



Sustainable Development in a Diverse World (SUS.DIV)

POSITION PAPER OF RESEARCH TASK 4.4

“Diversity and ethnic entrepreneurship: Dialogue through exchanges in the economic arena”

Diversity and ethnic entrepreneurship

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1. Introduction: Entrepreneurial, innovative and multicultural space economy and diversity

Species variety is a feature of any vital ecosystem. The same holds for mankind. There is an enormous diversity, in terms of both indigenous features (such as age, gender or ethnicity) and social-geographic features (such as profession, education or location). Cross-sectional segments of mankind are analyzed by distinct disciplines, such as demography, anthropology, pedagogy, sociology, psychology or economics. But the total package of varied features of mankind offers a broad spectrum of a multidimensional society where diversity is a key historical characteristic.

Western Europe is a region where such a diversity has manifested itself during centuries already. But in the past decades we have witnessed the increasing emergence of one component of diversity, viz. ethnicity or nationality. While until a few decades ago most nations were rather uniform in terms of language, culture and ethnicity, we have seen more recently an increasing variety of people within the same territory as a result of migration flows, both within Europe and from foreign countries towards Europe. Our age has become an age of mass migration, as a result of both voluntary and forced movement decisions. This has led to a melting pot of different cultures within most countries, with many challenging new opportunities but also with many frictions and threats for the host countries.

In particular the cities in the industrialised world, especially metropolitan areas in many countries, have seen a massive influx of people with different socio-cultural or ethnic origins (see, e.g., Cross 1992, Esping-Andersen 1993, or Massey and Denton 1993). With this influx of foreign migrants, cities have increasingly become pluriform and multi-cultural societies. In some cities in Europe ethnic minorities are gradually becoming a majority. Guest workers from Mediterranean countries, refugees and asylum seekers from the Balkans and economic migrants from Central and Eastern Europe have created a drastic change in the face of modern European cities (see Gorter et al. 1998). The influx of foreign migrants has certainly brought about economic advantages (e.g., the fulfilment of structural vacancies in various segments of the labour market), but it has also caused a multiplicity of social and economic tensions (e.g., in the local housing market, ghetto formation in cities, differences in lifestyle and behavior, and socio-cultural stress situations) (see, e.g., Borjas 1990, Kloosterman et al.

1998, Pahl 1984, Pinch 1993, Piore and Sabel 1984). With a few exceptions aside, ethnic groups belong in general to the lower socio-economic segment of European cities, mainly as a result of their lack of education and skills.

This lower socio-economic situation has led to a significant shift in the orientation of ethnic groups, namely towards self-employment. This movement is generally referred to as ethnic (or migrant) entrepreneurship (see, e.g., Delft et al. 2000, Masurel et al. 2002, Min 1987, Waldinger et al. 1990, Ward and Jenkins 1984). After the first wave of orientation towards ethnic products, ethnic markets and customers, or indigenous ethnic business strategies, in recent years ethnic entrepreneurs have gradually become an indigenous and significant part of the local economy, especially in big cities and metropolises, since an expansion of their market potential towards a much broader coverage of urban demand has occurred (see, e.g., Baycan-Levent et al., 2003; Choenni, 1997; Delft et al., 2000; Greenwood, 1994; Masurel et al., 2002; Nijkamp, 2003; Min, 1987; Waldinger et al., 1990; Ward and Jenkins, 1984). Ethnic entrepreneurs with their untapped job-creating potential offer (i) different approaches and management styles within urban economic life which reflect their cultural diversity; (ii) many opportunities for urban revitalisation/development of local economies, thereby increasing economic and cultural diversity, reducing unemployment and social exclusion, mitigating the problematic employment situation of young people in the ethnic segment and raising living standards in ethnic groups that often belong to the more disadvantaged segments in society.

The main objectives of this study is (i) to provide a deeper understanding of the *motivation and orientation* of ethnic entrepreneurs and identification of different personal value systems, preferences, goals and strategies and management styles of ethnic entrepreneurs, (ii) to characterise strategies to market expansion by ethnic entrepreneurs (*'break-out strategy'*) and to understand the role of public policies in favouring break-out strategies, (iii) to quantify on the one hand, the *contribution of ethnic entrepreneurship* to the innovative capacity, growth and employment of the European economy and, on the other hand the role that ethnic entrepreneurship has in allowing minorities to get access in economic resources. The next Section investigates entrepreneurship, the main characteristics of entrepreneurs and the tendency towards entrepreneurial and non-entrepreneurial activities. Section 3 addresses ethnic

entrepreneurship on the basis of the main features of the phenomenon such as motivation and orientation, labor and capital conditions, customer relationships, gender and generation differences, cultural differences and break-out strategies. Section 4 explains the research lines as well as the research questions. Section 5 refers to the methodological approaches of the previous studies and emphasizes the need for new methodological approaches. This section also focuses on the available data and data sources. Section 6 discusses policy implementation. Finally, the last section, Section 7 examines the patterns of ethnic entrepreneurship in Europe and the experiences of different European countries, then compares the countries to evaluate the similarities and differences between them. Therefore, the section highlights the main determinants of ethnic entrepreneurship in Europe.

2. Entrepreneurship

Entrepreneurship is a multidimensional concept, the definition depends largely on the focus of the research undertaken (Verheul et al., 2001). The term entrepreneur applies to “someone who establishes a new entity to offer a new or existing product or service into a new or existing market, whether for a profit or not-for-profit venture” (Wikipedia, 2005). Martin Luther defines the entrepreneur as “one who distinguishes as a person who undertakes to organize, manage and assume the risk of running a business”. According to Robert D. Hisrich (Taxgloss, 2005) the entrepreneur must be a “visionary leader” who has the ability to analyze all the situations which would affect the forthcoming events, who knows which path to follow in order to get the success and who is concerning every details of his/her venture. Tinbergen (Taxgloss, 2005) defines “the best entrepreneur in any developing country is not necessarily the man who uses much capital, but rather the man who knows how to organize the employment and training of his employees”.

The critical question arises in the entrepreneurship literature whether entrepreneurs are born or made. Research has demonstrated that there is such thing as an "entrepreneurial type," with certain characteristics (such as having a father or a mother who was an entrepreneur) linked to the probability of someone being an entrepreneur themselves. John G. Burch (1986) lists some categories which enable to understand entrepreneurial characteristics to answer this question. Entrepreneurs focus to conquer problems and

they are mostly workaholics. Once they start for a new business, they are willing to take charge and watch over until it can stand alone. Reviewing the characteristics of entrepreneurs, it has been noticed that their acceptance of responsibility (morally, legally and mentally accountable) is quite higher and they are always reward oriented people and as a consequence who are expecting the recognition and respect from the society and business field according to their success. Their philosophy is rather optimistic. They often desire to achieve something outstanding that they can be proud of. They are good at bringing together the components (including people) of a venture. Making a profit serves primarily as a meter to gauge their success and achievement. The entrepreneurial behavior is most likely inborn, however the effects of social environment, especially the working background of parents and relatives play important role. Beside inborn characteristics such as the desire to achieve and hardworking, the society is the most relevant indicator which would feed or not the personality. Cantillon and Marx emphasised that profit may motivate people towards business entry and self-employment. The desire to take risk and a spirit of adventure may be another motive (Knight, 1921). Some have greater access to information or knowledge and wish to exploit that advantage (Kirzner, 1973). The entrepreneur may be driven not only by economic motives but also by psychological motives like the desire to innovate and create new products (Schumpeter, 1934). The level of education is another important variable. However, the studies which focus on education level have different findings. While some studies find a positive correlation between education level and self-employment decision, some studies find a negative correlation. The studies of Cooper and Dunkelberg (1987) and Robinson and Sexton (1994) show that the self-employment decision is influenced by educational attainment. However, a study at macro level by Uhlaner and Thurik (2004) shows that a higher level of education in a country is accompanied by a lower self-employment rate. Wit and van Winden (1989) and Blanchflower (2004) report that education is positively correlated with self-employment in the US, but negatively in EU. According Hessels et al. (2005) highly educated people form a majority of those involved in early-stage entrepreneurial activity in the Netherlands. They also have a more positive perception of setting up their own firm compared to people with a more limited education and they are comparatively more active in business services and consumer oriented sectors.

Several studies have shown that entrepreneurs are convinced that they can command their own destinies. This self-belief creates an attitude which accepts large amounts of work, encourages persistence, and underpins a reputation for unswerving dedication to a concept, product or business initiative. Entrepreneurs have many of the same character traits as leaders. David McClelland (1961), argues that “the entrepreneur is primarily motivated by an overwhelming need for achievement and he/she has a strong urge to build”. Collins and Moore (1970) studied 150 entrepreneurs and concluded that they are tough, pragmatic people driven by needs of independence and achievement. Bird (1992) sees entrepreneurs as “prone to insights, brainstorming, deceptions, ingeniousness and resourcefulness”. Busenitz and Barney (1997) claim entrepreneurs are “prone to overconfidence and over generalizations”. According to Cole (1959), there are four types of entrepreneur: the “innovator”, the “calculating inventor”, the “over-optimistic promoter”, and the “organization builder”. These types are not related to the personality but to the type of opportunity the entrepreneur faces. Fulton Jr. and Burton (1987) distinguishes between what he calls a "political entrepreneur" who seeks profit for his business by using political influence to obtain favors and arrangements with government from a "market entrepreneur" who seeks to profit without utilizing political influence.

The tendencies towards non-entrepreneurial or entrepreneurial activity are shown in Figure 1. The level of freedom desire designates the entrepreneurial behavior. However, the freedom is much more related to decide the own business, without being dependant to anybody else. As a consequence, by taking all kinds of risk by his/her self, an entrepreneur always seeks the opportunities and the innovations to be successful. On the other hand, non-entrepreneurial behavior is conducted to stay in certain limits which do not require extreme responsibilities. Through the “laborers” and the “inventpreneurs” indicated in the tendency calibrator in the figure, on the right and the left side of the threshold, the working positions refer how competitive and how entrepreneur the workers are.

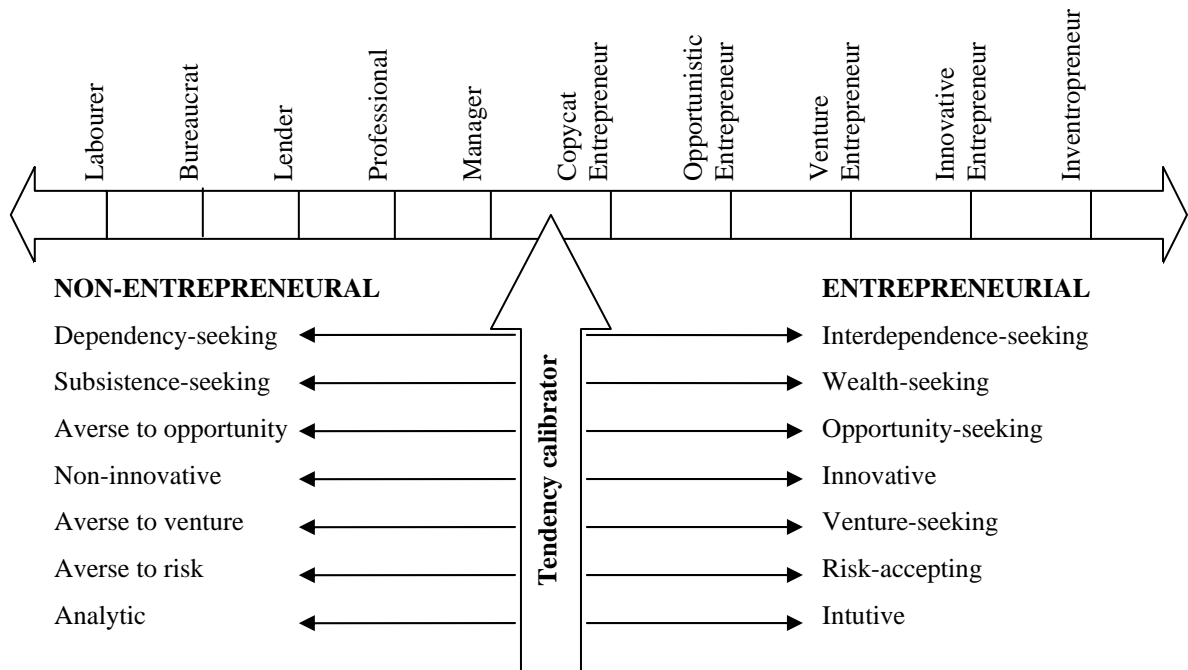


Figure 1 – Tendency towards non-entrepreneurial or entrepreneurial activity (John G. Burch, 1986)

Entrepreneurship is the practice of starting new organization, particularly new business which is often a difficult undertaking, as a majority of new businesses fails. Entrepreneurial activities are substantially different depending on the type of organization that is being started. Entrepreneurship may involve creating many job opportunities. For Schumpeter (1950), an entrepreneur is a person who is willing and able to convert a new idea or invention into a successful innovation. He argues that entrepreneurship forces "creative destruction" across markets and industries, simultaneously creating new products and business models and eliminating others. In this way, creative destruction is largely responsible for the dynamism of industries and long-run economic growth. For K. Knight (1967) and Peter Drucker (1970) entrepreneurship is about taking risk. According to Jeffrey Timmons, an entrepreneur could be defined as "someone who acts without regard to the resources currently under his control in relentless pursuit of opportunity ". According to Scott A. Shane (2003) and Jonathan T. Eckhardt, the typical characteristics of entrepreneurship are as follows:

- There is a leader, the entrepreneur, who is the driving force behind economic events.
- Inside the mind of this entrepreneur there is a vision of a future state that is preferred to the present state.
- Through a semiconscious process of intuition and insight, rooted in experience, the entrepreneur develops this vision and a strategy of how to implement it.
- This vision is promoted diligently and passionately by the entrepreneur. The job for many provides a feeling of being "alive" or the satisfaction of serving society.
- The strategy is deliberate and the overall vision is clear, however details may be malleable, incomplete, and emergent.
- Entrepreneurial strategies tend to go along with simple centralized organizational structures that respond quickly to the entrepreneur's directives.
- Entrepreneurial strategies tend to be used in niche markets that have not been noticed by the large industry leaders.

The concept of the entrepreneur is associated with three elements: Risk Bearing, Organizing and Innovating. Richard Cantillon has defined entrepreneur as an agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future. Uncertainty is defined as a risk, which cannot be insured against and is incalculable. There is a distinction between ordinary risk and uncertainty. A risk can be reduced through the insurance principle, where the distribution of the outcome in a group of instances is known. On the contrary, uncertainty is a risk, which cannot be calculated. The entrepreneur, according to Knight, is the economic functionary who undertakes such responsibility of uncertainty, which by its very nature cannot be insured, or capitalized or salaried too. Jean-Baptiste Say has defined entrepreneur with the functions of *co-ordination, organization and supervision*. According to him, an entrepreneur is one who combines the land of one, labor of another and the capital of yet another, and, thus, produces a product. By selling the product in the market, he pays interest on capital, rent on land and wages to laborers and what remains is his or her profit. Joseph A. Schumpeter assigned a crucial role of *innovation* to the entrepreneur. Schumpeter considered economic development as a

discrete dynamic change brought by entrepreneur by instituting new combinations of production, i.e. innovation. Schumpeter also made a distinction between an inventor and an innovator. An inventor is one who discovers new methods and new materials, and an innovator utilizes inventions and discoveries in order to make new combinations.

Often entrepreneurship is defined as the process of finding capable individuals and providing nourishment (venture capital and know-how). There are also social entrepreneurs who invent new cultural systems, such as Florence Nightingale's fight for better patient conditions led to the field of nursing. Community entrepreneurship is about applying entrepreneurial principles to the process of creating a community that is highly supportive of entrepreneurship itself.

Finally, it should be noted that the term 'entrepreneurship' is a rather ideal-typical concept. The real risk-taker who has 'sleepless nights' because of uncertainty about his daily bread is an exception rather than a rule. Most business firms are standard operations where the entrepreneur is more a manager than a risk-lover with animal spirits. Consequently, the term entrepreneurship is often too broadly interpreted as the management of a business firm. In the sequel, we will adhere to this broad definition of entrepreneurship.

3. Diversity and ethnic entrepreneurship

Cultural diversity in a society refers and sometimes helps to explain the integration level of the community with contemporary world system. As Sassen indicates in her works (1998, 2001 and 2002), city-to-city networks and readjustment of spatial organization in the cities according to the different cultural groups create great synergy at the community level which reinforces the competitiveness ability of cities. In this context, development of ethnic entrepreneurship can be evaluated as a fruit of cultural diversity as well as it can be seen as a catalyst of the development of cultural diversity.

An increasing participation rate of ethnic minorities in the labor market and, in parallel to this trend, a significant increase in the number of ethnic minorities-owned business have led to the emergence of a new concept and a special interest field in entrepreneurship, viz. *ethnic entrepreneurship*. In recent years, this new concept has become an important research topic in the social sciences (e.g., sociology, management science, economics, geography). Much research has addressed the opportunities for and

the barriers to ethnic entrepreneurship by identifying critical success or performance conditions for ethnic entrepreneurs. *Structural* factors (such as social exclusion and discrimination, poor access to markets and high unemployment) and *cultural* factors (such as specific values, skills and cultural features including internal solidarity and loyalty, flexibility, personal motivation, strong work ethics, informal network contacts with people from the same ethnic group, and flexible financing arrangements etc.) or a blend of these factors (included in the so-called *interaction* model formulated by Waldinger et al. (1990)) that influence the step towards ethnic entrepreneurship, have been examined in these studies (see, e.g., Bull and Winter 1991, Danson 1995 and Davidsson 1995).

In the literature, different concepts and definitions are used to refer ethnic or migrant entrepreneurship. Changanti and Green (2002) assembled three main identifications given by Butler and Green (1997), Waldinger et al. (1990) and U.S. Department of Commerce (1997). Foreign entrepreneurs can be defined such as “immigrant entrepreneurs”, “ethnic entrepreneurs” and “minority entrepreneurs”. Immigrant entrepreneurs refer people who start their own business just after their arrivals using of their individual connection with former immigrants and non-immigrants with a common origin (Butler and Green, 1997). Ethnic entrepreneurs create “a set of connections and regular patterns of interaction among people sharing common national background or migration experiences” (Waldinger et al., 1990). U.S. Department of Commerce defines foreign business owners such as “minority entrepreneurs” who are not of the majority population (U.S. Department of Commerce, 1997).

In order to understand ethnic or migrant entrepreneurship, previous researches have focused on the past-present and future evaluation of ethnic enterprises. The main questions arisen to evaluate the success and the sustainability of ethnic enterprises are as follow:

- motivation and orientation
- labor and capital conditions
- customer relationships
- gender and generation differences
- cultural differences
- break-out strategies

The researches show that the tendency or ability to become self-employed differs between native people and immigrants, immigration involves taking risks and this is also the case for entrepreneurship. Immigrants are, therefore, considered to have an appropriate attitude or set of mind to start a business (Verheul et al, 2001). The argument that ethnic minorities are more likely to become entrepreneurs than native people can be related to the margination theory, stating the importance of an (negative) event, triggering the start-up of new firms (Verheul et al., 2001). According to this theory, the creation of an enterprise is not always the result of a deliberate and intentional act or a result of rational decision making. For most people, starting a business begins with the shattering of a previous life pattern. For individuals or people who are unable to adapt to a social system, such as ethnic and migrant minority groups, their marginal social position is a driving force to become self-employed. Self-employment in this case is not only a means for earning a living, but it is also a way of obtaining recognition and social acceptance (Veciana, 1999).

a. motivation and orientation

The motives for ethnic entrepreneurship are to be found largely in the challenges imposed by their less favored position. Social exclusion, discrimination, lack of education and skills, high levels of unemployment and cultural factors push an increasing number of immigrants towards entrepreneurship. The existence of ethnic and social networks plays also a major role in motivating immigrants towards entrepreneurship (Delft et al., 2000; Johnson, 2000; Kloosterman et al., 1998; Masurel et al. 2002; Ram, 1994a-b; Wilson and Portes, 1980). The empirical results of many case studies show that ethnic entrepreneurs usually set up their business in the sectors where informal production would give them a competitive advantage and where the network of ethnic people provides them an opportunity for an informal way of doing business and exchanging information. Normally, ethnic enterprises start with a focus on clients from their own ethnic group, with traditional products, services and communication channels. Therefore, the orientation for the majority of ethnic entrepreneurs is internal in the beginning. This internal orientation and the mutual trust within the ethnic network provides on the one hand, rotating credits, a protected market and a proper labor force (Basu, 1998; Deakins et al., 1997; Deakins, 1999; Kloosterman

et al., 1998; Lee et al., 1997; Rettab, 2001), while on the other hand it creates a more than average loyalty between the ethnic firm and his clients (Dyer and Ross, 2000). Therefore, it can be said that the traditional business strategies including internal orientation, traditional sectors, ethnic employees and ethnic customers may give the impression of a 'safe haven'.

b. labour and capital conditions

Social networks comprise one of the critical ethnic-related attributes and structures that may give a potential comparative advantage in the undertaking of a new economic activity (Delft et al., 2000). These social networks are multi-faceted: they provide flexible and efficient possibilities for the recruitment of personnel and the acquisition of capital. In general, ethnic businesses rely heavily on labor from the co-ethnic group and the family more specifically. Capital can be more easily borrowed in an informal way. In addition, within the network of ethnic people, individuals are used as an informal way of doing business and exchanging information, because there is mutual trust within the network. Therefore, the success of ethnic minority business firms can be explained by, among others, the existence of social resources such as rotating credits, a protected market and a labor source (Deakins et al., 1997; Lee et al., 1997). The use of networks can also create the major bridge into mainstream business development. Through their networks of relatives, co-nationals or co-ethnics, new firms have a privileged and flexible access to information, capital and labor (Basu, 1998; Kloosterman et al., 1998).

c. customer relationships

In the context of kinship relationships and social bonds it seems plausible that there are special connections between ethnic-minority business firms and their co-ethnic customers. Several studies refer to an intra-cluster ethnic loyalty, while highly intensive communication behavior within the ethnic community offers potential competitive advantages for ethnic firms (Donthu and Cherian, 1994; Dyer and Ross, 2000). Therefore, socio-cultural bonds appear to create a more than average loyalty between the ethnic firm and his/her clients. Ethnic culture seems to create specific customer relationships.

d. gender and generation differences

Although an internal orientation is the main feature of ethnic entrepreneurship, it is observed that there are different motivations for different generations of immigrants, as the profile of ethnic people is developing over time. This development is heavily related to the educational opportunities. Chiswick and Miller (1994) found that age at arrival varies negatively with post-immigration educational attainment. They emphasized that the determinant and nature of human capital accumulation after arrival is an important step towards understanding the immigrant's adjustment process. Therefore, the age at arrival is the most important determinant to define first-generation and second-generation immigrants and also entrepreneurs in terms of their background. Although several definitions are used especially for second-generation immigrants, generally persons who were born in the host country or immigrant to the host country at an age younger than six, can be classified as second-generation.

In general, the first-generation entrepreneurs entail more push factors, whereas the second generation may exhibit more pull factors. First-generation ethnic entrepreneurs are more motivated by discrimination, problems with the transferability of their diplomas and obtaining status, compared with their second-generation counterparts. The latter group derives more motivation from blocked promotion to start their own business. Not surprisingly, this group is generally found to be more ambitious and selective in choosing a job. In other words, while first-generation immigrants may be more frequently 'forced entrepreneurs', second-generation immigrants may act more frequently as 'voluntary entrepreneurs'. The results of recent case study researches (see e.g. Masurel et al. 2003) show that the younger generation is more open and looks for new opportunities outside the traditional markets.

The differences in motivation are not only observed between different generations, but also between different genders. Like young-generation ethnic entrepreneurs, ethnic female entrepreneurs -they also constitute young-generation ethnic entrepreneurs- entail more pull factors. Their motivation is stemming from their education level and work experience. They show a dual character, ethnic and female, in which sometimes their ethnic characteristics dominate their behavior and in which sometimes, on the contrary, their female characteristics are more effective on their attitudes (Baycan-Levent et al. 2003). As observed generally in ethnic enterprises, most of the ethnic female enterprises

belong to the services sector and they are small and relatively young. The existence of ethnic and social networks plays also a major role in motivating females like their male counterparts towards entrepreneurship. Besides these similarities in the characteristics of ethnic male and female entrepreneurs, there are also some gender-based differences between them (see Baycan-Levent et al. 2004a). In general, gender-based differences in entrepreneurship are to be found in educational background, work experience and skills, business goals and management styles and personal value systems (see e.g. Brush 1992, Cowling and Taylor 2001, Fagenson 1993, Fischer et al. 1993, Verheul et al. 2001). These differences are also observed in ethnic female entrepreneurship. In particular, a better education level and a stronger orientation to the service sector are the most prominent features of gender-based differences in ethnic entrepreneurship.

e. cultural differences

Culture can be defined as a set of shared values, beliefs and norms of a group or community. Hofstede (1991, p.5) defines culture as "a collective programming of the mind which distinguishes the members of one group or category of people from another". According to Basu (1998) and Hofstede (1991) regards culture as a collective phenomenon that is shaped by individuals' social environment, not their genes. Cultural differences are the result of national, regional, ethnic, social class, religious, gender, and language variations.

In the context of ethnic entrepreneurship, several scholars have highlighted the impact of different ethnic group cultures on entrepreneurship. They emphasise the importance of values like thrift, close family and religious ties and trust, which enable some immigrant groups to compete successfully in business. Some studies show also that certain migrant groups are more entrepreneurial in their behaviour than the other migrant groups. This entrepreneurial attitude is explained by cultural differences.

f. break-out strategies

An important issue in ethnic entrepreneurship is whether ethnic entrepreneurs produce for their own ethnic niches or whether they try to cover a wider market of customers. This difference between so-called internal and external orientation has been the subject of many recent empirical investigations (see, e.g., Choenni 1997; Tillaert and Poutsma,

1998; Rettab, 1999b). Concentration of a large number of ethnic entrepreneurs, producing and selling similar products and services, in a limited market, combined with a high unemployment rate and low purchasing power in the neighbourhood, could have severe implications for the degree of competition and survival rates of the enterprises. If ethnic business remains limited to the ethnic market, their potential for growth is sharply circumscribed (Aldrich et al, 1983; Mohl 1985; Aldrich and Waldinger, 1990). Rath (2000) emphasised that the opportunities and strategies of entrepreneurs are closely linked to their embeddedness in the economic, political-institutional, and social environments; these external factors, such as social embeddedness, also have great influence on the start and development of ethnic business. An internal orientation may offer a more protected market, but will never lead to market expansion ('break-out strategy'). An external orientation requires more skills, diversified communication channels and access to government policy support measures (see, e.g., Bates 1997, Deakins et al. 1997, van Delft et al. 2000, Light and Bhachu 1993).

A break-out strategy in ethnic entrepreneurship can be defined as a strategy to get away from the situation in which own ethnic groups dominate such factors as capital, clients and employees (Baycan-Levent et al. 2004b). In other words, a break-out strategy is a strategy to escape from internal orientation or from being an 'ethnic enclave' in some stage in order to orient to external markets. However, breaking out from this ethnic dependency may not be possible due to the special relationships between ethnic entrepreneurs and their ethnic niches. The advantages of an internal orientation may create also many disadvantages when a number of ethnic entrepreneurs seeks to expand their market domain by offering products and services for a broader group of clients, outside their own ethnic group. An exclusive focus on a limited market in the beginning can pose a serious threat to the future of many ethnic minority firms. The 'safe haven' conditions do not create promising opportunities for economic expansion of the firms concerned. Therefore, when they want a market expansion, a number of ethnic entrepreneurs succeeds in this goal and thus brings their firms in a next development stage, but a number of them does not succeed in this breaking-out strategy and is left to the commercial constraints of their own group. A number of the latter deliberately chooses to stay in this market niche. Although the own ethnic group offers the entrepreneurs certain advantages in terms of customer loyalty, it seems that this focus

makes them vulnerable and withholds opportunities for expansion. So there is a paradox concerning the ethnic minority entrepreneur and his ethnic group: there is both a strength and a weakness, but in the end it seems to be a life-threatening weakness for many ethnic firms.

How can breaking-out strategies be achieved? One may expect that promising ethnic business perspectives can be found in niches outside traditional sectors. Although the older generation of migrants tends to be more oriented towards traditional sectors serving the needs of their own ethnic groups, the younger generation is more open and looks for new opportunities outside the traditional markets. They often have more experience with non-ethnic situations. Therefore, an orientation to non-traditional markets may help especially the younger generation of entrepreneurs. Another pathway can be found in the new marketing strategies. It is obvious that break-out strategies require some crucial changes in marketing strategies (see for marketing strategies Masurel et al., 2004). In order to develop a break-out strategy, changes in products, people, place, promotion and prices should be envisaged.

4. Research questions

The main objectives of this study is (i) to provide a deeper understanding of the *motivation and orientation* of ethnic entrepreneurs and identification of different personal value systems, preferences, goals and strategies and management styles of ethnic entrepreneurs, (ii) to characterise strategies to market expansion by ethnic entrepreneurs (*'break-out strategy'*) and to understand the role of public policies in favouring break-out strategies, (iii) to quantify on the one hand, the *contribution of ethnic entrepreneurship* to the innovative capacity, growth and employment of the European economy and, on the other hand the role that ethnic entrepreneurship has in allowing minorities to get access in economic resources. In order to do this two research lines have been defined:

- To provide a new understanding of ethnic entrepreneurship as a complex and a multi-faceted phenomenon
 - motivation and orientation of young generation entrepreneurs
 - motivation and orientation of ethnic female entrepreneurs
 - generation-based differences

- gender-based differences
- culture-based differences
- To look at break-out strategies, growth of ethnic entrepreneurs and contribution to the overall economy
 - break-out strategy
 - public policies in favoring break-out strategies
 - contribution of ethnic entrepreneurship to the innovative capacity, growth and employment of the European economy

Although the previous researches have highlighted the important factors in ethnic entrepreneurship, many features of the phenomenon are still unknown. There are so many research questions are needed to answer. The questions listed below constitute the framework of the future researches:

Statistically

- How many ethnic enterprises and ethnic entrepreneurs are there in Europe?
- What is the share of ethnic enterprises/entrepreneurs in all enterprises/entrepreneurs in a city?
- What is the growth rate of ethnic enterprises in comparison with the growth rate of all enterprises?
- Are there some statistically differences in terms of ethnic enterprises and ethnic entrepreneurs among the countries in Europe?
- What is the share of ethnic female enterprises/entrepreneurs in both all female enterprises/entrepreneurs and total enterprises/entrepreneurs?

Economically

- What is the size of the economic contribution of ethnic enterprises in monetary terms?
- What is the size of the employment provided by ethnic enterprises?
- What is the size of informal/illegal economic activities by ethnic groups?

- How can break-out strategies in ethnic entrepreneurship be achieved?
- What kind of changes are needed?
- Which kind of marketing strategies can be helpful?
- Can the different motivation and orientation of young generation ethnic entrepreneurs help in breaking out strategies?

Socially

- How far are ethnic entrepreneurs from their ethnic groups or their ethnic niches in the market?
- What is the role of “trust” in ethnic networks?
- Can we explain the ethnic dependency by “trust”?
- Can a new orientation help to break out from the ethnic dependency or to escape from the situation of being an ethnic enclave?
- What is the motivation and orientation of young generation entrepreneurs?
- How and what is the motivation and orientation of ethnic female entrepreneurs?
- Are there some generation-based differences between the first and second generation of entrepreneurs?
- Are there some gender-based differences between ethnic male and ethnic female entrepreneurs?

Culturally

- What are the reasons behind the strong or weak entrepreneurial behavior of different ethnic groups?
- Are there some culture-based differences in motivation and orientation of different ethnic entrepreneurs?
- Do different ethnic groups in the same sector exhibit a different behavior or management style?
- Is there any difference in behavior or approach of a certain ethnic group in different countries? In other words, can cultural characteristics differentiate under different circumstances?

- How a certain group adapt itself to the specific conditions of the different European countries?
- Can different conditions of the European countries shape the entrepreneurial behavior of ethnic groups? (In general, cultural characteristics of ethnic groups are taken into account, but what about cultural characteristics of the host countries? Under which conditions the two cultures are met? How these conditions determine the cultural dialogue between immigrants and natives?)

Geographically

- What are the determinants of ethnic entrepreneurship in Europe? Is there a special European style in ethnic entrepreneurship?
- Is there any difference, for example, between the European and the American style of ethnic entrepreneurship?
- Is there any regional differences in ethnic entrepreneurship in Europe? Do Northern European countries and Southern European countries have the same kind of subjects or problems or do they have different subjects and problems?
- If there are some regional or geographical differences, what kind of priorities and policies are needed in different countries?
- Which institutional mechanisms are to be put in place to support ethnic entrepreneurship?
- Which regulations or regulatory systems have to be removed or to be created to support ethnic entrepreneurship?

Beyond the economic arena

- Can we assume that an economically strong entrepreneurial behavior may also find a place in a civil society? In other words, are ethnic groups who are more active in the economic arena in terms of entrepreneurship also active in the societal or political arena?

- May strong entrepreneurial behavior also have implications for someone's role in society formally or informally?

On the basis of these research questions some new case studies as well as some comparative studies are planned.

5. Methodological implications

Previous researches can be classified into three groups from the perspective of the methodologies that they used: (1) theoretical approaches; (2) surveys on nationwide with the national data; and (3) surveys developed by questionnaires. These approaches will constitute also our approaches for future studies.

Methodologically, we will conduct our future studies in three ways:

- New theoretical work
- Empirical work based on case studies
- Statistical and econometric analysis

An overview of the literature show that we need (1) more *comparative studies* to understand (i) regional-geographical differences, (ii) cultural differences, (iii) gender differences, (iv) generation differences and (v) policy and institutional mechanisms, (2) more *comprehensive studies* which will cover different countries instead of small case studies in a certain city and, (3) more *integrated studies* across disciplines leading to action-oriented strategies.

For our future studies we have potentially 3 data sources (i) available statistical data of EUROSTAT, National Statistical Offices etc. (quantitative analysis), (ii) the findings of the previous studies (qualitative analysis) and, (iii) a new survey study.

On the basis of the available data our analysis and evaluation will focus on four levels (i) transnational level (EU), (ii) national level, (iii) city level and, (iv) firm level.

The study will be developed according to the current researches which are conducting by partners in research task group. An application of the same questionnaire in different places or a comparison on the basis of the same data and information derived from different studies is planned.

6. Policy implications

How can policy help to make migrant entrepreneurship successful? This question almost sounds like a paradox as entrepreneurship is in general a free act of independent risk-taking business actors who want to avoid government interventions as a consequence of their belief in the free market mechanism. But there may be market failure, and that may be a reason for public policy intervention.

Such market failures may emerge from different backgrounds. For example, there may be a case of a monopolistic situation of large industrial concentration, which might hamper a free entry of new firms. In such circumstances a government has to ensure free entry to the market by reducing barriers to free entry as a result of monopolistic power.

Another market failure may originate from free access to market information, so that newcomers have a lower survival probability. In such cases, information campaigns, educational courses and training programs may be helpful to ensure equal competitive probabilities for migrant entrepreneurs.

And finally, government policy may be directed towards the reinforcement of the self-organizing power and potential of migrant entrepreneurs, so that self-reliance and self-mobilization becomes an asset for business performance and success.

7. Diversity, sustainability and ethnic entrepreneurship: Towards a pan-European/trans-European survey

Since the early 1980s, self-employment among ethnic minorities has increased significantly in Europe. Entrepreneurship affects the economy both directly and indirectly, and at various levels, through innovation, competition and restructuring (Wennekers and Thurik, 1999). Empirical researches have shown that both a higher rate of new business start-ups and a higher rate of turbulence (the sum of start-ups and closures) enhance, after a certain time lag, economic growth and job creation (Carree and Thurik, 2003). The booming economy in Europe and the available opportunities in various industries appear to have led to the emergence of a new breed of ethnic minority entrepreneurs. The ethnic minorities in Europe as well as the business ownership among these ethnic groups are expected to continue to grow. It is generally found that contemporary ethnic communities generate entrepreneurs who are able to contribute

more and more to the economic growth and the welfare of the host countries (Rettab, 2001).

Entrepreneurship in almost all member states of the European Union, as measured by harmonized rates of 'nascent entrepreneurship', is structurally lower than in a group of 'Anglo-Saxon' countries, including Canada, the USA, Australia and New Zealand (Global Entrepreneurship Monitor, 2002). The average TEA index for all countries that participate in Global Entrepreneurship Monitor (GEM) is 9.4, whereas the average for the OECD-countries is 6.8 and the average for the EU-countries is 5.1. New-Zealand, Australia, Iceland and the United States have the highest TEA rates of the OECD countries. The main reasons for Europe's arrears in entrepreneurship seem to be rooted in its culture and institutions (Audretsch et al., 2002; Bosma et al., 2002; Davidsson and Henrekson, 2002; Stel et al., 2003). Specifically, incentive structures in Europe are not conducive to entrepreneurship. Also, many European countries have relatively high legal and administrative barriers for business start-ups. Cultural and regulatory impediments in labour mobility and in knowledge transfer from universities to new businesses hamper entrepreneurship and innovation.

In the last decades migrant enterprises have become more embedded in the European urban economy. With the rising number of migrant entrepreneurs, the largest cities in Europe have acquired a more cosmopolitan outlook and have become dynamic multicultural economies. Actually, the 'ethnic economies' are often seen as elements of a solution to structural labour market problems and ethnicity is increasingly regarded as a viable resource for economic advancement on the labour market in Europe.

Social and economic change in European cities is characterized by the presence of immigrants, the challenge of a multicultural society, and new forms of integration and tension between immigrants and local populations. The insertion of immigrants in work raises the problem of the expansion of informal activities, which take a variety of forms (Mingione, 1999).

Migrant entrepreneurs are affecting cities in various ways by revitalizing formerly derelict shopping streets, by introducing new products and new marketing strategies (Masurel et al., 2004), by fostering the emergence of new spatial forms of social cohesion, by opening up trade links between far away areas, and by posing challenges

to the existing regulatory framework through being engaged in informal economic activities (Kloosterman et al., 1999; Quassoli, 1999).

A substantial number of immigrants, above all in the cities of southern Europe, do not have work and residence permits, are very easy to intimidate and work in precarious and informal situations. Even many legal immigrants engage in informal work and often immigrants develop entrepreneurial activities under particular operational conditions and forms of solidarity different from those typically found among indigenous entrepreneurs (Mingione, 1999; Quassoli, 1999).

These phenomena are all connected with the big socio-economic changes of the postfordist transition: globalization and flexibilization, the diffusion of atypical forms of work coupled with the decline in the fixed and uniform work standards of large firms, deindustrialization and the growth of a heterogeneous tertiary sector. The conjoining of informalization and immigration and the work and social insertion of immigrants is shaping complex contexts that are found only in Europe. The new labour market conditions in post-industrial cities in Europe which are more heterogeneous and unstable, and the entrepreneurial opportunities based on cultural and communal solidarity resources and on larger and more cooperative families than the small and unstable nuclear families constitute the main differences in the experiences of migrant entrepreneurship between the US and Europe (Mingione, 1999).

Ethnic minorities in European cities are participating in local politics in a numerous of ways, from community organizations, protest movements and pressure groups, to participation in ad hoc consultative committees set up by local authorities (Garbaye, 2002).

A relatively large informal sector is a common characteristic of the economies of southern European countries. This phenomenon is historically linked with the presence of a large area of self-employed workers, micro-enterprises and subsistence economies. During the 1980s Spain, Portugal, Greece and Italy showed a big increase in unemployment, work flexibility and informal arrangements (Quassoli, 1999). Therefore, the characteristics of migrant entrepreneurship are shaped by the local informal conditions in these countries.

In order to identify the 'European' models of migrant entrepreneurship and to highlight the determinants of migrant entrepreneurship in Europe Baycan-Levent and Nijkamp

(2005) have investigated and compared the forms of migrant entrepreneurship in Europe. This comparative evaluation of migrant entrepreneurship in European countries on the basis of the selected case studies (Andersson and Wadensjö, 2004a-b; Borooah and Hart, 1999; Constant and Zimmermann, 2004; Hatziprokopiou, 2004; Kloosterman et al., 1999; Oliveira, 2003; Quassoli, 1999; Ram et al., 2002; Zorlu and Hartog, 2001) has highlighted some interesting results. The results of this comparative evaluation and the main determinants of migrant entrepreneurship in different European countries are summarized below.

Denmark

- The immigrant share of the population is 6%
- **Immigrants from non-Western countries** are overrepresented both among the immigrants and among the self-employed
- The share of self-employed immigrants is 5.1% and immigrants, especially those from non-Western countries **have a higher probability of being self-employed than natives**
- Self-employed immigrants are overrepresented in **retailing** and **hotels** and **restaurants**. 31% of self-employed immigrants run a hotel or a restaurant while only 3.8% of natives in Denmark do so. The share of self-employed immigrants in retailing is also high, 34%.
- In Denmark, **the incomes of self-employed immigrants are lower than the incomes of self-employed natives**. The incomes of the self-employed immigrants are also lower **than the incomes of those immigrants who are employees**. The pattern is the opposite for natives.

Germany

- The immigrant share of the population is 6%
- Self-employed immigrants in Germany are **self-selected** with respect to human capital, age, years since migration, family background characteristics, homeownership, and enclave living.
- On average, the youngest workers are in paid employment, while **the oldest workers are in self-employment**.

- Immigrants have **lower shares in self-employment** than Germans. Germans have the strongest presence in the self-employment category with a share of 84%.
- The **EU immigrants** exhibit a comparatively **higher share among the self-employed** and than the other immigrants (9%).
- **Self-employed immigrants earn twice** as much as immigrants in paid employment.
- While Turks are twice as likely to choose self-employment as any other immigrant group, their earnings are no different than the earnings of the other self-employed immigrants.
- Immigrants sometimes use **self-employment as a way to circumvent unemployment** but do not stay in self-employment for long. The patterns show that immigrants gladly exit self-employment to go into paid employment and stay for longer periods in paid employment

Greece

- Greece shares similar migration patterns with Italy, Spain and Portugal. The country has been transformed from exporter of labour to a new destination country like other Southern European countries.
- The economic significance of **informal arrangements**, of **self-employment** and of the **micro-enterprise** in particular, largely determines immigrants' integration into the labour market.
- The general situation regarding immigrants' employment in urban labour markets in Greece is marked by **informal work**, often of **a seasonal or occasional nature** (agriculture, tourism, construction), in **labour intensive sectors** and to a large extent for **small companies** and **individuals or households**.
- The informal practices constitute a common strategy of the dominant company type in Greece, the micro-enterprise, which seeks to reduce production costs through **tax evasion** and **unregistered employment** in labour-intensive jobs.

Italy

- A relatively large **informal sector** is the main characteristic of the Italian economy.
- The **informal arrangements** not only involve **self-employment**, but are also common among **wage workers** (particularly in agriculture, construction and services and also manufacturing industry).
- A large majority of migrants are attracted by the informal sector.
 - In the South, the share of informal labour is around 25%
 - In the centre of Italy the proportion of undocumented labour is about 11% of the total labour force
 - The overall proportion of informal labour in the North is the lowest, around 8%
- The informal economy is associated with **high levels of labour exploitation** in agriculture and in small handicrafts, very **limited opportunities for regular jobs**, and the availability of **welfare provisions** to support family income.
- The characteristics of both informal economy and ethnic business are **strong kinship** and **social networks**, **small-sized firms**, use of **undocumented workers** and **low levels of class conflict** between employers and employees.
- As regards the importance of migrants for the Italian economy:
 - First, **immigration has become a structural characteristic** of the Italian society and of its labour market.
 - Second, **competition between foreign and domestic workers is relatively low**. Migrant workers rarely substitute domestic workers, more often, they tend to occupy jobs unwanted by Italians.
- The relationship between the informal sector and migratory flows:
 - relied upon **pre-existing social conditions** and **previous informal arrangements**
 - took place before the arrival of immigration flows from developing countries
- Therefore, migrants' insertion in the informal economy in Italy does not produce a new trend but represents an element of **continuity in existing patterns of economic organization**.

Netherlands

- Immigrants in the Netherlands have found themselves in a rather marginalized position. **Unemployment** among immigrants is relatively high (18% in 1997).
- This **exclusion from the mainstream labour market** has led to an increasing number of immigrants to self-employment.
- Immigrant entrepreneurs are heavily concentrated in the four **largest cities** (Amsterdam, Rotterdam, The Hague and Utrecht)
- The **lack of financial capital** and also **appropriate human capital** (educational qualifications) **push** immigrant entrepreneurs to set up shop in markets with **low barriers of entry** in terms of capital outlays and required educational qualifications.
- In the Netherlands about **three in five** of the immigrant entrepreneurs have set up shop in either **wholesale, retail or restaurants**
- The **survival** of immigrant businesses depends on **long working hours** and **low pay** and also on the fact that entrepreneurs are embedded in **specific social networks** that enable them to reduce their transaction costs in formal but also in informal ways (**mixed embeddedness**).
- The **small outlays of capital** and relatively **few educational qualifications** constitute a crucial component in this **mixed embeddedness**. This mixed embeddedness is the main feature of the migrant entrepreneurship in the Netherlands.

Portugal

- In Portugal, **immigrants are more likely to be self-employed** than natives.
- However some groups, for example Chinese, are more likely to become entrepreneurs than the majority of non-European foreigners. During the last twenty years Asian had the highest growth rates (730%) of foreigners with legal residence in Portugal, outnumbering, also, natives on entrepreneurial activity rates.
- However, immigrant entrepreneurial initiatives were scarce until 1998 because of two reasons:

- First, foreign workers were not allowed to work in companies with less than five workers
- Second, the majority of foreigners, to whom bank loans were refused in Portuguese banks, were strictly dependent on social networks
- Recently it was approved in the Portuguese Ministry Council that work visas will be passed considering the needs of the labour market, the companies' needs.
- In Portugal, the **informal sector** is very significant, related with **small and family firms**. In this sense, Chinese entrepreneurs have found **underground opportunities**.
- Chinese entrepreneurs in Portugal concentrate in **activities with ethnic roots**, in the beginning as street vendors (of Chinese silk ties), and gradually as restaurant owners.
- Chinese entrepreneurs, in Portugal, are mainly dependent on **family labour and co-ethnic workers**.
- Because of the **labour shortage** in the ethnic economy immigrants get jobs as soon as they arrive in Portugal (In the case of Chinese, **25.9%** started an entrepreneurial activity as soon as they arrived to Portugal).
- Differently from other European countries, it seems **unemployment is not a problem for immigrants** in the given labour market conditions in Portugal.

Sweden

- The immigrants' share of the total population (12%) as well as the share of Western immigrants (4.52%), especially who migrated from Finland, is high in Sweden.
- **Immigrants from non-Western countries** are overrepresented among the self-employed immigrants (3.5%) and they **have a higher probability of being self-employed** than natives.
- Self-employed immigrants are overrepresented in **retailing** (27.2%) and **hotels and restaurants** (21.5%) when compared with natives in these sectors (14.9% in retailing and 1.9% in hotels and restaurants).
- **Self-employed immigrants have lower incomes than immigrants who have other types of employment**, they have also significantly lower incomes **than**

natives. However, for second generation immigrants any significant effects on the income from self-employment are found, neither for non-Western nor Western immigrants.

United Kingdom

- The labour market experiences of ethnic minority groups are different from that of white persons in Britain. On their arrival in Britain, migrants were generally offered poorly paid, low status, jobs.
- The labour market experience of ethnic minorities is characterised by **high unemployment rates, low participation rates and low status employment.**
- Therefore, the rise of self-employment coexists with the fact of unemployment rates. The unemployment rates are 18% and 11% respectively for Blacks and Indians, whereas 11% for Whites.
- Self-employment rate is 15% for ethnic minorities whereas 13% for the white population. Chinese (27%) and Pakistanis (24%) had the highest rates of self-employment followed by Indians (20%) and Bangladeshis (19%).
- In general, people become self-employed because of two reasons:
 - people may be **'pushed'** into self-employment through **unemployment and blocked opportunities**
 - they are **'pulled'** into self-employment attracted by the **economic gains and financial independence** that business ownership offers
- In Britain, **'pull'** rather than **'push' factors attract Indians** into business, whereas for **Blacks, 'push' factors** are at least as important as **'pull' factors** in determining business entry.
- The core set of attributes such as **class, education, age, marital status, area of residence, housing tenure and the presence of other earners and of dependent children in the household** makes also differences between the ethnic groups.
- **The attributes that disadvantaged Blacks, relative to Indians, were: lack of educational qualifications; low marriage rates; and the absence of other earners in the household. The fact for Indians, on the other hand, is high**

marriage rates, a lower average age at marriage and living in households with more than one earner.

Table 1 The main determinants of migrant entrepreneurship in European countries (Baycan-Levent and Nijkamp, 2005)

Countries	The main determinants of migrant entrepreneurship
Denmark	Overrepresentation of non-Western immigrants among the self-employed Lower income level of self-employed immigrants than employed immigrants
Germany	Lower shares of self-employed immigrants than self-employed natives
Greece	Informal work in labour intensive sectors and small companies and individuals or households
Italy	Informal sector, underground economy
Netherlands	Mixed embeddedness
Portugal	Informal sector, underground economy
Sweden	Overrepresentation of non-Western immigrants among the self-employed Lower income level of self-employed immigrants than employed immigrants
UK	High unemployment rates, low participation rates and low status employment 'Push' and 'Pull' factors for different ethnic groups

An overall evaluation and comparison of European countries shows the similarities and differences between countries. According to the results of the study of Baycan-Levent and Nijkamp (2005):

- The differences in migration stories can contribute to explain the differences among the European countries in terms of the experiences of migrant entrepreneurship.
- The main differences are observed especially between the Northern European countries and Southern European countries.
- A combination of **structural and situational factors** has led to the rapid development of immigration into Southern Europe since 1980s. The **strict policing measures** in traditional immigration destinies (such as France and West Germany), **the geographic position** of Southern European countries (particularly Italy and Greece) and also the **traditional dependence** of these

countries **on tourism** make it easier to immigrants enters in Southern European countries.

- Southern European countries have a **different labour market structure** than Northern European countries (**high rates of self-employment**, over 20%, a relatively **large informal economy** and a **fragile welfare provision**)
- In Southern European countries like Italy, Portugal and Greece, the **informal economy can be an opportunity to self-employment** which is not so easy in Northern European countries where institutional control is stronger and competition is higher.
- Although there are many similarities between the Northern European countries, there are also some differences between them:

Similarities

- Immigrants from non-Western countries generally have a weaker position in the labour market than natives and have more difficulties in getting a job.
- The immigrants are overrepresented among the self-employed (except Germany), self-employed immigrants are in other sectors than self-employed natives (retailing, hotels and restaurants).
- Immigrants, especially those from non-Western countries have a higher probability of being self-employed than natives.
- Both Western and non-Western self-employed immigrants have lower incomes than natives (Sweden and Denmark)
- Immigrants have also lower income than immigrants who have other types of employment (Sweden and Denmark).

Differences

Denmark-Sweden

- Immigrants those living in Sweden are less likely to be self-employed than those living in Denmark.
- The incomes of self-employed in Denmark are substantially higher than those of their Swedish counterparts.
- The ratio between the incomes for self-employed and those of wage earners is much higher in Denmark than in Sweden.

Denmark-Germany

- While self-employed immigrants in Germany are self-selected with respect to human capital, age, years since migration, family background characteristics, homeownership, and enclave living, in Denmark, however, it is only the males and those with disabilities who are self-selected into self-employment.
- In Denmark, immigrant entrepreneurs earn less than immigrants in paid employment whereas, in Germany, self-employed immigrants earn twice as much as immigrants in paid employment. It means self-employed immigrants in Denmark would find a better match for their talents if they were to move to Germany.

Denmark-Germany-Sweden

- The most interesting difference between Germany and Denmark and Sweden is the share of natives and Western or EU immigrants in the self-employment category:
 - While the share of non-Western self-employed in Denmark and Sweden is higher than natives, this trend is inverse in Germany with the strong presence of Germans and EU immigrants in the self-employment category.
 - The same difference is also observed between Germany and the Netherlands. Immigrants in the Netherlands are more likely to be self-employed than natives.

- Therefore, it can be said that Germany exhibits a quite different profile among the Northern European countries with its strong native entrepreneurial behaviour.

A comparative evaluation of migrant entrepreneurship in European countries shows that:

- Several structural factors:
 - the immigration policy of the host society;
 - the reasons that generated migratory flow;
 - the existence of a co-ethnic community in the country and its economic incorporation;
 - the operation of social networks;
 - the possibility to acquire capital among the community (informal resources);
 - the potential market of the host societyassociate to immigrants' arrival and influence their integration to the labour market of host societies.
- The specific context of the receiving country:
 - immigration history;
 - governmental legislation on foreigner access to labour marketcan explain some of the differences.

Migrant entrepreneurship will – in most European countries – exert a profound influence on business life in major cities, especially in the SME sector. It will create a multicultural urban SME systems, where indigenous SME firms will be driven out of the traditional economic sectors (like retailing, small-scale service sectors) and will be faced to specialize in niche markets (e.g., high-tech service delivery). Thus, the entrepreneurial scene of European cities will exhibit dramatic changes, with an abundance of cultural diversity. Apart from the problems inherent in any economic transition, we will witness a diverse urban business sector, which will be competitive and most likely rather flourishing.

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