

# **Transnational Diaspora Networks and Business Innovation: A 2019 Study of Somali Investment in Hargeisa's Service Sector from a Moroccan Perspective**

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## | Abstract

The role of transnational diaspora networks in facilitating business innovation within African economies is an important area of enquiry. This working paper investigates the specific case of Somali diaspora investment in the service sector of Hargeisa, analysed from a Moroccan academic and business perspective situated in the field of African Studies. This study aims to explore the relationship between participation in transnational Somali diaspora investment networks and the adoption of business innovations by service sector enterprises in Hargeisa. It seeks to identify the operational mechanisms of these networks and their perceived effect on business practices. The research employed a qualitative, multi-sited methodology. Data were collected through in-depth, semi-structured interviews with Somali business owners in Hargeisa and Moroccan analysts specialising in African economies. A thematic analysis was performed on the interview transcripts and supplementary documentary evidence. Analysis indicates a positive correlation between active network participation and the implementation of innovations, notably within digital finance and marketing. A prominent finding was the role of these networks in mitigating risk, which was frequently cited as a critical factor enabling the adoption of new business technologies. Transnational Somali diaspora networks function as significant conduits for business innovation in Hargeisa's service sector, primarily by facilitating knowledge transfer and

reducing perceived investment risks. The Moroccan analytical perspective underscores the potential for examining comparable models in other African diaspora contexts. Further empirical research is required to quantify the broader economic impact of such networks. Policymakers should consider developing formal frameworks that recognise and support the innovative capacity of diaspora investment channels. Diaspora networks, Business innovation, Service sector, Somali investment, Hargeisa, Transnationalism, African Studies This working paper provides a preliminary cross-regional analysis of diaspora-led innovation, connecting Somali entrepreneurial activity with Moroccan analytical perspectives to contribute a fresh viewpoint to African Studies scholarship.

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