

CLIP Module 4

Ethnic Entrepreneurship (EE)
Concept paper

November 2009

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1 Introduction

Many advanced economies, especially their larger cities, acquired a more cosmopolitan outlook in the closing decades of the twentieth century and the opening decades of the twenty-first.¹ This is reflected in an ever-broadening product range, which now not only includes such obvious items as Nokia cell phones, McDonalds hamburgers, Nike sneakers and Levi's jeans but also Chinese bubble tea, Turkish *döner kebab*, Bollywood movies and Indian saris. It is not just the appearance of these 'exotic' products in shops in Amsterdam, Frankfurt, Istanbul or Lisbon that reveals the deepening links between less-developed and advanced economies. The demographic make-up of many advanced economies has also significantly changed as flows of long-distance migration from ever more locations increased in the second half of the twentieth century. Immigrants from both developed and less-developed countries moved to advanced economies, embodying the complex process of globalization in a very palpable sense. These two highly visible aspects of globalization—the international mobility of capital *and* labor—are often directly related as immigrants themselves introduce their products to far-off places. They start businesses in their countries of settlement and become 'self-employed', 'immigrant entrepreneurs' or 'ethnic entrepreneurs'.

Notwithstanding increasing numbers of ethnic entrepreneurs from less-developed countries who set up shop, they have long remained in Europe, according to, notably, the American journal *Business Week*, 'unsung heroes'.² In socio-economic terms, for a long time these immigrants were largely viewed *workers*. Immigrants were predominantly depicted as suppliers of cheap low-skilled labor in advanced economies. More recently, attention has shifted towards immigrants who start their own businesses.

The importance of ethnic entrepreneurship

The self-employment of immigrants is (or can be) important for several reasons. This is obviously related to the fact that that they assume different roles than immigrants *workers*:

- By starting their own business, immigrant entrepreneurs *create their own jobs*. This enables them to circumvent some of the barriers they may

¹ This section draws on R. Kloosterman & J. Rath (2002) *Working on the Fringes: Immigrant Businesses, Economic Integration and Informal Practices. An International Network sponsored by the European Commission under the Targeted Socio-Economic Research Programme*. Executive Summary. Amsterdam: University of Amsterdam.

http://www.janrath.com/downloads/@Executive_Summary_Ethnic_Entrepreneurship_Network.pdf

² See *Businessweek Online*, February 29, 2000, http://www.businessweek.com/2000/00_09/b3670019.htm

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encounter in looking for a job. Immigrants from less-developed countries are especially likely to come up against these barriers. They may lack or be felt to lack educational qualifications, they may not have sufficient access to relevant social networks for transmitting information on vacancies, or local employers may simply discriminate against them. Becoming self-employed does not mean all these barriers have become irrelevant—banks may still discriminate against immigrants when they ask for business loans, a lack of proficiency in the host country's language may still interfere their daily operations—but entrepreneurs seem to be less vulnerable.

- If they are successful, ethnic entrepreneurs can *create jobs for others* as well. This can benefit relatives, friends and acquaintances and, more generally, co-ethnics as social networks are often interfaces for information on the recruitment of new workers by small firms.³ Creating jobs then helps alleviate unemployment among immigrants. The same holds for providing apprenticeships.
- Ethnic entrepreneurs can also *contribute different forms of social capital* than immigrant workers to the immigrant ethnic communities.³ Because of their links to suppliers and customers, ethnic entrepreneurs can be useful in constructing bridges to other networks outside the inner circle, thus improving chances of upward mobility. Moreover, immigrant entrepreneurs often act as self-appointed leaders for their communities.⁴
- Most important they show that immigrants from less-developed countries are not necessarily restricted to filling vacancies on the job market, they can be *active agents* and shape their own destinies by setting up their own businesses. Even if they are confined to lines of businesses with little promise, they are still actors in a very literal sense.⁵

Immigrant entrepreneurs not only differ from *immigrant workers*, but also from *indigenous entrepreneurs*.

- They may *provide goods and services* indigenous entrepreneurs are not very likely to offer. Immigrant entrepreneurs may have expert knowledge on specific demands or specific sources of supply relating to foreign products as in the case of foodstuffs (e.g. spices from Indonesia), music (e.g. rai music from North Africa) or videos (e.g. Bollywood movies from India). In many cases this hard-to-copy expertise can be based on first-hand knowledge from back home or it can be generated through transnational networks that bridge the country of origin and the sometimes extensive diaspora of a specific group of immigrants.⁶ By introducing new products and new ways of marketing, even immigrant entrepreneurs at the bottom end of a market can be innovators. One example is the introduction of *döner kebab* by Turkish

³ Cf. Waldinger 1986.

⁴ Li 1999.

⁵ Kumcu 2001.

⁶ Portes 1995.

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entrepreneurs in Germany.⁷ Or indigenous entrepreneurs might lack the credibility for specific kinds of businesses, as in the case of Chinese restaurants where the owner and staff need at least a Chinese appearance.⁸ Or preferences may keep indigenous entrepreneurs out of certain lines of business that require long hours of hard work at low pay that only immigrants are prepared to put up with.⁹ Migrant entrepreneurs may thus broaden the range of goods and services in a country and hence expand the consumers' choice.

- From a geographical perspective, migrant entrepreneurs can *add vitality to particular streets* or even neighborhoods in cities.¹⁰ If streets are deserted by indigenous businesses and replaced—in an invasion-and-succession sequence—by foreign entrepreneurs, deterioration can be reversed.¹¹ As owners of local businesses, they have a clear stake in the prosperity, accessibility, and safety of the street or neighborhood. In many cases, these businesses are also where members of local social networks gather. They are thus an important component of the social fabric sustaining civic society at the grassroots level.
- Analogous to the last point, immigrant entrepreneurs can be instrumental in giving certain *sectors a new lease on life*. In some industries, because of their specific skills, knowledge or social capital immigrant businesses can be at a comparative advantage. The garment industry is a case in point.¹² In this sector, immigrants bring skills no longer reproduced on a sufficient scale in most advanced economies. In addition, they are willing to work long hours and use their social capital and networks to reduce production and transaction costs.

Notwithstanding the apparent diversity of both the origins of the entrepreneurs and the types of businesses they have established in the various countries, there are clear similar underlying processes. Although there have been notably successful immigrant entrepreneurs in advanced economies,¹³ most of these immigrant entrepreneurs are funneled towards markets at the lower end.¹⁴ Lacking in most cases access to significant funds of (financial) capital and also deemed lacking in appropriate educational qualifications, most fledgling ethnic entrepreneurs can, in principle, only set up shop in markets with low barriers of entry in terms of capital outlays and required educational qualifications. In these markets, production is mainly small-scale, low in added value, and usually very labor intensive. Consequently, earnings are typically relatively low and days are long and hard for many ethnic entrepreneurs. There are, admittedly, indications

⁷ Rudolph & Hillmann 1997; Wilpert 2003.

⁸ Kunz 2005.

⁹ Waldinger 1996; Rath 2002.

¹⁰ Rath 2005 and 2007; Ma Mung & Lacroix 2003; Shaw, Bagwell & Karmowska 2004;

¹¹ Kloosterman & Van der Leun 1999; Pang & Rath 2007; Shaw et al. 2004.

¹² Rath 2002; Waldinger 1986.

¹³ Basu & Werbner 2001.

¹⁴ Kloosterman & Rath 2003.

that ethnic entrepreneurs from the second generation of immigrants, who are often better educated than their parents, are able to position themselves in better, i.e. more profitable markets.¹⁵

Promoting ethnic entrepreneurship

European, national and municipal governments, business associations as well as a wide array of third sector institutions are attaching great value to ethnic entrepreneurship, and this holds especially for regulatory institutions in North-western Europe. Local governments in Belgium, Germany, the Netherlands, and the United Kingdom, have been very active in this field and taken a plethora of measures aiming at the promotion of ethnic entrepreneurship.¹⁶ Central, regional and local governments in Southern Europe and certainly in Central and Eastern European countries often failed to notice the rise of ethnic entrepreneurship or value it properly or decided against taking specific measures. These interventions fit the European Charter for Small Enterprises that EU leaders adopted in 2000.¹⁷

The active governments and third sector institutions expect ethnic entrepreneurs to create jobs and boost the neighborhood economy, but also to meet non-economic objectives such as strengthening social cohesion and promoting safety on the streets. These institutions have tried with varying degrees of involvement to promote the development of SMEs by introducing support measures that facilitate small entrepreneurs in general and ethnic entrepreneurs in particular. Many of these interventions have focused on improving the performance of ethnic entrepreneurs, for example by strengthening the professionalization of ethnic entrepreneurs. This can be accomplished by providing training and coaching, and other forms of support in the fields of entrepreneurial skills, finance and networking. Other interventions have aimed at removing obstructions in the regulatory framework for SMEs, which may vary from lowering the license requirements for starters and getting preferential access to credit systems to allowing for a period of trial and error without losing the right to receive social security benefits. In so doing, the positive effects of entrepreneurship have been emphasized. Appreciating and supporting the entrepreneurial drive of immigrants is of course important, but the expectations sometimes run extremely high. Whether or not their optimistic expectations are justified remains to be seen.

A host of studies has sufficiently demonstrated that entrepreneurial success—and consequently also the effects of it—is contingent on a plethora of social,

¹⁵ Rusinovic 2006.

¹⁶ Van Niekerk, Rath et al. 2008.

¹⁷ http://ec.europa.eu/enterprise/enterprise_policy/charter/index_en.htm#charta

political and economic conditions.¹⁸ The sheer complexity of entrepreneurial processes should prevent us from envisaging entrepreneurship as a simple, one-dimensional phenomenon and, in the same vein of thought, explains why promoting entrepreneurship is not a matter of course.

Research questions

This paper aims at providing the basis for a comprehensive mapping, analyzing and evaluating of policies in the promotion of ethnic entrepreneurs in a number of European cities. As such it is part of the Module 4 of the CLIP project. This Module focuses on some of the many regulatory mechanisms that can be found in a number of European cities, notably regulations that result from public policy initiatives in relation to the entrepreneurial opportunities in the cities concerned. The general aim of the CLIP study is to explore the development of ethnic entrepreneurship and to review the role of policy interventions in that process. It is motivated by the desire of municipal, national and European governments and third sector institutions to create an environment conducive to setting up and developing SMEs in general and ethnic businesses in particular.

Following the ‘mixed embeddedness’ logic (to be discussed later), we posit that various components of urban economy interact to produce a complex but also dynamic ecological system, dramatically affecting the political economy of cities and, in so doing, entrepreneurial opportunities. The study therefore focuses on the emergence of ethnic entrepreneurs in the sectors and cities involved and the role of governmental and non-governmental regulation in it. Here, we phrase the objectives into the following basic research questions:

- What are the *characteristics of the urban economy* and which openings have emerged in a number of cities since 1980? How has the political economy of these cities evolved? More specifically, what has been the development of the SME sector in general in terms of numbers of businesses, volume of workforce, value of sales, variety of products, and market segmentation, and what has been i) the spatial distribution, ii) the distribution over the various sectors of the urban economy, and iii) the ethnic, gender and age composition?
- What kind of *profiles of ethnic entrepreneurship* can be identified? How does the emergence of ethnic entrepreneurship fit into the specific dynamics of the wider urban economy? Which general and specific barriers do ethnic entrepreneurs encounter, and what are their competitive advantages? What are the structural determinants of the observed trends? What are the employment effects of ethnic business? How many and what quality of job have been generated on the local labor market?
- What *state and non-state rules and regulations govern the SME sector* in general and the ethnic SME sector in particular at the national and local

¹⁸ Engelen 2001; Kloosterman, Van der Leun & Rath 1999; Kloosterman & Rath 2003; Rath 2002.

levels and how have they shaped immigrant ethnic minorities' self-employment trajectories? How have policy debates and interventions on (ethnic) entrepreneurship influenced the emergence of entrepreneurial opportunities—real or discursive—and further development of ethnic businesses? What policies can be found supporting the access to employment for migrants in ethnic businesses?

By addressing these questions from an interdisciplinary and international comparative perspective, the project aims at a much more thorough, theoretical and practical understanding of the structural dynamics of ethnic entrepreneurship, as well as the impact of rules, regulations and policy interventions on the proliferation of ethnic entrepreneurship.

The remaining part of the paper addresses a number of conceptual and methodological issues. Next the analytical approach will be discussed. Then, after a brief overview of the state-of-the-art of ethnic entrepreneurship, the political and regulatory field will be examined.

2 Conceptual issues and availability of data

Definitions

When reading the international literature, one easily gets the impression that a concept such as that of the 'ethnic entrepreneur' is self-evident and does not need further discussion. Closer examination of this matter reveals that this is too simplistic.

We are dealing with various countries where *different definitions of entrepreneurship* are used, so it would be inappropriate to stipulate any one rigid definition of the entrepreneur. There is a large body of literature on what exactly entrepreneurs are and how they differ from other economically active individuals. Scholars such as Schumpeter and Kirzner dedicated much of their work to this topic and so did their followers.¹⁹ Entrepreneurship then has a more specialized meaning identifying opportunities, building, innovating and risk-taking in pursuit of profit. Seen in this way, an entrepreneur is to be distinguished from the business person who is merely a shop manager. In this paper, we do not make such a distinction. We simply define *an entrepreneur as a person in effective control of a commercial undertaking for more than one client over a significant period of time.*

¹⁹ Schumpeter (1974) and Kirzner (1997). For a discussion of the various views, see Elfring & Foss 1997..

It is not always clear to what extent small (ethnic) entrepreneurs, dependent as they are on other more powerful economic actors, are able to really exert effective control. This, of course, depends on their position in the value adding chain, a matter indicative of the interaction between the entrepreneur and the social, political, and economic environment. Consequently, the study of entrepreneurship necessitates going beyond investigation in terms of who entrepreneurs are and what they do, but also exploring how *opportunities* come into existence, what their sources are, and how, when and why some people rather than others discover, exploit and optimize these opportunities, and how, when and why different strategies and actions are pursued to accomplish that.²⁰

Micro, small and medium-sized enterprises represent 99 per cent of all enterprises in the EU. The EU distinguished between micro, small and medium-sized businesses on the basis of the number of employees and the turnover or balance sheet.²¹

Table 1 – Typology of enterprises

Enterprise category	Headcount	Turnover	or Balance sheet total
medium-sized	< 250	≤ € 50 million	≤ € 43 million
small	< 50	≤ € 10 million	≤ € 10 million
micro	< 10	≤ € 2 million	≤ € 2 million

Source: http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm

A further distinction is that between the entrepreneur with staff and the entrepreneur without staff.

In the current economy, a rising number of people have chosen (or have been forced) to quit their wage labor job to become self-employed. In a number of sectors, a variety of tasks have been outsourced to specialized subcontractors that are connected to each other in an intricate structure of interdependencies. The financial barriers to set up shop are often low. Such a system of subcontracting has evidently advantages. In slack periods, a jobber does not need to lay off workers or carry the financial burden of unused machinery; he only need to suspend the contract with the subcontractor(s). In periods of great pressure, businesses can still deliver in time by involving a number of subcontractors and in the end of the day everyone profits. There are, however, also disadvantages. Of special importance perhaps is the unequal distribution of costs and benefits: firms located on the top tiers of the production chain are better capable of managing the risks involved and raking profits than are firms on the lower tiers.

This system has been carried through to extremes in the sense that more and more individual wage workers have left their job and become self-employed.

²⁰ Shane & Venkataraman 2000.

²¹ http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm, accessed June 17, 2009.

This category of *self-employed without personnel*—sometimes dubbed ‘fake self-employed people’—has shown an explosive growth, especially in construction and care. This demonstrates how the boundaries between wage-labor and self-employment have got blurred.²² In time of economic boom, the self-employed without staff can make a lot of money, but in times of bust they suffer extra. This situation is even further blown up as many self-employed without staff ‘forget’ to take out sufficient insurances, even though this is not to be blamed on their jobbers. The quest for short-term profits makes them ignore long-term interests.

Other concepts that deserve attention include *the immigrant entrepreneur and the ethnic entrepreneur*. Many authors use the terms as convenient synonyms which, strictly speaking, confuses the issue.²³ The casual use of these two concepts is problematic for two reasons.

- Firstly, the entrepreneurs in question are not always immigrants in the true sense in that they were not always born in another country. It might be true in some cases, but not in, say, the United Kingdom, where many of the ‘immigrant’ entrepreneurs were actually born. Next to that, the term ‘immigrant’ has become tainted with all sorts of negative common sense notions, and is therefore no longer current among British academics or policy circles.²⁴ Instead, people of Asian, Mediterranean or Caribbean descent are now referred to as ‘ethnic minorities’, and the entrepreneurs among them as ‘ethnic entrepreneurs’. Immigrants in France, notably second generation immigrants, are largely (statistically) invisible since many have acquired French citizenship, whereas immigrants from Turkey in Germany (including the second and third generation) are still considered foreigners (*Ausländer*) and registered as such and immigrants from Central and Eastern Europe who are of German ancestry (*Aussiedler*) can get citizenship right away. How ‘immigrants’ or ‘ethnic’ minorities are defined is apparently contingent on the specific national incorporation regime and differs from country to country.²⁵ Immigrants may have the same backgrounds but once settled in different countries they can end up as very different statistical categories. Changes in the political landscape in Europe sometimes interferes in these already complicated processes: entrepreneurs from Poland or Bulgaria operating in Western Europe suddenly changed status. When these countries joined the EU, Polish and Bulgarian nationals who lived and worked abroad were no longer regarded as international migrants but as individuals who were enjoying Europe’s internal mobility.
- Secondly, many authors take it for granted that immigrants of the second as well as the first generation constitute ethnic groups and that their ethnic

²² Wijmans 1999.

²³ See Rath & Kloosterman (2000).

²⁴ Cf. Miles 1993.

²⁵ Cf. Hollifield 1992; Soysal 1994.

features inform their business activities. However, the reason for using the adjective ‘ethnic’ is rarely if ever made theoretically explicit. Does it refer to the origins of the entrepreneurs, their ‘ethnic’ moral framework, or the capacity to mobilize ‘ethnic’ loyalties and access an ‘ethnic’ market? Or does it pertain to their management strategies, personnel, clientele, products or a combination of them? Or simply to the availability of empirical data, nicely presented in ‘ethnic’ categories? Most authors assume without further reflection that just because they are dealing with immigrants, there are real differences, and that these differences pertain to the entire immigrant population and that these differences never change.²⁶

We consider as immigrants persons who have been born abroad, irrespective of their nationality and irrespective of whether they are considered ethnic minorities or not in the countries involved. The formation of ethnic minorities is often related to international migration, but may also be related to particular political developments or events. The focus of this concept paper is on ethnic minorities that have come about consequent to international migration. This paper, therefore, is not so much about entrepreneurial activities of ethnic or national minorities that have come about by historical boundary change (like for example the Hungarians in Rumania, the Basques in France and Spain, or the Kurds in Turkey). A category that is not an immigrant group in the strict sense, but may deserve special attention is the Roma.

The term ‘immigrants’ needs two more distinctions.

- First of all, this concept paper does not only focus on first generation immigrants, but also on their native-born children — the second generation and also the third generation, but in practice the latter does not apply to all EU countries. Even in countries with a fairly long post-war immigration history the second generation is only just coming of age and the third generation is, in many cases, too young. In practice, this paper pertains to the first and — in some countries — second-generation immigrants (although, strictly speaking they are not immigrants).
- A second specification relates to the country of origin of the immigrants. Many researchers and policy advisers tend to confine their interest to migrants from less developed countries outside the EU. In practice, however, many policy measures target immigrants from less-developed countries both outside and within the EU. This means that Southern-, Central- and Eastern-European immigrants who have moved to Western-European countries are included — at least to the extent to which they have been defined as target populations of policy measures. The reasons are obvious: most policy measures will be directed to immigrants who are constrained in their entrepreneurial activities by their lack of human or financial capital or by institutional barriers in the country of settlement, and

²⁶ Rath 2000; Rath and Kloosterman 2000.

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these are most likely to be found among immigrants from underdeveloped or less-developed countries within and outside the EU.

Acknowledging that the concepts of the ‘ethnic entrepreneur’ and the ‘immigrant entrepreneur’ merit further theoretical debate, it is probably wise to ‘solve’ this matter in a pragmatic way. We use both terms, but emphasize that the term ‘ethnic entrepreneurship’ just refers to the immigrants or ethnic background of these first- or second-generation entrepreneurs. Any claim that their entrepreneurship is informed by ethnic features (in the anthropological sense) must be proven rather than taken for granted. With entrepreneurs, we refer to people who are simultaneously owner and manager of a firm. These two roles may sometimes be performed by different individuals. In those cases, we specify as concrete as possible to whom we refer.

(Comparative) data

These conceptual issues are not just the social scientists’ hobby horses. There is a dearth of relevant statistical data, and this is partly related to these issues. Information on ethnic entrepreneurship is hard to come by in many countries and even harder to compare.

The statistical categories of ethnic and immigrant entrepreneurs are at the crossroads of various conceptual interpretations, resulting in large disparities between countries. In some countries, the whole official statistical concept of ‘ethnic minority’ as such is virtually non-existent (e.g. France), whereas in others like the United States, the official Census data allow for a combination of country of birth and/or nationality with socio-economic status. Even if official quantitative data are available, time series of ethnic entrepreneurship are often difficult to construct. Figures on employment and unemployment are published quarterly or even monthly, and in many cases they can be broken down according to sex, age group, ethnic category and region. Data on self-employment are not subjected to this rigid (OECD) format and can have very different time intervals. Census data tend to be collected once a decade. The construction of the very concept of ‘ethnic entrepreneurship’ and its particular way of statistical explicitation is located, hence, at the intersection of partly idiosyncratic national processes of the social construction of immigrants, and the social construction of self-employment. This fundamental lack of a sound uniform conceptual and statistical base of immigrant employment that can be applied across countries also implies that truly international comparative research on this topic is still not really feasible.

The divergence in national integration policies and, consequently, definitional and statistical differences makes it difficult to really assess (in a quantitative way) the importance of ethnic entrepreneurship cross-nationally. In some countries immigrants or immigrant ethnic minorities are statistically invisible,

whereas in others they may be registered but on the basis of different criteria such as citizenship, country of birth, or self-definition. As a consequence, data on ethnic minority or immigrant entrepreneurs need not reflect the same phenomenon cross-nationally.

Some researchers have, sometimes painstakingly, constructed quantitative ethnic entrepreneurship trends in their countries by using such sources as national statistical time series, the Census, and Chambers of Commerce databases. Still, the underlying diversity of the data does not allow for a refined statistical comparative analysis of national trends. Despite these problems, a more qualitative analyses of trends and policy interventions should be possible.

3 Analytical issues

The broad category of ethnic entrepreneurs comprises Protestants, Catholics, Muslims, Confucians, Hindus, Buddhists, communists, and atheists; first and second generation immigrants; males and females; young and old persons; people who migrated voluntary and others who were forced to migrate; people who are well-educated and are proficient in the language of the host country and others who are poorly educated and lack these language skills; individualists and people with a communitarian orientation; people of a diversity of opinions, attitudes and life styles; and so forth. And yet, in the academic and non-academic literature they are often portrayed one-dimensionally, i.e. as ‘ethnic entrepreneurs’. However, the very fact that large and diverse groups of people engage in entrepreneurship makes it improbable ‘that entrepreneurship can be explained solely by reference to a characteristic of certain people independent of the situation in which they find themselves’.²⁷ As has been indicated in this paper, we explicitly focus on situational opportunity cues and assume that a diversity of structural determinants influence these cues.

Ethnic entrepreneurship has been an important field of study, especially in classical immigration countries like the United States since the early 1970s and also in European countries since the late 1980s.²⁸ The relevance of this field of study relates to at least two important policy areas. Ethnic entrepreneurship do not only contribute to the *economic development* in certain sectors or cities of the receiving societies, but entrepreneurship may also be a viable route for the *economic incorporation* and, thus, integration of immigrants and their children. However, this does not hold true for all cities and countries and for all immigrant groups to the same degree. The rate of self-employment and the

²⁷ Shane & Venkataraman 2000: 218.

²⁸ For overviews, see Waldinger et al. 1990; Light & Gold 2000; Kloosterman & Rath 2003; Dana et al. 2008.

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success of ethnic entrepreneurship vary. Depending on the circumstances in the receiving society and the background of immigrants, some groups are more likely than others to successfully start-up their own business.

Bias towards social and cultural features

In contemporary studies on ethnic entrepreneurship, it has been commonly agreed that first generation immigrants often serve their own ethnic community with products or services and thereby develop their own 'ethnic markets'. It is suggested that ethnic businesses operating within co-ethnic markets are eventually doomed to a marginal existence. They need to break out of the ethnic market in order to succeed.²⁹ Others have pointed to the one-sidedness of this view and have questioned the inevitability of this breaking out.³⁰

Explanations on the success or—perhaps better—the degree of success of ethnic entrepreneurship have often stressed the role of individual entrepreneurs and their resources in terms of human, cultural and financial capital, that is: the emphasis is on the *agency* of the 'ethnic' actor or his or her 'ethnic community'.³¹ On the other hand, there are those who emphasize the economic, social and political *conditions* that immigrants encounter in the receiving society.³² Obviously, few would doubt the importance of both—the agency of the entrepreneur and the structural societal conditions. The question is just how and to what degree they influence the development of immigrant entrepreneurship.

Studies of ethnic entrepreneurship have departed from different points of view and perspectives. Some argue that ethnic entrepreneurship is a response to blocked opportunities in the general labor market and that, as a consequence, the growing number of entrepreneurs is not necessarily an indication of success. Rather, self-employment is viewed as an economic dead-end for immigrants. Long working hours, unpaid family labor and low incomes are some of the indicators that support this dead-end hypothesis.³³ If this hypothesis were true, the number of ethnic entrepreneurs would have risen dramatically in periods of economic decline. In reality, however, their number rose in periods of economic boom.

At the other extreme we find the point of view according to which ethnic entrepreneurship is seen positively as a viable route to upward social mobility. The emphasis here is on the positive effects of these resources in funneling immigrants into entrepreneurship. Immigrants are assumed to dispose of

²⁹ Cf. Barrett, Jones & McEvoy 1996; Jones et al. 2000; Metcalf, Modood & Virdee 1996; Waldinger et al. 1990.

³⁰ Cf. Engelen 2001.

³¹ Peters 1999.

³² Kloosterman & Rath 2003.

³³ See e.g. Barrett et al. 1996; Waldinger et al. 1990; Raes et al. 2002.

additional ‘ethnic’ resources which may place them in some respects in a relatively favorable position.³⁴ This point of view has become very popular.

Various authors first and foremost point to the social cohesion of ethnic communities and the importance of ethnic solidarity and relations of trust.³⁵ For them, networks are instrumental in acquiring knowledge, distributing information, recruiting capital and labor, and establishing strong relations with clients and suppliers. Social embeddedness enables these entrepreneurs to reduce their transaction costs by eliminating formal contracts, giving privileged access to economic resources, and providing reliable expectations as to the effects of malfeasance. Particularly in cases where the entrepreneurs’ primary input is cheap and flexible labor, as is true of contractors in the rag trade, the reduction of transaction costs by mobilizing social networks for labor recruitment seems key.

The literature on social embeddedness formulates the issue basically in ethnic terms. Thinking in ethnic categories often implies the assumption that the social networks of immigrant entrepreneurs are confined to their co-ethnics, that they have little or no social contact with people outside their own group, and that ethnic ties are more important, more resilient, and less permeable. However, it is likely that most entrepreneurs have a mixed and gendered network comprising co-ethnics, other immigrants and mainstream people, and these networks change over time. The number of social relations may, whether or not it is intended, increase or decrease, the network can become thicker or thinner or spread out and assume a different spatial basis, the social relations can become many-stranded or single-stranded or take on a different meaning.

Taking advantage of social embeddedness is a complex and dynamic process, and success is not guaranteed. An entrepreneur might be successful at recruiting workers by mobilizing his social network, but what if the market shrinks following an economic recession, technology changes or new regulations?³⁶ Likewise, an entrepreneur from a poor community might tap a network of supportive peers, but since they are poor, they will not be able to put up much money. This impacts on the entrepreneurial opportunities and can keep the entrepreneur at the lower end of the market.³⁷ Walton-Roberts and Hiebert cite the imaginary entrepreneur who cannot fire his son-in-law without jeopardizing his relations with the family.³⁸ Flap et al. discuss the problem of one-sided social capital, which is connected to what Granovetter once called the strength of weak

³⁴ Light 1972; Werbner 1984.

³⁵ E.g. Portes & Sensenbrenner 1993; Waldinger 1996.

³⁶ See Rath 2000; Schrover 2001.

³⁷ Wolff & Rath 2000.

³⁸ Walton-Roberts & Hiebert 1997.

ties.³⁹ The circulation of new information is limited in tight groups and, subsequently, so are the chances of innovation and business success.

What we learn is that social capital is connected to cultural, human and financial capital,⁴⁰ and is the product of the interaction of structural factors such as migration history and processes of social, economic and political incorporation in the mainstream as well as their spatial variations. Its impact is contingent on the goals pursued and the political and economic forces at work. Specific circumstances foster social capital and make its use feasible and rewarding, but none of this is automatic.

Mixed embeddedness

One of the most widely known examples of an approach that combines agency and structure is *Ethnic Entrepreneurs* by Waldinger, Aldrich, Ward and others.⁴¹ This model is still influential, although several amendments to the model have been developed since then. A more recent approach builds on the models of Waldinger and Portes, but is more inclusive. This model of ‘mixed embeddedness’ explicitly includes the political and economic context in the explanatory model of ethnic entrepreneurship: political and economic institutions are crucial in understanding both the obstacles and opportunities for aspiring entrepreneurs to start their own business.⁴²

As has been stated, urban economies are undergoing fundamental changes, and aspiring (ethnic) entrepreneurs are facing a *continuously changing opportunity structure*. This opportunity structure is key. We have witnessed a steady decline of manufacturing (a process that was accompanied by a loss of numerous industrial jobs) and at the same time a spectacular growth in the service industries. The latter coincided with the introduction of flexible specialization modes of production and various forms of outsourcing and subcontracting in manufacturing and services, and a rise of small businesses. Ethnic entrepreneurs tend to gravitate to lower-end retailing, wholesaling and restaurants and catering, where they sometimes carve out niches. The opportunities that they found in these lower-end markets are closely linked to the *vacancy chains* where the most recent immigrant entrepreneurs replace earlier ones (ethnic and mainstream alike). The spatial concentration of immigrants favors the proliferation of ethnic businesses in certain neighborhoods. The opportunities in (ethnic or non-ethnic) vacancy chain markets are often readily available: entrepreneurs in these markets generally require low start-up costs and little or no specific educational qualifications and tend to rely on hard (and cheap) labor

³⁹ Flap et al. 2000; Granovetter 1983.

⁴⁰ Light & Gold 2000.

⁴¹ Waldinger et al. 1990.

⁴² Kloosterman & Rath 2003; Rath 2002.

and a supportive social network. With relatively low entry barriers, these vacancy chain markets are easily saturated. These conditions serve to squeeze profit margins and foster informal practices. Ethnic entrepreneurs, especially those who are risking unemployment or unattractive labor conditions, are pushed rather than pulled to these less-promising market segments.

There is, however, another kind of ethnic entrepreneur. These aspiring or fledgling entrepreneurs, who tend to be highly educated and connected to different social networks, are better qualified to position themselves in *post-industrial growth markets* such as ICT, finance, insurance, real estate, media and tourism. They are pulled rather than pushed to these markets and due to their higher levels of human and social capital they better fit the requirements of today's post-industrial economy.

The emergence of entrepreneurial opportunities and the concomitant development of entrepreneurial trajectories, to be sure, do not happen in an institutional vacuum. On the contrary, markets, including so-called liberalized markets, are always regulated in one way or another. This is manifested in different ways, ranging from tolerance towards illicit practices to positive action and business support programs. There is, moreover, tax regulation, health and security regulation, zoning laws, business improvement schemes, etcetera. The policy context in which ethnic entrepreneurship develops and the institutions that govern it are evidently relevant for the present study. Regulation, to be sure, is not just a matter of repression and constraining, but also of enabling. Both sticks, sermons and carrots are forms of regulation, since they affect the market. Engelen points to the distinction between legislation and regulation.⁴³ The term regulation should not be taken as a mere synonym for state regulation. In fact, various modes of regulation exist, from formal to informal, and various agencies are involved in regulatory processes, ranging from state agencies (local, national, regional or supranational) to non-profit organizations and voluntary associations. Regulatory frameworks can be imposed or enforced, or may be based on voluntary action. Economic actions are always, in one way or another, regulated, even in cases when legislation per se seems non-existent as in the informal economy.⁴⁴

More generally, the regulation also impacts the opportunity structure by regulating the access of immigrants to self-employment in some sectors or even in a wide range of activities. Paradoxically, regulatory regimes sometimes turn out to be obstacles for ethnic entrepreneurs, in particular for lowly skilled immigrants coming from third-world contexts and not used to the complex regulation they are faced with in the countries they moved to. In Austria and Germany, aspiring immigrant entrepreneurs run into difficulties because the

⁴³ Engelen 2001.

⁴⁴ Rath 2002.

corporatist rules and regulations explicitly limit access to self-employment for non-EU immigrants.⁴⁵ Although backed by the state, in some cases non-state bodies such as the Chambers of Commerce are involved as gatekeepers. The viability and profitability in these market segments is also dependent on the supply of aspiring entrepreneurs or, in other words, on the strength of the push factor. In advanced European welfare states, unskilled immigrants have a hard time in finding a job because the expansion of the (private) service sector is hampered by high minimum wages.⁴⁶ Finally, it should be noted that regulation does not necessarily imply actions and interventions; regulation sometimes boils down to non-actions.

In short, national or local differences in the opportunity structure may result from the rate of replacement in vacancy chain businesses, which is related to general upward social mobility. It may also result from the creation or decline of ethnic markets in a process contingent on the rate and composition of immigration and the spatial distribution of groups of immigrants. Or it may result from the new opportunities that are concomitant to the post-industrial economy that cities in advanced economies are developing. The economy is evidently dynamic, layered, and regulated. And what is more: different markets offer different opportunities, put up different barriers, require different skills, competencies and resources (in terms of financial capital, social network, educational requirements and so on), and lead to different forms and levels of success (in whatever way defined) and a different ethnic division of entrepreneurial labor. Any attempt to promote ethnic entrepreneurship or, more generally, any interference in the market needs to take account with this multifacetedness.

4 Mapping ethnic entrepreneurship

Whether it is the result of demographic change, of technological innovation, of market change, or of changes in the institutional framework, a growing number of immigrant ethnic minorities have responded to the opportunity structure and started new businesses or have created new openings by starting new ventures. Whatever is the case, ethnic entrepreneurship is on the rise in most European cities. The overall rate of self-employment and the share of immigrants in it may vary from country to country. Although, as has been stated above, the validity of data is contestable, these are the percentages for a number of European countries:

⁴⁵ Haberfellner 2003; Wilpert 2003.

⁴⁶ Kloosterman 2000.

Table 2 Foreign-born in self-employment in OECD countries, 2000 and 2005 (in %)

Country	Share of foreign-born in total self-employment		Share of self-employment in total foreign-born employment	
	2000	2005	2000	2005
Australia	..	26,7	..	12,7
Austria	6,7	9,3	7,3	7,5
Belgium	10,2	12,7	17,0	15,1
Czech Republic	..	3,0	..	24,4
Danmark	4,8	6,3	9,1	8,5
France	11,1	12,7	11,4	11,6
Germany	9,7	12,8	8,6	10,1
Greece	2,0	3,7	13,7	12,6
Ireland	7,7	8,1	17,4	11,0
Luxembourg	33,5	38,9	7,5	6,9
Netherlands	10,3	10,3	10,4	10,8
Norway	6,0	7,4	7,6	7,6
Portugal	3,6	5,4	14,9	14,2
Spain	3,0	8,1	18,9	10,3
Sweden	11,4	14,4	12,0	11,3
Switzerland	..	18,2	..	10,1
United Kingdom	10,7	11,6	15,2	14,4
United States	..	14,1	..	9,6

Source: OECD 2007: 75, on the basis of European countries: European Union Labour Force Survey (data provided by Eurostat); United States: Current Population Survey, March Supplement; Australia: Survey of Education and Work, 2004.

A closer examination of the situation in these (OECD) countries reveals the following trends:

- the number of ethnic entrepreneurs is growing both in absolute numbers and in proportion to the mainstream;
- immigrant ethnic minorities are not equally entrepreneurial: some groups show low rates of entrepreneurship, other groups show higher rates;⁴⁷
- the rates of ethnic entrepreneurship vary from country to country, suggesting that country-specific determinants are involved;
- the rates of female entrepreneurs is lower than that of male ethnic entrepreneurs;
- while ethnic entrepreneurs initially gravitated to the retail, restaurant and catering sector (thus typical vacancy chain sectors), they are increasingly active in personal and business services, thus in the growth sectors of today's post-industrial economies;
- while ethnic entrepreneurs tend to start in working-class ethnic neighborhoods and remain spatially concentrated, they increasingly venture out to the CBD, suburbs, and other middle-class mainstream areas, servicing

⁴⁷ According to Hiebert (2002), this is related to the migration history, especially the specificities of the economic incorporation trajectory.

- the needs of a larger and more affluent clientele. This especially holds for second-generation entrepreneurs with higher human capital;
- many small entrepreneurs remain at the lower end of the market where they compete on price; the survival rate is a somewhat lower than that of mainstream entrepreneurs;
 - acquiring sufficient financial capital is often a problem, as banks and other financial institutions are hesitant to give credit loans to small entrepreneurs in general and small ethnic entrepreneurs in particular. This impedes the further development of ethnic entrepreneurship;
 - the levels of organization, i.e. membership rates of formal business association, is usually relatively low.
 - the involvement of (mainstream) business association in promoting ethnic entrepreneurship or fostering employment or apprenticeship opportunities with ethnic businesses tends to be marginal. And so is the role of unions in promoting better labor relations and labor conditions.

5 Local, national and EU policies to promote ethnic entrepreneurship

While the European Commission, notably DG Enterprise, promotes ethnic entrepreneurship, the actual design and implementation of policies has been left to the member states. The basic assumption is that ethnic entrepreneurs—being first of all *entrepreneurs*—will anyway benefit from general measures taken to increase the number of entrepreneurs and to strengthen the quality of entrepreneurship. Deregulating the economy, making the bureaucracy more transparent and service-oriented, making tax regimes more favorable, promoting microcredit systems, making entrepreneurship education part of the regular curricula, introducing a variety of supportive measures and so forth. DG Enterprise does facilitate the exchange of information among bureaucrats and practitioners on these issues by organizing a series of meetings and conferences and by showcasing so-called ‘good-practices’. Next to that, there is a plethora of support programs sponsored by other European institutions, such as the European Social Fund, that directly or indirectly target ethnic entrepreneurs.

A recent study carried out under the aegis of DG Enterprise provided an inventory of policy measures or support schemes in no less than 32 European countries.⁴⁸ The study showed a marked distributional pattern, revealing wide national and local variations. The 146 policy measures were identified (see table 2). Most measures or schemes were to be found in the North-western European countries, to a lesser degree in Southern Europe and least in the Central and Eastern European countries.

⁴⁸ Van Niekerk, Rath et al. 2008. See http://ec.europa.eu/enterprise/entrepreneurship/support_measures/migrant/index.htm

Among the reasons that may account for these cross-national differences are, first of all, the particular immigration history of the countries involved. Most North-Western European countries have experienced massive immigration in the period immediately after World War II, and have developed legal frameworks of welfare arrangements earlier than elsewhere in Europe. Southern European countries were countries of emigration in the early post-war period, and many of these emigrants moved as ‘guest workers’ to North-Western Europe. These countries have only recently experienced large-scale immigration themselves. In addition, they do not tend to have the same welfare systems or social policies as some of the North-Western European countries. This holds even more for most of the Central and Eastern European countries, which have only very recently become the destiny of immigrants. In addition, the size of the immigrant population influences the existence or absence of special policies promoting immigrant entrepreneurship. Few or no measures were found in countries with relatively small immigrant populations, like Malta, Norway, Iceland or Liechtenstein. These countries tend not to develop specific policies for immigrants in general, let alone immigrant entrepreneurs. In other instances, countries may be more concerned with national or historical minorities than with more recent immigrants. This is the case in some of the Eastern and Central European countries, where many recent immigrants are refugees (from countries like Iraq, Iran or Afghanistan). A special case is the Russians in the Baltic States. Although not immigrants in the strict sense (they only ‘became’ immigrants after the collapse of the Soviet Union) integration policies do focus on the Russians and their native-born offspring.

A second condition that contributes to explaining cross-national variation relates to the national policies on immigrant integration and, as a result, the different conceptions of who is a national and who is seen as a ‘foreigner’ or ‘immigrant’. Countries like France, where assimilationist policies prevail, generally do not develop specific immigrant policies and define the native-born offspring of immigrants as nationals. Likewise, some Southern European countries do not distinguish between nationals and immigrants in their legal frameworks, like for example in Greece and Slovenia. Obviously, this influences the existence of special policy measures and, hence, the smaller number of policy measures and support schemes in these countries found in this study.

A third condition pertains to the make-up of the welfare state and the concomitant employment and entrepreneurial trajectories in general and the economic citizenship regimes in particular. Whether or not self-employment is a ‘natural’ way to enjoy economic citizenship rights and whether or not the state is to play a leading role is contingent on the type of welfare regime—liberal, corporatist, socio-democratic, familial, etcetera.

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Table 3 Policy Measures and Support Schemes by country and region

Region	Country	Number of measures	Population (x 1000)	Number of international immigrants (x 1000)
North-Western Europe I	Belgium	11	10,419	719
	France	5	60,496	6,471
	Ireland	3	4,148	585
	Luxembourg	0	465	174
	The Netherlands	16	16,299	1,683
	United Kingdom	32	59,668	5,408
	<i>Subtotal</i>		<i>67</i>	
North-Western Europe II	Austria	3	8,189	1,234
	Denmark	3	5,431	389
	Finland	2	5,249	156
	Germany	22	82,689	10,144
	Iceland	0	295	23
	Liechtenstein	0	35	12
	Norway	1	4,620	344
	Sweden	2	9,041	1,117
	Switzerland	3	7,252	1,660
	<i>Subtotal</i>		<i>36</i>	
Southern Europe	Cyprus	0	835	116
	Greece	7	11,120	974
	Italy	5	58,093	2,519
	Malta	1	402	11
	Portugal	5	10,495	764
	Slovenia	2	1,967	167
	Spain	4	43,064	4,790
	<i>Subtotal</i>		<i>24</i>	
Central & Eastern Europe	Bulgaria	6	7,726	104
	Czech Republic	0	10,220	453
	Estonia	0	1,330	202
	Hungary	1	10,098	316
	Latvia	1	2,307	449
	Lithuania	1	3,431	165
	Poland	7	38,530	703
	Romania	1	21,711	133
	Slovakia	1	5,401	124
	Turkey	1	73,193	1,328
<i>Subtotal</i>		<i>19</i>		
Total		146		

The policy measures were grouped according to their policy level: supranational, national, regional and local.

Table 4 Overview of policy levels of support measures

	Number	%
Supranational	4	3
National	49	34
Regional	42	29
Local	51	35

Most policy measures were initiated at the national, regional or local level, with the majority of local initiatives occurring in the United Kingdom, Germany, The Netherlands and Belgium. The level of policy initiation did not necessarily correspond to the funding level: most policy measures were financed by European and/or national funding and most local policy initiatives are (co-)financed by higher-level sources of funding.

Table 5 Source of funding

	Number	%
European Community	32	22
European and other	44	30
National	50	34
Regional	6	4
Local	5	3
Private	5	3
Other	4	3
Total	146	100

European funding appears to be a major source of funding. If we include the cases in which European funding is combined with other sources of funding, more than half of the measures are financed by European funds, either exclusively or in combination with other funds (52 per cent). Several policy measures have been (co-)financed by the *Equal* Program of the European Social Fund. National public sources of funding (i.e. the central government) are covering about one third of the cases (34 per cent).⁴⁹ Local funding as sole source of funding is important in only five cases, but is quite often combined with (supra-)national funds. The same applies to private funding. Comparing Tables 4 and 5, one may conclude that most local policy initiatives are financed or co-financed by higher-level sources of funding.

Policies: Target Groups

Policies targeted at the promotion of ethnic entrepreneurship may focus on the entrepreneurs or the opportunity structure. Measures that focus on the (aspiring) entrepreneurs can be aimed at enhancing the knowledge, skills and abilities of entrepreneurs; promoting their business network; or facilitating access to financial sources and services. Measures that focus on the environment include removing barriers for immigrant entrepreneurs, combating discriminatory practices towards immigrants, and creating extra facilities for immigrants in order to promote equal opportunities for immigrants.

By far most measures or programs identified in this research aim at providing services to immigrant entrepreneurs and/or raising awareness on self-

⁴⁹ This does not include the policy measures which are co-financed with European Union funds, as these fall under the category 'European and other'.

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employment among immigrants. Only a small number of measures or schemes that are included in this study aimed at creating or enhancing opportunities for ethnic entrepreneurs.

As to the target population, a distinction can be made between immigrant ethnic minorities and natives, and between start-ups and existing enterprises. All 146 policy measures identified focused at least partly on immigrants. Table 6 shows the degree to which the policy measures focused on immigrants specifically or on both immigrants and natives. More than half of the policy measures or support schemes focused exclusively on immigrants (52 per cent) while 43 percent targeted both native and ethnic entrepreneurs. The remaining 5 per cent—all of them in Central and Eastern Europe—targeted Roma.

Table 6 Target Population

	Number	%
Both native and immigrant entrepreneurs	63	43
Only immigrant entrepreneurs	76	52
Roma	7	5
Total	146	100

The measures that focus on a mixed target group, often form part of a generic policy aimed at assisting vulnerable or socially disadvantaged groups, like the unemployed or women. Since immigrants tend to be overrepresented among these groups, they may be reached by these generic policy measures. Among the measures directed at immigrants only, some targeted specific ethnic or nationality groups, or ‘newcomers’ or refugees. The measures focusing on the Roma in some Central and Eastern European countries, like Bulgaria, Hungary, Poland and Romania are cases in point.

As to the type of enterprise phase targeted, most policy measures or support schemes did not focus on a specific group. Rather, they focus on entrepreneurs in various stages of the enterprise development—start-ups and existing enterprises alike. Nonetheless, nearly half of the measures or programs involved focused entirely on start-ups. Only a very small number of measures (5 per cent) targeted existing enterprises only.

Policies: Type of Measures and Schemes

As indicated above, some measures targeted the promotion of entrepreneurship among immigrants by focusing on empowering entrepreneurs by strengthening their human, social or cultural capital, other measures helped foster a conducive business environment. In theory, seven types of measures could be identified:

- raising awareness among immigrants to become more entrepreneurial;
- improving the entrepreneurs’ human capital;
- improving the entrepreneurs’ social and cultural capital;

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- providing financial capital;
- improving market conditions;
- introducing favorable regulation (at local, national and supranational level);
- strengthening intermediary organizations (training bureaus, consultancies, business associations).

The first four types of intervention aim at the entrepreneurs themselves, while the remaining three types aim at the business environment. Some three-quarters of all measures or schemes promoted awareness on entrepreneurship among immigrants and over 90 per cent focused on service delivery by intermediary organizations— either exclusively or as part of a more comprehensive approach. A number of measures aimed at regulatory change. Among these measures were, for example, tax facilities created for start-ups; relaxing of licensing laws and opening hours; and the creation of economic enterprise zones. Other measures aimed at linking service-providers with immigrant business associations or immigrant business organizations with mainstream institutions. Measures that aimed at improving market conditions were thin on the ground. It should be noted, however, that these types are not mutually exclusive, a policy measure or program may operate at more than one level at the same time.

The measures identified covered a wide range of services. Table 7 gives an overview of the different services or fields of support delivered to (aspiring or fledgling) entrepreneurs.

Table 7 Types of services

	Number of measures delivering the service	% of measures delivering the service
Information	121	83
Advice	121	83
Training	107	73
Networking	96	66
Mentoring	84	58
(Access to) finance	79	54
Other	1	1

Table 7 shows that the services provided most were ‘advice’ and ‘information’ (each in 83 per cent of the policy measures), with ‘training’ (73 per cent) in third place, followed by ‘networking’ (66 per cent) and ‘mentoring’ (58 per cent). The least common service was ‘(access to) finance’ (54 per cent), though this was still included in more than half of the measures. In other words, most measures or programs focused on increasing the human and social capital of entrepreneurs, and less on their financial capital (although other services may indirectly improve their chances of getting access to finance—for example, assistance in writing business plans).

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The services were delivered in several ways, by means of workshops, individual counseling, publications, meetings or electronic platforms. Table 8 gives an overview of the delivery mechanisms. ‘Workshops’ and ‘individual counseling’ were the most widely used ways of providing services, followed by ‘publications’ (guides, brochures, etc.) and ‘regular events’ (seminars and conferences). ‘Electronic platforms’ were used in over 50 policy measures or support schemes.

Table 8 Delivery Mechanisms

	Number of measures using the mechanism	% of measures using the mechanism
Individual counseling	110	75
Workshop	101	69
Publications	73	50
Regular events	70	48
Electronic platforms	56	38
Other	17	12

The measures and support schemes also varied in what they charged the participants for the services delivered. In approximately one third of the cases services were provided free of charge. In some cases, participants were expected to pay a fixed fee or registration fee, or they had to pay a fee depending upon the services delivered.

Implementing Organization

The measures and schemes were implemented by a wide variety of organizations, ranging from public and semi-public institutions to NGOs and other private organizations such as commercial support organizations and private consultancy firms. Table 9 provides an overview of the formal status of the organizations involved in implementing the policy measures or support schemes identified in this study. Nearly half belonged to the public sector (47 per cent), but this went up to 59 percent if we include semi-public organizations such as Chambers of Commerce. The rest were private organizations (30 per cent) or NGOs (12 percent).

Table 9 Implementing Organizations

	Number	%
Public	69	47
Private body	44	30
NGO	17	12
Semi-public	16	11
Total	146	100

The category ‘private body’ included immigrant organizations or ethnic business associations and other non-profit organizations, like small business centers or welfare services. (Mainstream) business associations or trade unions

were rarely involved in these interventions. For-profit enterprises were rarely involved as implementing organizations.

Agency versus structure

In sum, the large majority of policy measures identified contributed to the capacity of service delivery to immigrants. These services aimed at empowering ethnic entrepreneurs by strengthening their human, social or financial resources. The main focus was on enhancing human capital of (aspiring) entrepreneurs (providing information, educational services, training, counseling). Services that foster social networking explicitly were small in number, but many promoted networking implicitly. Fewer measures focused on providing financial services, but in fact, many programs facilitated access to finance by strengthening the entrepreneurs' skills and knowledge. Occasionally, measures provided material assistance, for example incubator services.

These types of service delivery focused on the *agency* of the entrepreneur as opposed to the *structural* societal conditions of entrepreneurship. Only a few measures identified focused on structurally enhancing the opportunities for ethnic entrepreneurs. This included for example the empowering of certain depressed city districts or the structurally embedding immigrant ethnic minorities and their organizations into mainstream organizations.

Roughly half of the measures or support schemes focused exclusively on immigrants; the rest focused on a general public (including immigrants). Both seemed to have their pros and cons. The most difficult to reach groups or vulnerable groups, seemed to be best served by specific measures that advocate a personal or tailor-made approach (services in immigrant languages, intercultural mediators, outreach officers). Participation in homogenous groups of co-ethnics or other immigrants seemed to increase the effectiveness of services as well. On the other hand, participation in multi-ethnic programs introduce them to mainstream networks and, hence, fostered contacts in the business scene. This could contribute to successfully developing immigrant businesses, since it facilitated access to mainstream business institutions.

6 Final Remarks

The immigrant population in the Europe is growing and rapidly becoming more diverse in terms of countries of origin, length of stay and socio-economic position. In many cities, immigrants have become entrepreneurial and have set up shop, and it is expected that this rise in immigrant entrepreneurship

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contributes significantly to the integration of immigrants. Local governments are therefore in various way involved in this development.

Governmental rules, regulations and practices help shape ethnic minorities' self-employment trajectories. Policy debates and interventions influence the emergence of entrepreneurial opportunities—real or discursive—and further development of ethnic businesses. It is important here to distinguish between general measures aimed at the promotion of small entrepreneurship in general and group-specific measures aimed at the promotion of ethnic entrepreneurship in particular. These policy frameworks may consist of policies removing barriers for (immigrant) entrepreneurs or measures promoting their interests and aspirations. Local policies towards immigrants and immigrant integration may also influence the set of measures created to promote ethnic entrepreneurship. The same holds true for national definitions of 'ethnic' 'immigrants' and 'national minorities'.

Some measures originate from public policy initiatives and are developed in accordance with public policies, but other measures are the result of interaction between social partners, notably business associations and unions. The latter are more likely to pertain to immigrant (self-)employment, labor relations or the quality of labor in ethnic enterprises.

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