Ethnic Entrepreneurship in Europe: Challenges and Opportunities

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Immigrants as Entrepreneurs

- Many advanced economies, especially their larger cities, have acquired a more cosmopolitan outlook
- Immigrants embody the complex process of globalization in a very palpable sense
- Some start businesses in their countries of settlement and become ‘self-employed’ or ‘immigrant entrepreneurs’ / ‘ethnic minority entrepreneurs’
Ethnic entrepreneurs tend to gravitate...

- to retail and catering, although their involvement in the service industries is on the rise
- to the lower end of these sectors, although they are increasingly penetrating the higher end
- to working-class neighborhoods, although they are increasingly venturing into middle-class neighborhoods as well as CBDs entrepreneurs

- Entrepreneurship rates differ per city, country, city, economic sector, historical period, ethnic/national (sub)group

Immigrant entrepreneurs vs workers

Immigrant entrepreneurs:

- are not necessarily restricted to filling vacancies on the job market, but are active agents who shape their own destinies by setting up their own businesses
- create their own jobs, and perhaps create jobs for others. In so doing, they circumvent some of the barriers they may encounter in looking for a job
- contribute different forms of social capital, construct bridges to other networks outside the inner circle, thus improving chances of upward mobility
- often act as self-appointed leaders for their communities
Immigrant vs. indigenous entrepreneurs

Immigrant entrepreneurs:

- may provide goods and services indigenous entrepreneurs are not very likely to offer
- may have expert knowledge on specific demands or specific sources of supply relating to foreign products
- may introduce new products and new ways of marketing; in so doing, even immigrant entrepreneurs at the bottom end of a market can be Schumpeterian innovators
- can be instrumental in giving sectors a new lease on life
- can add vitality to particular streets or even neighborhoods, as they get a clear stake in the prosperity, accessibility, and safety of the street or neighborhood

What accounts for this pattern?

- Many argue that business success, or lack of it, is contingent on the entrepreneurs’ access to human capital, financial capital, social capital or cultural capital
- This focus on characteristics of entrepreneurs allows for relatively simple governmental (or non-governmental) intervention
- It is, however, often taken for granted that ethnic entrepreneurs constitute a different kind of species, attributing them with specific ‘ethnic features’ and framing them as the ‘exotic other’
- Another weakness is the implicit assumption that economic sector, location, regulatory regime etc. do not matter
Mixed embeddedness

- But… regulatory regimes do matter
- (Immigrant) entrepreneurs’ concrete relations and transactions are embedded in a more abstract way in wider economic and politico-institutional structures
- Different welfare states create divergent entrepreneurial trajectories by way of path-dependent processes

A whole host of formal and informal institutions may regulate in a more concrete way if openings for small businesses occur and if they are accessible for ethnic entrepreneurs. There is an array of regulatory structures that promote certain economic activities while inhibiting others

- Regulation, to be sure, is not just a matter of repression and constraining, but also of enabling
- Different markets offer different opportunities and obstacles, demand different skills, and lead to different outcomes in terms of business success
Suggestions for further reading:


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