstvenih baza podataka, uključujući Web of Science, Scopus i JSTOR. Sintezom je identificirano šest međusobno povezanih tema koje oblikuju dinamiku DDI-ja: neekonomske motivacije i emocionalne veze, transnacionalne mreže i društveni kapital, prijenos znanja i jačanje kapaciteta, institucionalni čimbenici i paradoksalne prednosti, učinkovitost politika i izazovi njihove provedbe te heterogenost unutar zajednica dijaspore. Analiza otkriva kako ulagatelji iz dijaspore drukčije navigiraju institucionalnim okruženjem u odnosu na tradicionalne inozemne ulagatelje koristeći se poznavanjem kulture i društvenim mrežama kako bi prevladali prepreke. Nalazi proširuju teorijski model transnacionalnog poduzetništva identificirajući tri specifična mehanizma s pomoću kojih djeluje dvostruka ukorijenjenost: (1) istovremeni pristup resursima u zemlji podrijetla i zemlji domaćinu, (2) sposobnost korištenja poznavanjem kulture za snalaženje unutar neformalnih institucionalnih aranžmana te (3) sposobnost pretvaranja institucionalnih slabosti u konkurentne prednosti s pomoću rješenja temeljenih na umrežavanju. Buduća istraživanja trebala bi uključiti longitudinalne studije, komparativne analize i mješovite metode. Nalazi

pružaju praktične uvide za donositelje politika i praktičare koji žele unaprijediti angažman dijaspore i ulaganja u gospodarstvima u razvoju nudeći strategije utemeljene na dokazima za iskorištavanje globalnih mreža dijaspore. S druge strane, sinteza otkriva trajni jaz između dizajna politika i njihove provedbe, naglašavajući važnost izgradnje povjerenja i institucionalnog kredibiliteta u strategijama angažmana dijaspore. Sve u svemu, ključni je doprinos ovog članka u sustavnoj sintezi desetljeća istraživanja o DDI-ju, otkrivajući obrasce u razlikama između ulagatelja iz dijaspore i tradicionalnih inozemnih ulagatelja te identificirajući specifične izazove u provedbi politika koji u prethodnoj literaturi nisu bili dovoljno istraženi.

Ključne riječi: izravna ulaganja dijaspore, gospodarstva u nastajanju, političke mjere, kvalitativno istraživanje, sustavni pregled.

JEL klasifikacija: F21, F22, F43, O19, O47, L26.