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Immigrant Entrepreneurs as Economic Contributors and Diversity Factors of International Trade

1 Introduction

Today, entrepreneurship is associated with concepts such as global competition, innovation, efficiency / productivity, quality and struggle against unemployment, and is directly related to national income, employment, tax, service, economic development, individual and social welfare. It is clear that this relationship can also be established through immigrant entrepreneurship. The factors such as the development of information and communication tools, ease of transportation, shrinking of the world, individuals going out of national borders, and the desire to live in prosperity in different geographies lead to immigrant entrepreneurship by integrating with the desire to achieve financial success.

Migrant entrepreneurs are becoming an important part of economic life in many urban parts of the world and contribute to the phenomenon of globalization. Therefore, larger cities of developed economies have become cosmopolitan due to the increasing number of migrants and the developing enterprises of migrant entrepreneurs. In the related literature, migrant entrepreneurship is defined as the process of realizing entrepreneurial activities in the country of immigration and revealing economic and social value by the immigrants. The first studies on immigrant entrepreneurship were carried out in America and then spread to Europe, especially after the Second World War. The studies about migrant entrepreneurship which recognized the significant share of migrants in small-medium enterprises started significantly in the United States (Light, 1972), and then it was followed in Western Europe (Ward and Jenkins, 1984), the United Kingdom and France (Simon, 1993) and in Israel (Razin, 1993) consequently (Şahin et al., 2007).

Today, however, it is a global and economic phenomenon spreading all over the world and emerging with different country examples. Entrepreneurship studies identify countries such as the United States, Canada, the United Kingdom and Australia as the main destination for immigrants. In recent years, because of immigrants from Syria, Turkey has also been added to these countries.

The studies of Waldinger, 1984: 60–71 and Waldinger et al., 1985: 586–597 are prominent researches compared to other studies in the literature about immigrant entrepreneurship. In these studies, opportunities and barriers for migrant entrepreneurs, critical success and performance conditions have been tried to be defined, structural factors affecting migrant entrepreneurship (social exclusion

and discrimination, poor access to labour market and high level of unemployment, etc.), cultural factors (independence, loyalty, flexibility), special values, skills and cultural characteristics (personal motivation, work ethic, flexible financial arrangements, etc.) or a combination of these factors (Baycan Levent and Kundak, 2006: 405–418).

The aim of this chapter is to address the issue of immigrant entrepreneurship through different regional examples and global scale. In this study, the concept of immigrant entrepreneurship, the difference between the concept and similar concepts and examples in the context of various regional economies in the world are discussed.

2 History and Definition of Immigrant Entrepreneurship

Entrepreneurship is the creation of an innovative economic organization to gain and grow under risk and uncertainty conditions (Dollinger, 1999: 4). Interestingly, high level of uncertainty brings more opportunities for SMEs that lead to a higher rate of entrepreneurship. Entrepreneurship adds value to economy both directly and indirectly at different dimensions through innovation, competition and restructuring (Wennekers and Thurik, 1999; Baycan-Levent and Nijkamp, 2007). Also on the other hand, entrepreneurship helps to decrease the rate unemployment which is crucially important for governments due to increasing population all over the world.

Schumpeter and Drucker placed more emphasis on the creative and innovative aspects of entrepreneurship. Schumpeter (1989) defined the concept of entrepreneurship as creating wealth by producing new goods and services that replace the old ones. Furthermore, Drucker (1985) also defines innovation as an entrepreneur-specific tool and risk factor.

Since the 1880s, the first academic studies on immigrant entrepreneurship have been conducted in the United States as immigrants started to work in small jobs. Later, due to the need for the labor force of large industrial companies in Europe, they started to accept migrant workers, especially after the Second World War. In the first place, when migrants who went as skilled workers started to settle and multiply in the countries they went to, a suitable environment for migrant initiatives started to emerge (Volery, 2007:31). Deniz (2014: 177) defines the concept of immigrant as an individual who lives in a legal way (with permission of the authorities) and leaves the country where he / she is legally voluntarily due to economic reasons. In another definition, an immigrant is a person who voluntarily leaves his / her country of citizenship for economic, political, social and religious reasons and settles in another country (Koç, Görücü and Akbıyık, 2015: 68).

Based on these definitions made about immigrants, the fact that individuals who have settled in a country other than the country where they were born or are citizens of and have business in the host country forms the basis of the concept of immigrant entrepreneurship.

The point to be considered here is the possibility that those who migrate from their country of residence to another country may have different ethnic origins, nationalities or culture.

According to Rath (2000), the definition of immigrant entrepreneurship differs from one country to another. Volery (2007) defines immigrant entrepreneurs as the persons who have migrated few decades ago in a new country and started business there. Similarly, Fatoki (2014) also defines immigrant entrepreneur as a business owner with foreign origin and involved in the act of economic innovation, organization creation and profit seeking in the market sector. Aaltonen and Akola (2012) defined immigrant entrepreneurs as those individuals immigrated in a new country, started business and who employ themselves as well as those who employ others. Immigrant entrepreneurs are people who start their own businesses just after their arrival, using their individual contacts to former immigrants and non-immigrants with a common origin (Butler and Greene 1997).

Migrant entrepreneurs are a heterogeneous group of businessmen and women and may differ in orientation, motivation and economic performance. Migrants are motivated to opt for entrepreneurship: to be independent, to be their own boss (propensity to take risks), to have extra income (profit), to gain some work experience, or to maintain family tradition; or they are dissatisfied with their previous job, need flexibility, want to make a career, or have ideological reasons (desire to innovate) or leadership qualities (Baycan-Levent et al., 2003).

3 Importance of Immigrant Entrepreneurship

During the past decades, there has been an increase in research of immigrant entrepreneurship. Immigrant entrepreneurship is increasing as many immigrants move to Europe and United States. Globalization has also made the world a small village because of the increase in technology and innovation which have increased the supply of consumer goods and services. Increase in the quality and quantity of goods and service provided by immigrant entrepreneurs to the communities is as a result of globalization, thus enabling them to enjoy economies of large scale production (Collins, 1998). The importance of immigrant entrepreneurship is not different from the non-immigrant entrepreneurship in an economy. They both provide economic importance in a given country. According to Baycan-Levent et al. (2003), the motivation and driving force for immigrant entrepreneurs is the generation of extra income and improving of their entrepreneurial activities.

The economic importance of immigrant entrepreneurship is the creation of new jobs. The creation of a new business has gone a long way to create jobs among immigrants and the general society as a whole. New businesses have helped many immigrants to benefit from job opportunities there by helping to reduce the barriers for people searching for jobs (Kloosterman and Rath, 2003). In the view of comparative evolutions on job destruction/creation as net effect, Americans have created almost 35 million jobs, whereas Europeans have destroyed 1.5 million jobs in 15 years studied period (Hauser, 2000; Baycan-Levent and Nijkamp, 2007).

In addition to the above, according to Kloosterman and Rath (2003), there has been an increase in the quantity and quality of goods and services produced. Hence people can enjoy from a variety of goods and services provided by immigrant entrepreneurs. Diversification of culture and increase in consumption habits of people have encouraged immigrant entrepreneurs to produce large amount of goods and services to meet up with the increase in consumption (Grilo and Thurik, 2004).

Immigrant entrepreneurship is important because it helps to increase a vitality of a particular area by increasing the demand for housing. The presence of shops and restaurants in a particular place will serve as a pull factor for people to relocate to a given area (Light, Bhachu and Karageorgis, 2004).

4 Immigrant Entrepreneurship and Similar Concepts

Under this title, the concepts of ethnic entrepreneurship, minority entrepreneurship and diaspora entrepreneurship which are similar to immigrant entrepreneurship are discussed.

4.1 Ethnic Entrepreneurship

Butler and Green have identified ethnic entrepreneurship as individuals who have established their own business in their host country, using personal contacts with official immigrants and / or non-immigrants who have a common root with them (Baycan-Levent et al., 2006:10). Ethnic entrepreneurs create a set of connections and regular patterns of interaction among people sharing a common national background or migration experiences (Waldinger et al. 1990) and (Baycan-Levent et al., 2006:10). Valdez (2002: 4) defined ethnic entrepreneurship as the employment of immigrants or members of ethnic groups. In their study, Zhou and Cho (2010) suggested that most, if not all, of the ethnic entrepreneurs could be considered as migrant entrepreneurs, while excluding ethnic minorities living in the host country for a long time. In the case of ethnic entrepreneurship, it is seen that those who engage in entrepreneurship activities in the host country are the ones who establish with the connections they have established with individuals who have common roots, beliefs, countries, cultures and languages, in other words with the same ethnic origin. In terms of immigrant entrepreneurship, immigrants who are entrepreneurs in the host country may have the same ethnic origin or have different ethnic origins. Therefore, ethnic entrepreneurship becomes a more specific concept within the scope of immigrant entrepreneurship.

4.2 Minority Entrepreneurship

Minority entrepreneurs are entrepreneurs who do not belong to the majority population (US Department of Commerce 1997). On the other hand, Fregetto (2004) used the concept of minority entrepreneurs to refer to all migrants and ethnic entrepreneurs in a country. According to minority entrepreneurs some researchers,

despite being a citizen of a country that is outnumbered and / or religious, cultural, which is different from the majority in terms of racial and ethnic entrepreneurs while expression (such as Armenians or Jews with the Republic of Turkey citizens in Turkey), according to some researchers, it refers to migrants, refugees or foreign entrepreneurs as well as citizens of the host country.

4.3 Diaspora Entrepreneurship

Dufoix (2011: 2) defined the concept of diaspora – a Greek term – as a nation or part of a nation that separated from its state or homeland and dispersed among other nations but retained its own national culture. Kaya and Uğurlu (2014: 195) defined the concept of diaspora as an ethnic, religious or cultural group breaking away from the motherland for various reasons and becoming a minority in another country. Harima (2014: 67) defined diaspora entrepreneurship as entrepreneurship activities carried out by individuals belonging to communities that could be considered as diaspora.

As can be understood from these definitions, the concept of diaspora is related to immigration, ethnicity and minority concepts. Therefore, ethnic entrepreneurship is intertwined with the concepts of minority entrepreneurship and immigrant entrepreneurship.

5 Immigrant Entrepreneurship Theories

In this section, theories about immigrant entrepreneurship are discussed. In this context, theories related to immigrant entrepreneurship are examined as ethnic conclave theory, middleman minority theory, labor disadvantage theory and cultural theories.

5.1 Ethnic Enclave Theory

Contrary to the middleman minority theory, there are ethnic ties with customers in the market in which the entrepreneur operates. Here, a member of an immigrant or ethnic minority first makes an initiative for his / her ethnic group, as he / she knows the goods and services that his / her group needs and demands. Ethnic enclave theory was first studied in 1980 by Wilson and Portes on Cuban entrepreneurs residing in the Miami area of the United States. Such examples are China towns in major US cities, Korean community in Los Angeles and Cuban community in Miami, Florida (Lee 2003). Chinese restaurant owners in Finland can be added to these examples.

5.2 Middleman Minority Theory

Middleman minority theory means that traders belonging to a particular ethnic group provide goods and services to the non-ethnic group. There is no common

past, culture, religion, or language connection with the market in which the entrepreneur operates. Therefore, the entrepreneur has no social and ethnic ties with its customers and generally does not have long-term plans and investments. One example is that Korean entrepreneurs in the United States operate in areas where African-origin people live.

Middleman minority refers to minority population belonging in between dominant and subordinate group in the society. According to Bonacich (1987), middleman minority theory refers to the middleman role played by minority entrepreneurs between immigrant markets and suppliers of dominant group. Travel agencies, garment stores, fast foods, specialized groceries, etc. are examples of middleman minority business (Volery 2007).

5.3 Labor Disadvantages Theory

This theory is also known as ‘blocked mobility theory’. It suggests that immigrants have important disadvantages in the labor market compared to host country citizens. According to Volery (2007), disadvantages could be language barriers, racial discrimination, unrecognized foreign degrees and certificates, undocumented status and exclusion from referral work.

Therefore, some immigrants are forced to be self-employed as the best alternative for economic survival. Moreover, this is a motivating factor that drives people to entrepreneurship. Min and Bozorgmehr (2003) argue that European immigrants are more discriminated against those in the United States.

5.4 Cultural Theory

Hoselitz (1964) suggests the cultural theory as cultural characteristics such as religious belief, family ties, savings, work ethics and social values which partially explain the orientation of immigrants towards entrepreneurship. Some ethnic and immigrant groups have social institutions and ethnic norms such as hard work, strong commitment within the group, economic life, risk understanding, accepted social values, frugality, unity, loyalty and a tendency to entrepreneurship. This approach best describes the inter-group entrepreneurship and performance differences (Valdez, 2002; Volery, 2007). According to Volery (2007), the cultural aspects of Asians’ tendency to start their own business are more decisive.

6 The European Immigrant Entrepreneurship in the Aspect of Different Cultures

The old continent, Europe, is hosting millions of migrants from various locations as being an important place especially in economic perspective. The migrant participation rate in the labor market is on average lower than European natives. High unemployment rates, low participation rates and low status are leading migrants into entrepreneurship. So, by this way immigrants are not just occupying jobs in

labor market but also creating new jobs with their increasing share in self-employment. The main characteristics of self-employment realized by the immigrants vary in the structure and locations among the European countries (Baycan-Levent and Nijkamp, 2007). Interestingly, the migrant entrepreneurship is adding value to host country's economy in different ways such as creating new jobs, transferring capital and transferring know-how. However, an underestimated discrete value added by migrant entrepreneurs is transferring their web of relations as it is done by Syrians who migrated to Turkey (Kaymanz and Kadkoy, 2016). Not only Turkey's export to Syria increased – although Syrian government forbids Turkish-origin goods in government projects and tenders – but also Turkey's export to other Arabic countries grew efficiently by the network of Syrian entrepreneurs. Also at this point, it should be bravely underlined that the modern and powerful financial infrastructure of Turkey offers suitable conditions to Syrian entrepreneurs to use Turkey as a hub of transit trade for executing their trade operations from third countries.

7 Conclusion

Today's global political, economic and social changes are forcing people to migrate to other geographies (war, internal conflict, political instability, etc.), while encouraging them to emigrate (education, trade, etc.). As a result of this, it is seen that the immigrants have an economic contribution in the countries they go by establishing business for immigrants like themselves and other population. In recent years, these economic activities have been conceptualized as immigrant / ethnic entrepreneurship in the relevant literature.

The issue of immigrant entrepreneurship was one of the most prominent issues in the United States in the end of the 20th century, followed by European countries, Australia and Canada. Especially after March 2011, Turkey as a host country has offered many opportunities to Syrian refugees, and this makes it one of these countries. Kayalar and Yıldız (2017) state that the number of Syrian entrepreneurs in the joint stock companies established with foreign capital is the second after the Germans, and it is the first among the companies established as limited companies. This situation is another important indicator of the growing importance of immigrant entrepreneurship for Turkey.

In this section, the subject of migrant entrepreneurship is theoretically analyzed. Thereafter, it is believed that making different studies especially on the Syrian immigrant entrepreneurs in Turkey and Turkish entrepreneurs in Europe can contribute to the literature in this field.

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