

Immigrant Entrepreneurship: A Typology Based on Historical and Contemporary Evidence

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Summary

Immigrant entrepreneurs are different, and they are everywhere. They can be unambiguously distinguished from entrepreneurs without a migration background. They operate under distinct conditions and respond to unique opportunities and challenges. They have specific motivational, economic, and social resources at their disposal, for example, ethnic solidarity and international networks. Their knowledge of languages and cultures, as well as the high pressure to integrate themselves into a new society, can be factors that stimulate entrepreneurship and innovation. It is hard to find countries with no immigrant entrepreneurs. In many places like the United States, Canada, or South East Asia, they play a substantial economic role.

The ubiquity, dynamism, and significance of immigrant entrepreneurs has led to a spate of research projects since the 1990s, especially by economic sociologists and ethnologists, but also by management scholars and historians. On the basis of their work, the article distinguishes six different ideal types of immigrant entrepreneurs, even though these categories are neither clear-cut nor mutually exclusive.

Necessity entrepreneurs react to blocked careers in other areas and often set up small, precarious businesses, out of which in exceptional cases more viable companies emerge. Diaspora merchants are part of commercial networks of people with the same ethnic background who live in foreign countries and trade with each other. Transnational entrepreneurs are not necessarily part of networks and do not always engage in mercantile activities. This category also encompasses individual actors and industrial activities. They are characterized by the ability to mobilize resources in several countries and facilitate activities between different countries. Middleman minorities stand between the majority society and third parties, often minorities. They fill niches that are left by indigenous businesses, which consider these areas as unattractive. Entrepreneurs in ethnic enclave economies live and work with their co-ethnics in neighborhoods defined by their group. Their main function is to cater to their own communities, often with ethnic products such as food or publications from their countries of origin. Refugee entrepreneurs leave their home country involuntarily, often driven out by violence and expropriation. In most cases their emigration is unprepared. Starting conditions in the country of destination are unfavorable. Conversely, the pressure for social integration is pronounced and can act as an impulse for self-employment. There are, however, cases in which refugees are consciously patronized or even summoned by the governments of the receiving countries, turning them into a highly privileged group.

Keywords: immigrant entrepreneurs, ethnic entrepreneurs, migration, entrepreneurship, transnationalism, minorities, diaspora, discrimination, enclaves, refugees

Subjects: Entrepreneurship, History, International Business

Introduction

Twenty-five percent of new technology companies that emerged in the United States between 1995 and 2005 had a foreign-born founder. In the centers of high-tech industries such as Silicon Valley, this rate was as high as 52%; in New York, 44%; and in Boston, Chicago, and San Diego, around one-third (Hart & Acs, 2011; McQuaid, Smith-Doerr, & Monti, 2010; Wadhwa, Saxenian, Rissing, & Gereff, 2007). Migrants start businesses almost twice as often as people born in the country. They are significantly overrepresented among the self-employed Americans. In many South East Asian countries like Thailand, Singapore, Malaysia, or Indonesia, the corporate world is dominated by entrepreneurs of Chinese descent (Pongsapich, 1995; Redding, 1995; Reid, 2007). In Germany one in six business owners had foreign roots in 2012. Although migrants were slightly underrepresented among all self-employed, they were overrepresented among founders. In other words, the group of immigrant entrepreneurs grows faster than the indigenous business community (Leicht, & Langhauser, 2014; Sachs, Hoch, Münch, & Steidle, 2016).

Immigrant entrepreneurs are a distinct group. They can be clearly distinguished from the majority of business owners and executives as they experience unique opportunities and challenges. Table 1 outlines the essential comparative advantages and disadvantages of immigrant entrepreneurs. Their ubiquity and dynamism might not automatically translate into economic weight. Beyond doubt, their visibility is highest on the edges of society. Kiosks, food stalls, and cleaning businesses as well as small restaurants and retail shops are everywhere and seem to represent the typical arena of immigrant entrepreneurship, born out of blocked alternatives. This perception was common for a long time, hand in hand with the stunning neglect of immigrant entrepreneurship by management studies. This only began to change in the 1990s. Research in migration, discrimination, and urban studies, however, took an earlier interest (Kim & Wong, 1977; Kourtit, & Nijkamp, 2012; Wilson & Portes, 1980). Meanwhile, there is a vibrant interdisciplinary research landscape. This article surveys research into immigrant entrepreneurship in the fields of economic sociology (Rath, 1999; Waldinger, 1986), entrepreneurship research (Aliaga-Isla & Rialp, 2013; Awotoye & Singh, 2018), migration studies (Kloosterman & Rath, 2003; Zapata-Barrero & Rezaei, 2020), management studies (Awotoye & Singh, 2018; Chaganti & Greene, 2002; Dana, 2007; Kerr & Kerr, 2016; Wauters & Lambrecht, 2006), ethnology (Valenzuela-Garcia, Pazella, & Güell, 2017), and history (Berghoff & Spiekermann, 2016; Hornung, 2014; Trivellato, 2009).

This article suggests a typology that classifies the vast and highly diverse phenomenon of immigrant entrepreneurship and highlights the salient characteristics of its variations. This typology cannot provide unambiguous distinctions because certain properties overlap, and individual cases could easily be assigned to more than one category. It serves as a guide for future research by providing a set of terms, concepts, and comparisons. However, it should not be viewed as a static taxonomy, but as a dynamic heuristic tool. It is in no way suggested to force future case studies into a rigid schema. Rather, the six ideal types presented here are meant to provide guides for conceptual measures that help identify similarities, congruities, and deviations for future researchers examining concrete cases. Ideal types, as sociologist Max Weber (1904) already emphasized, do not correspond to empirical reality, but are analytical constructs

for developing concepts, hypotheses, and new insights. As such, they provide the basis for comparative research. With this reservation in mind, six categories of immigrant entrepreneurs can be distinguished. Their main characteristics are summarized in Table 2.

Before proceeding to the typology, some general observations are expedient. Standing between two cultures can be troubling and involves significant disadvantages but also unique opportunities. Migrants sometimes have economically valuable attributes that locals lack. This can relate to specific knowledge, ethnic solidarity, or international connections, but also certain cultural characteristics such as the appreciation of independence. Being an immigrant can open up comparative advantages, as Georg Simmel has already described in 1908. The stranger “who comes today and stays tomorrow” (Simmel, 1971, p. 143) is characterized by greater “mobility” and agility, although he finds a new home at the destination. He “embodies the synthesis of nearness and remoteness” (p. 145), brings elements of his society of origin with him, and can be innovative in this way alone. He has the “freedom” to “experience and treat even his close relationships as though from a bird’s-eye view” (p. 146). He is a bit above local enmeshments, “free from entanglement in family interests and factionalism” (p. 145). He “examines conditions with less prejudice; he assesses them against standards that are more general and more objective; and his actions are not confined by habit, piety, and precedent” (p. 146).

Table 1. General Features of Immigrant Entrepreneurs

Comparative disadvantages
<ul style="list-style-type: none">• Discrimination• Denial of work permits• Lack of language skills and cultural knowledge• No credit history, no access to finance• Bureaucratic hurdles• Non-recognition of academic or professional credential from home countries
Comparative advantages
<ul style="list-style-type: none">• Ethnic, national, and regional solidarity• Low transaction costs due to a high level of group-specific, enforceable trust• Availability of specific social and cultural capital• “Mixed embeddedness, i.e. access to country of origin as well as to country of residence assets, networks and markets• Access to informal (family, friends) and semi-formal (rotating credit associations) sources of capital• High level of motivation. Pressure to integrate into the host society may lead to a distinct work ethic.• Perspective of the stranger. “Synthesis of nearness and distance” and ability to observe the host society with a “bird’s eye view” (Simmel)• Opportunities for innovation and transfer processes

- Freedom from restrictive or anti-commercial norms of the host society
- International connections (networks, contacts, kinship)
- Cultural knowledge (languages, familiarity with different cultural contexts and rules)
- Higher readiness to take risks
- Self-selection, i.e. migrants are usually younger and more ambitious than those staying behind

As Mark Granovetter (1973, 1995) much later showed, immigrant entrepreneurs can configure their social relationships in such a way that they benefit from an economically more favorable relationship between distance and proximity to their environment. Granovetter speaks of the simultaneity of “coupling” and “decoupling,” that is, the state of not being a complete outsider, but still being alien enough to ward off claims by neighbors and relatives for gifts and patronage. “Less entangled in local obligations,” for example, means that overseas Chinese in Thailand can more easily reject credit requests and collect outstanding debts more consistently than locals who are hampered by their community’s cultural norms. A Chinese shopkeeper in Malaysia in the 1960s who loaned the farmers of his village money on future crop yields usually adapted to his surroundings in clothing and language style. At harvest time, however, when the loans were due to be repaid, he put on Chinese clothing and spoke to the farmers in a different tone, “just like a Chinese.” The overseas Chinese commanded a cultural repertoire that allowed the implementation of cold business logics and the disregard of local cultural norms (Gomez, 1999; Granovetter, 1995). The economic actions of immigrants are embedded differently in social and cultural terms than those of the majority society. Sociological “interaction theory” combines the characteristics of the group and the opportunity structures of the market (Godley, 2006; Light & Rosenstein, 1995; Portes, & Zhou, 1992, 2000; Waldinger, 1986). Economic sociologists developed the concept of “mixed embeddedness,” according to which immigrant entrepreneurs can have a comparative advantage by access to their country of origin as well as to country of residence, assets, networks, and markets (Kloosterman, Rusinovic, & Yeboah, 2016).

Immigrant entrepreneurship involves the relationship between comparative advantages and disadvantages and is often about transforming an outsider status into an asset. The specific disadvantages and advantages of each group are a useful starting point for analyzing the six categories suggested here (see Table 2), as they tend to define immigrant entrepreneurs’ strategic options.

Necessity Entrepreneurs

The ambivalence between disadvantages and advantages is particularly obvious with necessity entrepreneurs. For this group, the impulse for setting up businesses stems from blocked access to the labor market. Migrants might lack language skills, cultural knowledge, familiarity with bureaucratic procedures, or a credit history. Academic or professional certificates from their home countries might not be recognized, or work permits might be denied. One reaction is to become self-employed, mainly in marginal sectors avoided by indigenous residents. These

businesses are born out of necessity and are usually characterized by extremely long working hours, self-exploitation, and labor input by family members. Capital requirements for retail shops, snack stands, cleaners, and small restaurants are generally low. Funds are often raised informally through relatives and friends.

According to a recent study of immigrant businesses in Germany, this type of precarious endeavor dominates in quantitative terms, but it is not really a defining feature of immigrant firms. In 2010, about 95% of them had less than 19 employees. Companies owned by Germans without a migration background tended only to be slightly larger. Eighty-one percent of them had fewer than 19 employees. Being small and precarious is not specific to immigrant businesses. They are an integral part of the vast small business sector and on average only slightly smaller and more precarious than firms from non-immigrants, as income statistics confirm. Profits of self-employed migrants are usually modest, but not significantly below the average of all small businesses. Immigrants from industrial countries have larger and more profitable businesses on average. They are also overrepresented in knowledge-intensive industries. This sector plays a large, often overlooked role, as 25% of all self-employed persons with a migration background in Germany are active in this industry, compared to 14% in the hospitality sector and 18% in retail; 16% are engaged in manufacturing (Leicht & Langhauser, 2014). Overall, the picture is complex and heterogeneous. In numerical terms, the small and precarious shop seems to prevail while there is also a significant area of immigrant entrepreneurship in more lucrative sectors.

Necessity entrepreneurship often operates within or close to the informal economy. If a certain disregard of labor and tax regulations is central to the business model, it is hard to grow beyond a certain and in most cases rather low threshold. Development economists distinguish between survival and growth-oriented businesses (Berner, Gomez, & Knorringa, 2012). The essence of survivalist enterprises is to secure the household's subsistence. There is little investment, hardly any skills training, no capital accumulation, no specialization, and only minimal opportunities for expansion. Informal street businesses run by poor women are typical of this subtype of necessity enterprise. Growth-oriented businesses that yield more than subsistence incomes are typically small-scale family firms within the formal economy. They allow micro-accumulation, specialization, and the hiring of a small number of employees. They might lift their owners out of poverty and turn them into members of the lower middle classes. Although the graduation from survival to small-scale growth business is the exception, many necessity entrepreneurs in Western countries start off as small-scale family firms and manage at least to assert this position, whereas substantial growth is rare.

Necessity entrepreneurship does not have to be a dead end, but can open up opportunities for intergenerational social climbing. Children and grandchildren might benefit from a better education as they find access to schools and colleges that were barred for their parents. As a consequence, they either leave the world of the small shops behind for a more respected profession, or they expand the shop, maybe into a chain (Pütz, 2008; Tolciu, Schaland, & El-Cherkeh, 2010). Certain neighborhoods reflect this process when one ethnic group is followed by another. For example, New York's Lower East Side was originally dominated by Irish and German shops. They were taken over by Italian and Jewish immigrants by the end of the 19th century, only to be succeeded by Asians in the 20th century. Necessity entrepreneurship often proved to be a

transit station into a different social stratum. American department stores that were founded by former Jewish peddlers or small retail merchants in the 19th century provide an example (Diner, 2015).

Cleaning is a typical trade for necessity entrepreneurs with low entry barriers, but it can be a springboard for substantial business ventures. Aynur Boldaz was born in 1968 in Anatolia, Turkey. Coming from a farming family and without speaking a word of German, she moved to Germany at the age of 18 to get married. She started her professional career as a cleaning lady in Berlin. In 2000, she set up Forever Clean, a small multinational cleaning company that grew to have 300 employees (2009) in Germany and Turkey. The same year, Ghanaian Diana Mouzales-Napp founded a translation agency in Germany that specialized in African languages. From small beginnings it developed into a midsized company that employs 450 freelancers in 2020. In 1969, Turkish immigrant Vural Öger opened a travel agency in Hamburg to organize cheap flights for Turkish guestworkers. It soon expanded into the general tourist business and became a sizable concern, which was sold to Thomas Cook in 2010. In other words, necessity entrepreneurs can become opportunity entrepreneurs who leave behind the initial impetus of discrimination and hardship and seize opportunities that they have identified while fighting for survival. Careers that lead immigrants from humble beginnings to the top echelons of the business community are exceptional, but by no means impossible. The co-founder and former CEO of Yahoo, Taiwan-born Jerry Yang, came to the United States at age 10. His mother kept the family afloat by teaching English to other immigrants, and helped him enter Stanford, where, as a student, Yang set up a small internet website that was to become Yahoo Inc.

Diaspora Merchants

Only since the second half of the 20th century have institutions of higher learning become important gateways for substantial numbers of future businesspeople, but the nexus of migration and entrepreneurship has a much longer history. Trade diasporas have been recorded for antiquity. Numerous studies by historians are available, especially for the early modern period, but less so for modern history (Berghoff, & Spiekermann, 2016; Stavros, & Minoglou, 2005). Commercial diasporas have attracted a great deal of attention. They are networks of merchants with the same ethnic background who live in foreign territories and are interconnected through trade. Strengthened by their internal cohesion, they link different world regions. They were pioneers of international commerce and globalization.

The famous Armenian trade network was the result of a forced migration from Julfa in Armenia to Isfahan in Persia in the early 17th century. Shah Abbas wanted to bring the experienced merchants into his sphere of influence. The Armenians were granted a monopoly on the Persian silk trade, which flourished under their influence. They created a global trade network based on kinship and linguistic and religious ties that distinguished this group from their host societies. The Armenian community developed clear rules and commanded arbitration and sanction mechanisms that could be enforced even over long distances. Cross-regional communication via correspondence worked so well that individual merchants could not risk any malfeasance without damaging their reputation. A high level of trust made it possible to trade over large distances with

low transaction costs. The shahs instrumentalized and shielded the Armenians, as these traders had no political ambitions despite their increasing wealth and thus posed no danger to the rulers of Persia. In other words, economic development aid and political abstinence were traded for privileges and protection (Aslanian, 2011; Baibourtian, 2004).

Political patronage of a religious minority and their internal cohesion also formed the basis of the trade network of Sephardic Jews, which had existed since the 16th century and, as a result of the colonial opening up of the world, stretched from the Mediterranean to the Indian Ocean. As mobile outsiders who could not own land, Jews were open to new opportunities. For the mercantilist rulers, these properties were extremely useful. In some cases, such as in Venice, Jews were attracted with special privileges, and elsewhere their legal discrimination was eased. Correspondence too was essential to maintain or destroy reputation. Rabbis, like the priests of the Armenian Orthodox Church, decided on commercial disputes. At the same time, the Sephardic Jews got closer to their environment. They entered into partnerships with Christians and, if necessary, used the contract law and the commercial courts of the Christian majority (Trivellato, 2009, 2017).

In the 19th and 20th centuries, the Greek maritime diaspora played a prominent role in the Mediterranean and the Black Sea (Baghdiantz McCabe, Harlaftis, & Minoglou Pepelasis, 2005). The economic development of South East Asia would not have been possible without the networks of overseas Chinese. In East Africa, merchants from India and Pakistan played a key role in international and local trade from the late 19th century onward, until their property rights and personal security became threatened following decolonization in the 1960s and early 1970s (Oonk, 2013). Without the protection of the colonial governments, their living and working conditions deteriorated. In West Africa, Lebanese traders had developed a strong connection to the European regimes, who granted them access to the colonial economies (Bauer, 1963). The end of the colonial rule did not damage their presence to the same extent as was the case with Asians in East Africa. Lebanese continued to play a strong role in shipping, lending, and money transfer. In the 1990s and 2000s, they dominated the lucrative and booming import of secondhand cars from Europe to Africa (Beuving, 2006). Numerous other examples could be provided.

It is important to note that diasporas typically rely on political patronage, operate in several countries, and are closely linked with one another, often through associations or religious congregations. They also need a certain critical mass of compatriots to be fully functional. Transnational entrepreneurs who form the next category can also function within such diasporas but also operate in smaller numbers.

Transnational Entrepreneurs

Transnational entrepreneurs are characterized by cross-border activities, often between the countries of origin and those of settlement. They have “the potential of resource mobilization” in several countries (Ebner, 2013; Portes, 2010). They are drivers of a globalization from below and often have hybrid identities as well as multiple codes of behavior. They organize flows of capital, work, products, and knowledge across borders. Important advantages are language skills,

familiarity with different cultures, and personal contacts beyond national borders. In the 19th century, for example, German American bankers used their continuing ties to Europe to mobilize capital for railway construction and industry in the United States. It was the contacts and reputation of bankers such as Jakob Schiff, Abraham Kuhn, and Henry Villard that overcame European distrust of investment in the distant and not yet fully established country. The subsequent capital flows proved to be decisive for the rise of the United States (Rodgers, 2015).

International trade in the 19th century was handled to a large extent by migrant merchants. Not only did the world's financial and trading center, London, have a large "cosmopolitan bourgeoisie" (Jones, 1987; Llorca-Jana, 2014), but also British industrial centers such as Manchester, Birmingham, and Glasgow. In 1914, the Scottish port city posted around 100 German and German-born merchants (Manz, 2003). In 1870, Manchester had 420 immigrant merchant houses, many of them branches of parent companies overseas. They came from Germany, Greece, Syria, Turkey, Armenia, and the Arab world. They not only traded with their homelands but also with Latin America and Asia. British export merchants, on the other hand, concentrated primarily on the empire (Berghoff & Möller, 1994).

Transnational family networks are mainly known in the financial sector, the Rothschilds and the Warburgs being archetypal examples. These families moved relatively easily between different national contexts, which opened up opportunities that purely national-oriented competitors did not have. Family-based trust lowered transaction costs (Ferguson, 1998). Similar structures can also be found in industry. Carl Siemens lived alternately in St. Petersburg, Berlin, and London and, together with his brother Werner, built a large multinational company in this triangle (Lutz, 2013).

In the 20th century, Cuban exiles were treated preferentially by the U.S. government as refugees from a communist country. They play an important mediating role in the U.S. trade with all of Latin America, but not with their home country (Peterson, & Roquebert, 1993). Asian immigrant entrepreneurs became very important in the U.S. technology sector, especially at the beginning of the 21st century. They founded almost 50% of all engineering and technology companies in the United States between 1995 and 2005, with Indians accounting for more than half of these (Wadhwa et al., 2007). These immigrants mostly came to the United States as students and were trained at the universities there. They use their transnational ties to connect U.S. companies with the inexpensive Indian software providers (Upadhyaya, (2004). In other cases, outsourcing production to China or Taiwan plays a major role. Some of the companies in the United States were also founded with capital from Asia (Saxenian, 1999).

Table 2. Typology of Immigrant Entrepreneurs

Type	Central feature	Major problems	Case studies	Reference
1. Necessity entrepreneurs	<ul style="list-style-type: none"> • Self-employment as a response to blocked access to labor market • Low entry barrier • Survival or growth mode • Self-exploitation to keep precarious or small businesses afloat • Close to or part of informal sector • Mostly small businesses, but also spectacular rags-to-riches stories 	<ul style="list-style-type: none"> • Low level of qualification • Limited growth opportunities • Lock-in effects, difficult to advance out of the milieu • Educational and training deficits rigidified • Stigmatization 	<ul style="list-style-type: none"> • Jewish peddlers in the United States • Turkish shopkeepers in Germany 	<ul style="list-style-type: none"> • Diner (2015) • Pütz (2008)
2. Diaspora merchants	<ul style="list-style-type: none"> • Ethnic and (or religious) minorities living abroad • Form commercial networks across national borders • Trade primarily with co-ethnics in home country or other countries • Can acquire substantial wealth 	<ul style="list-style-type: none"> • Religious and/or national discrimination • Dependency on goodwill of local society, especially on political elites • Self-centeredness 	<ul style="list-style-type: none"> • Armenian traders in 17th and 18th century • Sephardic Jews since 16th century • Greek maritime diaspora 	<ul style="list-style-type: none"> • Aslanian (2011) • Trivellato (2009) • Baghdiantz McCabe et. al. (2005)

Type	Central feature	Major problems	Case studies	Reference
3. Transnational entrepreneurs	<ul style="list-style-type: none"> • Ability to mobilize resources in several countries • Collective (networks) and individual (stand-alone firms) activities • Chances of acquiring substantial wealth 	<ul style="list-style-type: none"> • Religious and/or national discrimination • Dependency on goodwill of local rulers • Dependency on goodwill of local society 	<ul style="list-style-type: none"> • German American bankers in 18th century • Rothschild family • Overseas Chinese 	<ul style="list-style-type: none"> • Rodgers (2015) • Ferguson (1998) • Redding (1995)
4. Middleman minorities	<ul style="list-style-type: none"> • Fill niches that are unattractive for locals. • Connect majority society and third parties, often minorities • Path dependencies through non-linear ethnic niches • Initial desire to return to home country 	<ul style="list-style-type: none"> • Social stigmatization and hostility • Danger of persistent dissociation from majority society • Conflicts with customers due to racial prejudices 	<ul style="list-style-type: none"> • Koreans in the United States • Indian motel owners in the United States • Italian textile firms in Italy 	<ul style="list-style-type: none"> • Light & Bonacich (1988) • Dhingra (2012) • Chen (2014)
5. Entrepreneurs in ethnic enclaves	<ul style="list-style-type: none"> • Spatially concentrated, self-supporting arrival gates • Life and work centered on ethnically defined groups and neighborhoods. • Catering for their own communities, often with ethnically defined products 	<ul style="list-style-type: none"> • Ghettoization • Lock-in effects • Danger of persistent dissociation from majority society • Excessive dependence on the community 	<ul style="list-style-type: none"> • Cubans in Florida • German American brewers 	<ul style="list-style-type: none"> • Wilson & Portes (1980) • Benbow (2017)

Type	Central feature	Major problems	Case studies	Reference
	<ul style="list-style-type: none"> • Reaction to blocked access to labor market • Mostly small businesses • High level of internal trust 			
6. Refugee entrepreneurs	<ul style="list-style-type: none"> • Forced or involuntary migration • In most cases unfavorable starting conditions • Rejection or support by public authorities of receiving countries • Self-employment as a response to high unemployment and blocked access to labor market • Strong reliance on support by civil society • Mostly small businesses, but also exceptions • Bricolage, improvisation 	<ul style="list-style-type: none"> • Loss of “mixed embeddedness” • Certificates or credentials not recognized • Limited chances to prepare for migration • No or only limited transfer of resources • Experience or threat of violence • Traumatization • Unclear legal status (pending asylum applications) • Underrepresentation among self-employed migrants 	<ul style="list-style-type: none"> • Huguenots • Syrians in Europe • Refugees in Belgium • Jews in the United States and United Kingdom • Vietnamese boat people in the United States • Africans in Israel 	<ul style="list-style-type: none"> • Hornung (2014) • Johnson & Shaw (2019) • Wauters & Lambrecht (2006) • Godley (2001) • Gold (1992) • Heilbrunn (2019)

Middleman Minorities

Immigrant entrepreneurs establish not only connections across national borders but also across social and ethnic divides within nation states. “Middleman minorities” are groups of businesspeople who stand between the majority society and third parties, often social minorities. They occupy niches that are unattractive to most native residents. Middleman minorities cater to those who are neglected by mainstream companies. Typical examples are Korean shopkeepers in Afro-American and Hispanic neighborhoods in the United States. In White neighborhoods, they could not compete with supermarket chains. These, in turn, avoided the minority quarters, as purchasing power was too low. Besides, the risk of vandalism and theft deterred them. Because of the low level of motorization, most residents of these disadvantaged areas could not shop elsewhere. This created a gap that Koreans filled (Light & Bonacich, 1988, Park, 2010).

Some communities gave up their status as “middleman” in the process of their integration, and their function was taken over by other ethnic groups. In Washington and Baltimore, Koreans inherited shops Jews and Italians had formerly owned in underprivileged areas. There is also the phenomenon of “non-linear ethnic niches” (Varadarajan, 1999, p. 36). Certain ethnicities focus on sectors to which they have no apparent cultural or other affinity. Indian motel owners from the province of Gujarat today own more than half of all American motels. This development began with the takeover of rundown motels in the 1960s, when the previous owners gave up because of a lack of successors in their own families. In the 1980s, there was a wave of such takeovers, during which more and more Gujaratis came to the United States with the help of “immigrant investor” or “family reunification” visas. They were guided by relatives, who had come to the United States earlier and often also provided capital for the newcomers. This created a snowball effect that directed more and more people from this Indian region into a highly specific niche (Dhingra, 2012). Other niches are occupied by Koreans, Chinese, and Vietnamese, who run dry cleaning establishments or nail salons in many American cities. In Detroit, Arabs dominate the gas station market, and in the Washington, DC, area, an immigrant from Ethiopia owns about every second gas station (MacDonald, 2011). In the Raval district of Barcelona, Pakistanis operate around 250 shops, mostly internet cafés, telephone shops, call centers, and supermarkets (Valenzuela-Garcia et al., 2017).

General characteristics of middleman minorities are small businesses, low social status, the use of family or co-ethnic workers, and the initial desire to return to the country of origin. Even if that usually does not happen, the return perspective results in thrift and a low standard of living as well as a persistent dissociation from the majority society (Bonacich, 1973). This results in comparative advantages, mostly by undercutting competitors’ prices. This leads to hostility from both the majority society and customers. “The minority clientele of middleman minorities resent them for not hiring members of their group and for not being vested in their communities” (Douglas & Saenz, 2008, p. 146). As a result, these entrepreneurs remain permanently isolated, even if they have given up their return perspective and achieved economic success. The Koreans were among the most isolated immigrant groups in the United States. Many of their African American customers thought they were “clannish” and “overly money-

oriented” (Gap-Min & Kolodny, 1994, p. 179). Their main characteristics are a high level of education, the non-recognition of their college degrees in the United States, their relatively good capital base due to savings, rotating credit associations, and ethnic banks, as well as the strong cohesion of the Protestant Korean church communities. These factors explain the very high self-employment rate (Choi, 2010; Lee, 2018). Although the Koreans barely encountered hostility from the majority society, they became victims of boycotts and violence in black neighborhoods. During the racial unrest in Los Angeles in 1992, 2,300 Korean shops were attacked. The damage from the pillaging and looting amounted to around \$350 million (Gap-Min & Kolodny, 1994).

Chinese immigrants in Italy who have specialized in the production of cheap ready-to-wear textiles (“pronto moda”) in the Prato area also encountered violence when, in 2013, one of their factories was burnt down. The fire killed seven workers and injured others. The success of the Chinese gave rise to protests and the emergence of a right-wing party. Following the withdrawal of Italian companies from the garment sector, their downsizing plus transition to subcontracting, and the multi-fiber agreement of 1974, which imposed quotas on imports of textiles from developing countries, Chinese entered the region in large numbers in the 1980s and 1990s. Their workshops and factories became suppliers of renowned fashion companies like Armani. In other words, these middlemen did not work for a disadvantaged minority, but rather for strong anchor firms. The remarkable success of the Chinese suppliers rested on their flexibility, low wages, and long hours, as well as their ethnic solidarity, especially their connections (“guanxi”) among each other. These firms were also charged with tax evasion, the employment of illegal immigrants and the violation of labor laws as well as ruining Italian competitors and stealing jobs from the local population (Chen, 2014; Dei Ottati, 2014; Lombardi, & Sforzi, 2016).

Entrepreneurs in Ethnic Enclaves

Contrary to middleman minorities entrepreneurs in ethnic enclave economies belong to the same ethnic group as the majority of their customers. These entrepreneurs live and work with co-ethnics in neighborhoods that are dominated by their particular group. The main function of enclaves is to cater for their own communities, often with special products such as ethnic food or publications from their country of origin that are not available in regular outlets. These enclaves are also a response to blocked labor markets and social stigmatization (Qadeer & Kumar, 2006). It is striking, however, that there are discriminated minorities, such as African Americans, who do not react to the same degree through self-employment (Portes & Rumbaut, 2014). Finally, the enclaves are a shelter in which external pressure is alleviated by ethnic solidarity. They offer privileged access to information, credit, role models, and a workforce that, like customers, is largely from their own ethnic group. Network mechanisms based on social and cultural capital, especially trust, play a major role (Bonacich & Modell, 1980; Light, 1972). A distinction must be made between “strong ties” with relatives and close friends and “weak ties” with extensive acquaintances (Granovetter, 1973). There is a certain similarity to the bazaar economy because long-term face-to-face relationships permit mutual loans and informal contracts (Geertz, 1978).

These conditions create a fertile breeding ground for start-ups. The companies are very diverse but mostly small businesses. Areas within cities referred to as Chinatown, Little Italy, or Little Germany, and so on, sprang up in the United States in the 19th century. Little Havana was created in Miami in the 1960s and 1970s. These areas have been described as spatially highly concentrated agglomerations and self-supporting arrival gates (Wilson & Portes, 1980). However, they can also become dead ends that lead to permanent marginality. Their relative isolation reduces the pressure to integrate into the majority society, to learn its language, to take up education and training, and to leave the enclave. Work for co-ethnic employers is often poorly paid and without prospects for social advancement. The enclave usually does not encourage its members to overcome its borders. The shelter can lead to an excessive dependence on the community (Portes & Sensenbrenner, 1993). Individuals remain stuck in a confined world. Enclaves, on the other hand, can become business incubators and spark an economic dynamic that pushes the boundaries of the enclave. The breweries of German American immigrants quickly entered the mass market in the 19th century and gained customers from other national backgrounds. Their advertising strategies did not draw attention to their own roots as the emphasis on “all-American qualities” took precedence (Benbow, 2017). In general, the German enclaves seem to have been mostly temporary transit spaces, from which a relatively swift integration was achieved. The qualifications and products of German Americans were generally in demand. Craftsmen such as bakers, butchers, or carpenters had no problems finding their way into the majority society. There is some evidence that negative enclave effects primarily affect poorly qualified immigrants, whereas better qualified people are more likely to overcome the limits of the enclave. “Groups with high average levels of human capital appear to benefit from segregation, while less educated communities suffer” (Cutler, Glaeser, & Vigdor, 2007, p. 22).

Refugee Entrepreneurs

For all groups discussed so far, migration is primarily the result of their own decision, even if destitution and hopelessness in their home country might act as strong push factors and limit the degree of self-determination. When pull factors like the prospect of a higher standard of life dominate, the voluntary intent is paramount. Refugees, however, are not driven by self-determination and pull factors, as forced migration brings them to the country of destination. Under normal circumstances, they would not leave their homeland. Refugees experience a radical change in living conditions, often accompanied by persecution and expropriation, violence, and danger to life. Traumatic experiences can have psychological consequences that burden refugees in the long term. A return to the country of origin is mostly impossible. The circumstances of forced migration usually prevent preparations so that the transfer of resources and the use of networks extending to the country of origin are either not possible or only to a limited extent. Refugee entrepreneurs do not benefit from the advantage of “mixed embeddedness” as connections to their countries of origins are severed or substantially weakened. Other restrictive factors are the loss of assets and documents, long periods of uncertainty, the unclear legal status of asylum seekers, open hostility by parts of the local population, and the need to live in refugee or detention centers for prolonged periods (Heilbrunn, 2019). Thus, they are confronted by high

and structurally specific market entry barriers when looking for employment and trying to start a business. Therefore, self-employment rates are lower compared to those of local residents and other migrant groups (Wauters, & Lambrecht, 2006).

For a long time, immigrant entrepreneurship research virtually ignored refugees, but since the refugee crisis of 2015, interest has soared (Heilbrunn, Freiling, & Harima, 2018). Meanwhile, the refugee issue is recognized as one of the biggest contemporary problems. Self-employment can mitigate adversity because it fosters integration and gives refugees income and recognition. This royal road to integration, however, is only followed to a limited extent. Therefore, the literature deals extensively with ways to increase the number and to offer support by consultation, training, incubators, and credit programs.

A study on refugees in Belgium shows that men who had been self-employed in the country of origin, or who have role models in their families, showed the highest proclivity to engage in a start-up. In most cases, they set up precarious businesses. However, there was also a wealthy minority of people who brought substantial amounts of capital with them and started highly lucrative businesses (Wauters, & Lambrecht, 2006). In general, it is likely that the emergency situation of flight increases pressure and motivation and enhances the desire to regain lost social ground in previously entrepreneurial families. Research on African refugees in Israel who offered food and services to fellow refugees in the vicinity of an “open” detention camp stresses the ability of refugees to develop innovative solutions when resources are extremely scarce. This makeshift economy is discussed with the concept of “bricolage.” Under severe legal and economic constraints, refugees command impressive improvisational skills, which at first are exclusively used to cater to their fellow refugees (Heilbrunn, 2019).

It is certainly too early for an assessment of the repercussions of the refugee crisis of 2015. Initial research on Germany—the Western country with the highest intake—reports numerous business start-ups by refugees, with the help of charities and public authorities. There are several government-sponsored support programs for potential founders, and many private relief organizations offer help and advice. The readiness to help is astounding. The Berlin-based charity “Be an Angel” assists refugees in their legal and bureaucratic issues, provides housing and training, and helps refugees to run restaurants. A study of Syrian founders shows that services for their own group, such as translation, advice on dealing with the authorities, and native-language publications, played an important role, in addition to Syrian delicatessens, which also became popular with German customers. Well-educated young refugees whose degrees were not recognized therefore could not find adequate jobs and opted for self-employment in areas such as information technology and design (Johnson & Shaw, 2019; Lee, 2019). Overall, the obstacles are substantial, but there is no dearth of opportunities and support.

The political framework, more precisely the attitude of governments and society toward immigrants, plays a key role for refugees’ chances of becoming successful immigrant entrepreneurs. The spectrum ranges from open rejection and pressure to leave the country, as is the case with non-Jewish African refugees in Israel (Heilbrunn, 2019), to active recruitment, massive privileges, and strong support. Historically, the Huguenots, who were persecuted for religious reasons in Catholic France toward the end of the 17th century, fall into the latter

category. Several European countries brought Huguenots into their countries to mitigate the decline of their wealth and population after the Thirty Years' War. The German territories took in around 40,000 Huguenots, many of them craftsmen and entrepreneurs. Although social elites often were Francophiles and the authorities supported the refugees through loans, tax-free years, exemption from mandatory guild membership, and the granting of their own jurisdiction, most of the indigenous inhabitants initially met the refugees with suspicion. Their language and religious practices were foreign to them and their privileges regarded as unfair (Hornung, 2014).

Huguenots facilitated technology transfers as they brought with them knowledge and skills that were previously unavailable. In Prussia, many of them were cloth makers, dyers and silk weavers, cutlers, weapon makers, or watchmakers. Some founded factories and introduced silkworm farming and tobacco growing. In 1698, the otherwise customary export taxes were eliminated for products from Huguenot companies while import duties on competing products were raised. Even if some companies went out of business after the end of the support measures, the immigration of the Huguenots was an overall success story. It depended on specific conditions like the small number of immigrants, their excellent qualifications, and ample government support.

As a result of anti-Jewish pogroms and discriminatory laws, around 2 million Jews left Russia between 1881 and 1914. Most of them went to the United States, many to England. Their common characteristic was a strong aspiration for moving up the social ladder, which often involved the founding of textiles or retail businesses. A comparison of their situations in New York and London revealed that the start-up intensity depended crucially on the conditions in the host country. In England, there were alternative paths of social advancement available for example via the status of a skilled worker or journeyman, whereas the lack of these middle ranks in the United States largely left immigrants with the alternative of joining the proletariat or becoming self-employed. For this reason, significantly more start-ups emerged in New York, although immigrants on both sides of the Atlantic brought exactly the same qualifications and aspirations with them (Godley, 2001). In both countries, careers mostly started in sweatshops or small retail stores. In some cases, remarkable careers emerged from this starting point. Levi Strauss jeans became an iconic consumer item. Many large department store chains had founders who had traveled the country as peddlers (Diner, 2014).

In the 1970s and 1980s, the United States accepted approximately 400,000 Vietnamese refugees. Because of their fairly good education and their origins in the middle and upper classes of Vietnam, many of them became successful businesspeople. Their connection to Vietnam was broken or could not be used commercially. The initial problems were a lack of language skills and cultural familiarity. They also had no credit history. These disadvantages were alleviated by the fact that they received generous government support as former allies of the United States. At the beginning, enclave-like structures emerged. There was a strong geographic concentration in Orange County, California. Vietnamese set up credit networks and focused on Asian customers. Their employees often came from Vietnam and worked longer hours with low wages, but this was mitigated by ethnic solidarity in the form of gifts, flexibility in terms of time, and unrecorded side payments. In a second step, Vietnamese employed workers from Latin America, often illegal migrants, who could not lay claim to benefits, as an expression of ethnic solidarity. At the same time, the customer base widened (Gold, 1992).

Conclusion and Outlook

In summary, immigrant entrepreneurship is a fascinating interdisciplinary area of scholarship. The historical perspective has added a long-term perspective to the discussion and enriches the formation of current concepts and theories by providing empirical case studies. This article has recapitulated recent research from a variety of academic fields by subdividing immigrant entrepreneurs into six categories. It has become clear that there are very different entry points into immigrant entrepreneurship. Still, in all cases self-employed immigrants can be clearly distinguished from the established business community. They are not only confronted by specific disadvantages but also have distinct motivational, economic, and social resources at their disposal (see Table 1). They might be driven by the sheer fight for survival (“necessity” and “refugee entrepreneurs”) or benefit from their international connections (“transnational” and “diaspora entrepreneurs”). The willingness to fill voids and niches (“middlemen”) or to cater for co-ethnics (“enclave entrepreneurs”) can be other defining characteristics (see Table 2).

Still, many questions require further investigation. Future research on all six types should analyze the specific resources immigrants mobilize in setting up and expanding businesses. What are the sources of their comparative advantages, and how can they be strengthened? More generally, the impact of migrant entrepreneurship on the society at large is of interest. What is the contribution of immigrant businesses to growth and diversity, to innovation and structural change? From a political-historical perspective, the obstacles and prerequisites for integration must be pinpointed. How should the authorities behave? What is the role of civil society? Which funding instruments are effective? What are the effects of legal discrimination and xenophobia? How can established businesspeople, with a migration background or not, support newcomers?

Management scholars and business historians will be interested in their strategies. Did migrant businesses restrict themselves to the clientele of their own communities or their home country, or did they transcend these perimeters from the start? How did this decision influence staff recruitment? Did these companies use their ethnic background in branding, or did they rather hide it? Are there industries or clusters in which immigrant entrepreneurs found particularly good prerequisites? Did conditions or cultural peculiarities in the country of origin result in comparative advantages or handicaps? What is the role of education and training? Have the connections to the country of origin been maintained or broken off?

When one looks at psychological and social factors of individuals, interviews can lead to information about motifs and starting positions, self-images, and myths. Are there typical biographical patterns and narratives? To what extent do individuals resort to family and ethnic solidarity? What obstacles have to be overcome? What role does the sequence of generations play? Are the values and behavior patterns of the majority society partially or completely adopted? To what extent do hybrid cultural identities develop?

Finally, a caveat is called for. Research on immigrant entrepreneurs sometimes is subject to structural determinism and a fixation on collectives. In short, the argument is often that a catalog of certain external conditions, in which the individual seems to fit in seamlessly, inevitably produces certain results. Social action always appears rational and predictable. In actual reality,

uncertainty and open-endedness, contingency and subjectivity, happenstance and improvisation are important factors. Entrepreneurship in general has a performative and individual character and cannot be reduced to responses to structural stimuli.

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