



Understanding the Diversity of Immigrant Entrepreneurial Strategies

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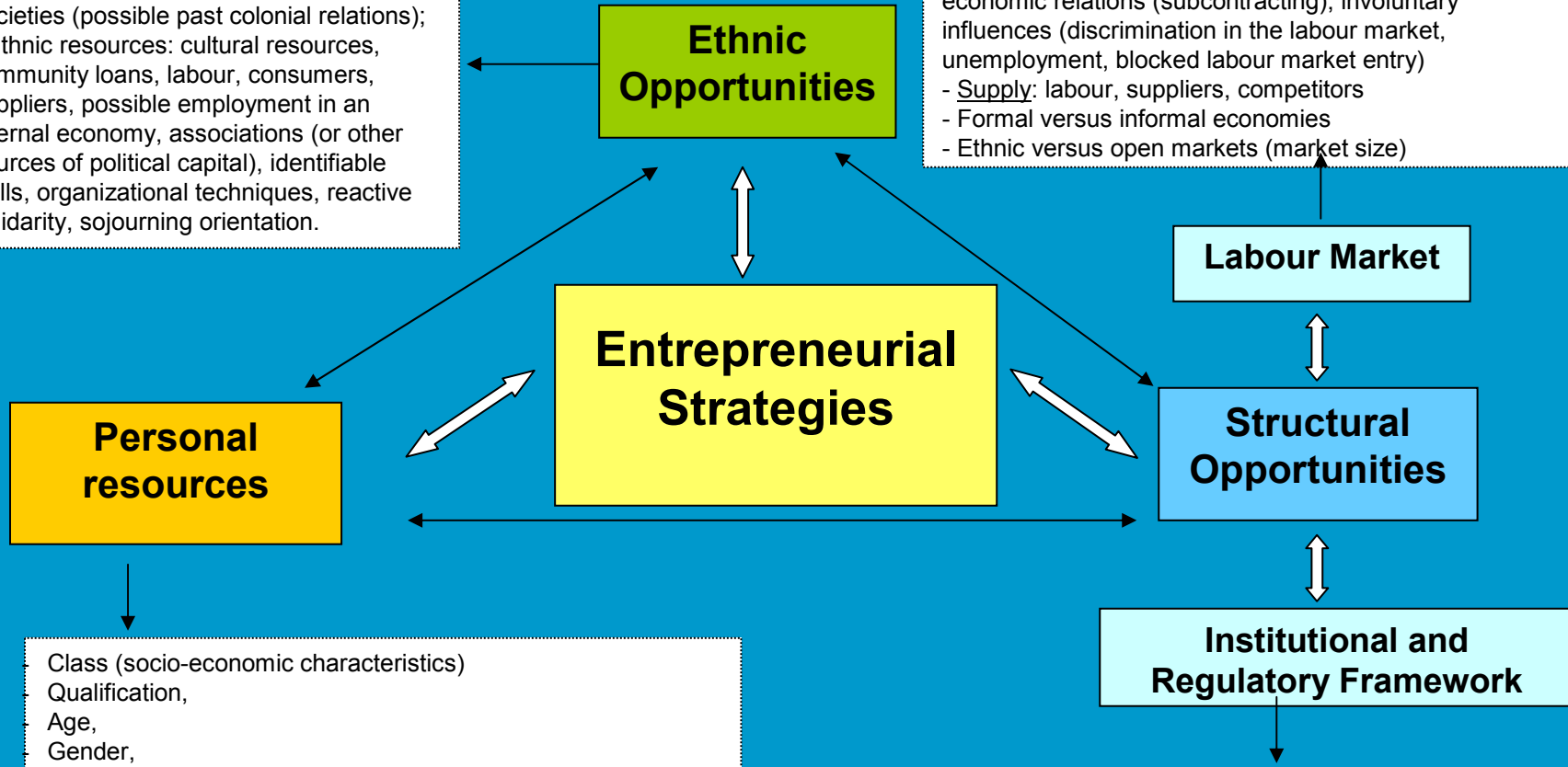
Summary

- (1) Conceptual approaches on Immigrant entrepreneurship
- (2) Defining a Heurist Model to Immigrant Entrepreneurial Strategies
- (3) Evidences from immigrant entrepreneurs in Portugal
 - 2.1. Ethnic Strategies
 - 2.2. Family Strategies
 - 2.3. Personal Strategies
- (4) Conclusions

Figure 1. A Heuristic Model on Immigrants' Entrepreneurial Strategies

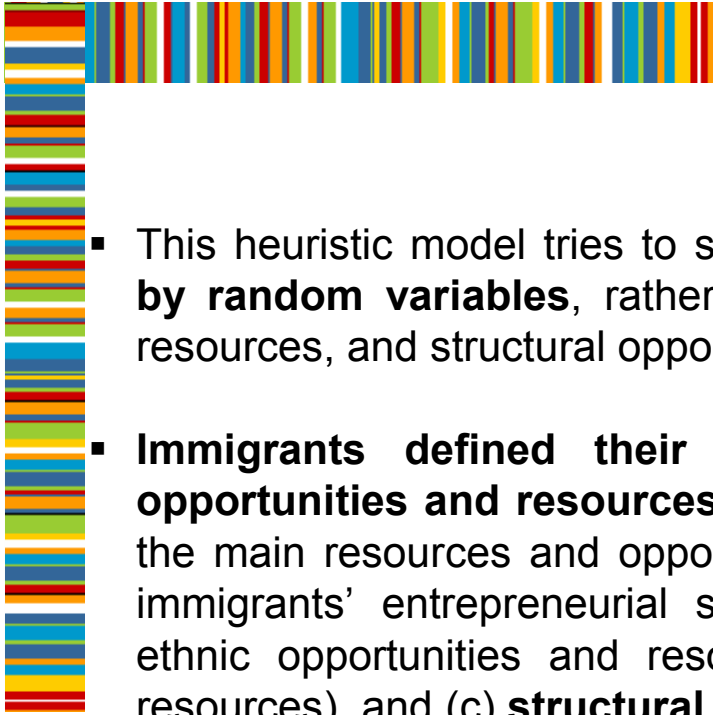
- Immigration flows between origin e host societies (possible past colonial relations);
- Ethnic resources: cultural resources, community loans, labour, consumers, suppliers, possible employment in an internal economy, associations (or other sources of political capital), identifiable skills, organizational techniques, reactive solidarity, sojourning orientation.

- Demand: consumers – diversification of tastes; new economic relations (subcontracting); involuntary influences (discrimination in the labour market, unemployment, blocked labour market entry)
- Supply: labour, suppliers, competitors
- Formal versus informal economies
- Ethnic versus open markets (market size)



- Class (socio-economic characteristics)
- Qualification,
- Age,
- Gender,
- Marital status and household compositions (family ties),
- Professional and business experience,
- Savings,
- Language skills (origin and destiny country)
- Cultural resources
- Migration experience and circumstances which led them to migrate in the first place,
- Legal situation in the host society and citizenship

- The kind of Welfare System regime
- Immigration Policies
- Social benefits
- Economic policies towards entrepreneurial and self-employed activities
- Business associations and specific business practices
- Banking system, insurance, finance, etc.



- This heuristic model tries to show that **immigrant entrepreneurship is not explained by random variables**, rather it reflect the relationship between individual and ethnic resources, and structural opportunities from host society.
- **Immigrants defined their entrepreneurial strategies combining all possible opportunities and resources** (but not necessarily all at the same time). Depending on the main resources and opportunities combined it is possible to identified three typical immigrants' entrepreneurial strategies: (a) **Ethnic strategies** (mainly dependent on ethnic opportunities and resources), (b) **Personal Strategies** (defined by personal resources), and (c) **structural strategies** (specially characterized by structural incentives from host society to immigrants).
- Because opportunities aren't necessarily clear to all actors or transparent, neither can be available to all individuals or ethnic groups, **immigrants' entrepreneurial strategies are a result of negotiation, adaptation, imagination** (towards innovative dynamics) **or reproduction** (of entrepreneurial patterns already defined by others). Particular strategies can be salient when examine intra-group or inter-group differences in entrepreneurship or self-employment.

Graph 1. Share of Employers and Persons working on own account in the corresponding labour force, 1996, 1997 and 1998

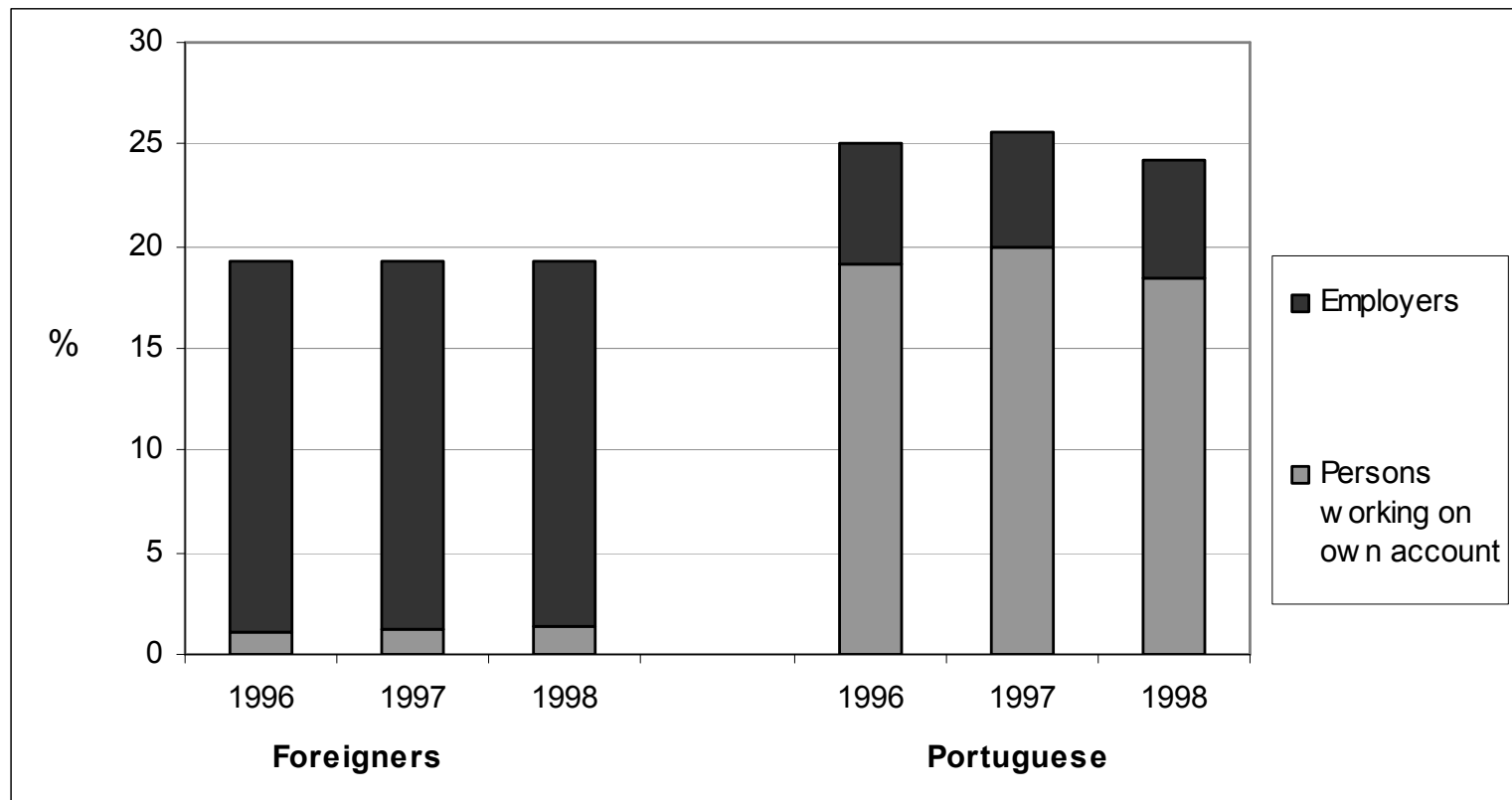


Table 1. Entrepreneurs in Portugal according to the region of origin and their share in the corresponding labour force in 1990 and 1998

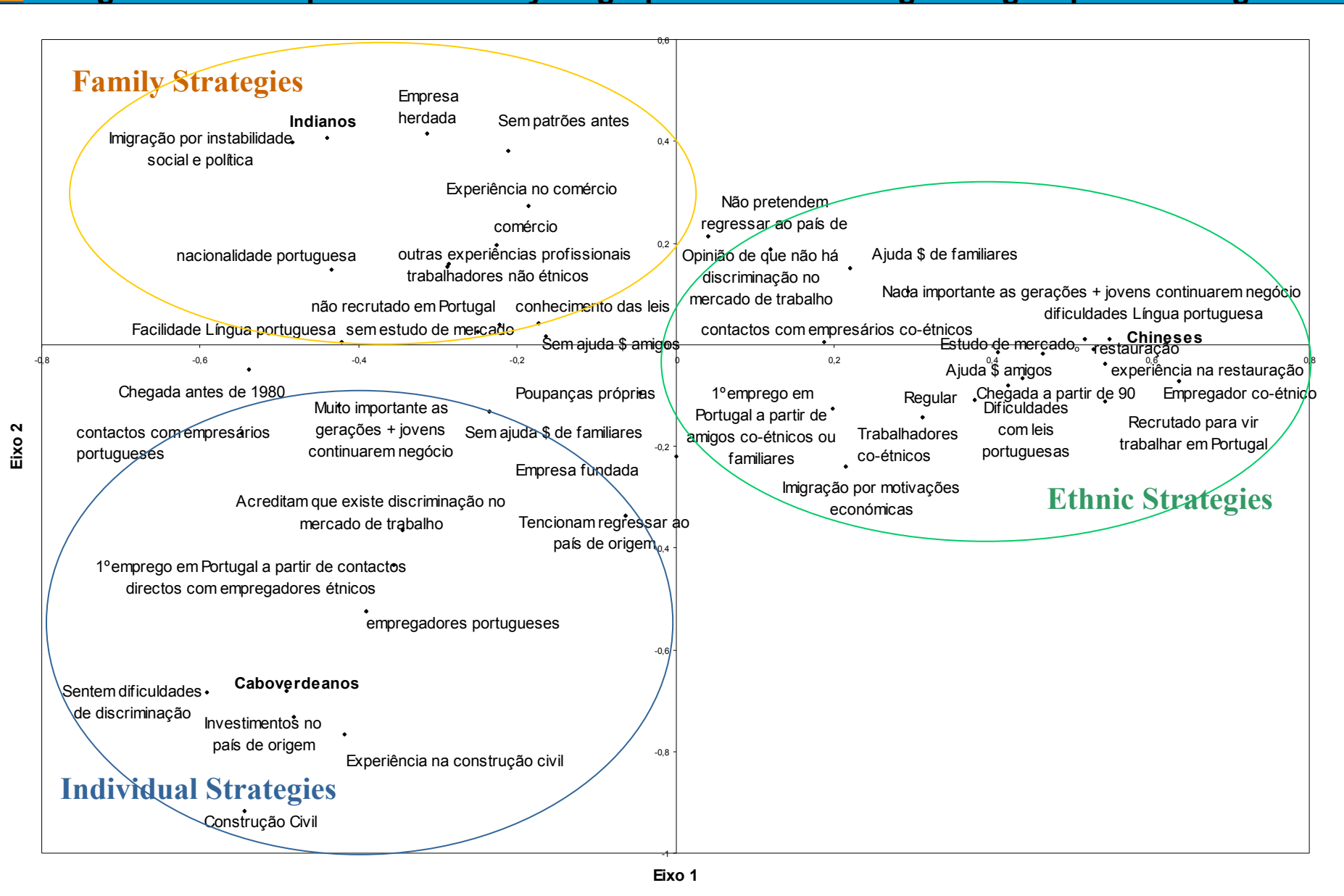
Region of Origin	Number of Entrepreneurs		Share of entrepreneurs in the labour force (%)		Rate of Change from 1990 to 1998 (%)
	1990	1998	1990	1998	
Europe	8506	10122	50,4	36,9	16,0
Central and South America	2418	2763	39,0	25,6	12,5
Africa	1597	1867	6,9	4,3	14,5
North America	1507	1382	49,8	38,9	-9,0
Asia	654	879	30,2	26,1	25,6
Rest	118	117			-0,9
Total of Foreigners Entrepreneurs	14800	17130	28,6	19,3	13,6



Does Portugal impinge a specific context?

- As any other host context, Portugal has its specificities. In Portugal there are no specific incentives to immigrants' entrepreneurship.
- The access to bank loans is quite difficult for those who do not have a Portuguese nationality. As a consequence immigrants' entrepreneurial strategies in the country are mainly dependent on personal and ethnic resources. Those who can not rely on community resources and have no personal savings hardly become an entrepreneur.
- In Portugal there are also certain involuntary influences that impinge immigrants to entrepreneurship. In the survey undertaken to 856 immigrant entrepreneurs there were identified difficulties that increased the propensity to entrepreneurship (so entrepreneurship appeared for those immigrants as a way to react to those difficulties and still stay in Portugal) :
 - a) language barriers
 - b) difficulties in understating the laws and the bureaucratic system
 - c) discrimination in the labour market
 - d) unemployment

Figure 2. Correspondence Analysis graph for three immigrants groups in Portugal





Immigrants' entrepreneurial strategies

1. Ethnic Strategies

E.g. Chinese entrepreneurs in Portugal: dependence on **ethnic resources** – community loans, labour, suppliers, etc.

It was important to understand that an immigrant that has a certain ethnic identity does not necessarily develop an ethnic entrepreneurial strategy. In fact some immigrant entrepreneurs use their own personal or family resources to define their strategy, as any native entrepreneur do.

2. Personal Strategies

2.1. Family Strategies

E.g. Indian entrepreneurs in Portugal: dependence on **family resources** – the enterprise is gain by heritage or was created with family capital. The strategy is also based on family workers and family professional experience.

2.2. Individual Strategies

Africans become the first immigrant population in the country, however never stand up as entrepreneurs or self-employed. The survey undertaken shown that they do not have strong ethnic resources; particularly they can not rely on ethnic economic support.

E.g. Cape Verdean entrepreneurs in Portugal: entrepreneurial strategy defined by **personal savings**.



3. Structural Strategies

These strategies are mainly dependent on State or local authorities' incentives. A good example is the project *City Mondial* that aims at promoting immigrant business in segregated areas in The Hague, The Netherlands:

A network of partners (such as tourist bureaus, religious organisations, individual ethnic entrepreneurs, cultural institutions, associations of ethnic entrepreneurs, Chamber of Commerce, Institute of Middle and Small Businesses, local political parties, the media, etc.) with financial support from European Union and the municipality, developed certain measures to increase entrepreneurship or independent activities among ethnic minorities, whom reside in inner city neighbourhoods (specially in ethnic segregated districts).

In this case the entrepreneurial strategy is defined by institutional influence: including information, counselling, training, financial and administrative support.



Concluding remarks

- The host context has an important role in the propensity of immigrant entrepreneurship, particularly for those who cannot rely on ethnic resources or personal savings. In those cases the accessibility to bank loans or the existence of local or national institutional incentives in the host context can make the difference.
- So the discussion to what extent the access to finance in the host context can influence the propensity of immigrant entrepreneurship can not forget the diversity of immigrant populations residing in the country and their main resources.
- In the study developed in Portugal I mainly identified immigrants' entrepreneurial strategies based on ethnic, individual or family resources.



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