



Eurofound

Ethnic entrepreneurship

Concept paper

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Research project: Labour market mobility and access to social rights for migrants

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Introduction

Many advanced economies, especially their larger cities, acquired a more cosmopolitan outlook in the closing decades of the 20th century and the opening decades of the 21st century.¹ This is reflected in an ever-broadening product range, which now includes not only obvious items such as Nokia mobile phones, McDonald's hamburgers, Nike footwear and Levi's jeans but also Chinese bubble tea, Turkish doner kebabs, Bollywood movies and Indian saris. It is not just the appearance of these 'exotic' products in shops in Amsterdam, Frankfurt, Istanbul or Lisbon that reveals the deepening links between less-developed and advanced economies. The demographic make-up of many advanced economies has also changed significantly as long-distance migration from around the world increased in the second half of the 20th century. Immigrants from both developed and less-developed countries moved to advanced economies, embodying the complex process of globalisation. Two highly visible aspects of globalisation – the international mobility of capital and that of labour – are often directly related as immigrants themselves introduce their products to far-off places. They start businesses in their countries of settlement and become 'self-employed', 'immigrant entrepreneurs' or 'ethnic entrepreneurs'.

Although ethnic entrepreneurs from less-developed countries are common throughout Europe, they remain 'unsung heroes' according to some commentators.² In socioeconomic terms, these immigrants were traditionally viewed largely as workers – specifically as suppliers of cheap, low-skilled labour to the more advanced economies. More recently, attention has shifted towards immigrants who start their own businesses.

Importance of ethnic entrepreneurship

The self-employment of immigrants is (or can be) important for several reasons. This is obviously related to the fact that by working for themselves they assume different roles than immigrant workers.

- By starting their own business, immigrant entrepreneurs create their own jobs. This enables them to circumvent some of the barriers they may encounter in looking for a job. Immigrants from less-developed countries are especially likely to come up against these barriers. They may lack, or be perceived to lack, educational qualifications, they may not have sufficient access to relevant social networks for transmitting information on vacancies, or local employers may simply discriminate against them. Becoming self-employed does not mean that all these barriers have become irrelevant – banks may still discriminate against immigrants when they ask for business loans, and a lack of proficiency in the host country's language may still impact on their daily operations – but entrepreneurs seem to be less vulnerable.
- If they are successful, ethnic entrepreneurs can create jobs for others as well. This can benefit relatives, friends and acquaintances and, more generally, co-ethnics as small companies often recruit new workers via social networks (Waldinger, 1986). Creating jobs then helps to alleviate unemployment among immigrants. The same holds for providing apprenticeships.
- Ethnic entrepreneurs can also contribute different forms of social capital than immigrant workers to the immigrant ethnic communities (Waldinger, 1986). Because of their links with suppliers and customers, ethnic entrepreneurs can be useful in building bridges to other networks outside the inner circle, thus improving their chances of upward mobility. Moreover, immigrant entrepreneurs often act as self-appointed leaders for their communities (Minghuan, 1999).

¹ This section draws on Kloosterman and Rath (2002).

² See Businessweek Online, 29 February 2000, available at: http://www.businessweek.com/2000/00_09/b3670019.htm.

- Most importantly, they show that immigrants from less-developed countries are not necessarily restricted to filling vacancies in the job market, but that they can be active agents and shape their own destinies by setting up their own businesses. Even if they are confined to lines of business with little promise, they are still actors in a very literal sense (Kumcu, 2001).

Immigrant entrepreneurs differ not only from immigrant workers, but also from indigenous entrepreneurs.

- They may provide goods and services that indigenous entrepreneurs are not very likely to offer. Immigrant entrepreneurs may have expert knowledge on specific demands or specific sources of supply relating to foreign products, as in the case of foodstuffs (for example, spices from Indonesia), music (for instance, rai music from North Africa) or DVDs (such as Bollywood movies from India). In many cases, this hard-to-copy expertise can be based on first-hand knowledge from back home or it can be generated through transnational networks that bridge the country of origin and the sometimes extensive diaspora of a specific group of immigrants (Portes, 1995). By introducing new products and new ways of marketing, even immigrant entrepreneurs at the bottom end of a market can be innovators. One example is the introduction of the doner kebab to Germany by Turkish entrepreneurs (Rudolph and Hillmann, 1997; Wilpert, 2003). Or indigenous entrepreneurs might lack the credibility for specific kinds of businesses, as in the case of Chinese restaurants where the owner and staff need at least a Chinese appearance (Kunz, 2005). Or indigenous entrepreneurs may prefer not to engage in certain lines of business that require long hours of hard work at low pay, which only immigrants are prepared to put up with (Waldinger, 1996; Rath, 2002). Migrant entrepreneurs may thus broaden the range of goods and services in a country and hence expand the consumers' choice.
- From a geographical perspective, migrant entrepreneurs can add vitality to particular streets or even neighbourhoods in cities (Rath, 2005 and 2007; Ma Mung and Lacroix, 2003; Shaw, Bagwell and Karmowska, 2004). If certain streets are abandoned by indigenous businesses and taken over – in an invasion-and-succession sequence – by foreign entrepreneurs, deterioration can be reversed (Kloosterman, van der Leun and Rath, 1999; Pang and Rath 2007; Shaw, Bagwell and Karmowska, 2004). As owners of local businesses, immigrant entrepreneurs have a clear stake in the prosperity, accessibility and safety of the street or neighbourhood. In many cases, their businesses are also places where members of local social networks gather. They are thus an important component of the social fabric sustaining civic society at the grassroots level.
- In addition to revitalising neighbourhoods, immigrant entrepreneurs can also help give certain economic sectors a new lease of life. In some industries, because of their specific skills, knowledge or social capital, immigrant businesses can be at a comparative advantage. The garment industry is a case in point (Rath, 2002; Waldinger, 1986). In this sector, immigrants bring skills no longer reproduced on a large scale in most advanced economies. In addition, they are willing to work long hours and use their social capital and networks to reduce production and transaction costs.

Despite the apparent diversity of both the origins of the entrepreneurs and the types of businesses they have established in the various countries, there are clearly similar underlying processes. Although there have been notably successful immigrant entrepreneurs in advanced economies (Basu and Werbner, 2001), most of the immigrant entrepreneurs are funnelled towards markets at the lower end (Kloosterman and Rath, 2003). Because in most cases they lack access to significant capital and may also be deemed to lack appropriate educational qualifications, most fledgling ethnic entrepreneurs can, in principle, only establish themselves in markets with low barriers of entry in terms of capital outlay and educational qualifications. In these markets, production is mainly small-scale, low in added value, and usually very labour intensive. Consequently, earnings are typically relatively low and the working day is long and hard for many ethnic entrepreneurs. There are, admittedly, indications that ethnic entrepreneurs from the second generation of immigrants, who are often better educated than their parents, are able to position themselves in better, more profitable, markets (Rusinovic, 2006).

Promoting ethnic entrepreneurship

European, national and municipal governments, business associations and a wide array of third sector institutions now attach great value to ethnic entrepreneurship. This is especially true of northwestern Europe. Local governments in Belgium, Germany, the Netherlands and the United Kingdom have been very active in this field and taken a number of measures aimed at promoting ethnic entrepreneurship (European Commission, 2008). These interventions are in line with the European Charter for Small Enterprises that EU leaders adopted in 2000.³

Central, regional and local governments in southern Europe and certainly in central and eastern European countries have often failed to notice the rise of ethnic entrepreneurship or to value it properly, or have decided against taking specific measures.

The active governments and third sector institutions expect ethnic entrepreneurs not only to create jobs and boost the neighbourhood economy, but also to meet non-economic objectives such as strengthening social cohesion and promoting safety on the streets. These institutions have tried to promote the development of small and medium-sized enterprises (SMEs) by introducing support measures for small entrepreneurs in general and ethnic entrepreneurs in particular. Many of these interventions have focused on improving the performance of ethnic entrepreneurs, for example by strengthening their professional skills. This can be done by providing training and coaching, as well as other forms of support in the fields of entrepreneurial skills, finance and networking. Other interventions have aimed at removing obstructions in the regulatory framework for SMEs, which may vary from lowering the licence requirements for starting a business, to providing preferential access to credit systems, to allowing for a period of trial and error without losing the right to receive social security benefits. Through these and other measures, the positive effects of entrepreneurship have been emphasised. Appreciating and supporting the entrepreneurial drive of immigrants is of course important, but expectations sometimes run extremely high. It remains to be seen whether these optimistic expectations are justified.

A host of studies have shown beyond doubt that entrepreneurial success depends on a number of social, political and economic conditions (Engelen, 2001; Kloosterman, van der Leun and Rath, 1999; Kloosterman and Rath, 2003; Rath, 2002). The sheer complexity of entrepreneurial processes means that entrepreneurship cannot be seen as a simple, one-dimensional phenomenon. It also explains why promoting entrepreneurship is not a simple matter.

Research questions

This report aims to provide the basis for a comprehensive mapping, analysis and evaluation of policies aimed at promoting ethnic entrepreneurship in a number of European cities. As such, it is part of the fourth research module of the European network of 'cities for local integration policies for migrants' (CLIP). CLIP is a network of over 30 European cities working together to support the social and economic integration of migrants.⁴ Among other activities, CLIP carries out research into topics of relevance to immigrants and their economic integration. The fourth research module of the CLIP project focuses on some of the many regulatory mechanisms that can be found in a number of European cities, notably regulations that result from public policy initiatives in relation to the entrepreneurial opportunities in the cities concerned. The general aim of the CLIP research is to explore the development of ethnic entrepreneurship and to review the role of policy interventions in that process. It is motivated by the desire of municipal, national and European governments and third sector institutions to create an environment conducive to setting up and developing SMEs in general and ethnic businesses in particular.

³ http://ec.europa.eu/enterprise/enterprise_policy/charter/index_en.htm#charta.

⁴ See: <http://www.eurofound.europa.eu/areas/populationandsociety/clip.htm>.

This research is based on the idea that various components of the urban economy interact to produce a complex but also dynamic ecological system that dramatically affects the political economy of cities and hence entrepreneurial opportunities. This is based on the ‘mixed embeddedness’ logic, which is discussed below. Broadly, the research focuses on the emergence of ethnic entrepreneurs in the sectors and cities involved and the role of governmental and non-governmental regulation in this process. The research sets out to answer the following questions:

- What are the *characteristics of the urban economy* and what openings have emerged in a number of cities since 1980? How has the political economy of these cities evolved? More specifically, how has the SME sector in general developed in terms of numbers of businesses, volume of the workforce, value of sales, variety of products, and market segmentation, and what has been i) the spatial distribution, ii) the distribution over the various sectors of the urban economy, and iii) the ethnic, gender and age composition?
- What *profiles of ethnic entrepreneurship* can be identified? How does the emergence of ethnic entrepreneurship fit into the specific dynamics of the wider urban economy? Which general and specific barriers do ethnic entrepreneurs encounter, and what are their competitive advantages? What are the structural determinants of the observed trends? What are the employment effects of ethnic business? How many and what quality of jobs have been generated in the local labour market?
- What *state and non-state rules and regulations govern the SME sector* in general and the ethnic SME sector in particular at the national and local levels and how have they affected self-employment among immigrant ethnic minorities? How have policy debates and interventions on (ethnic) entrepreneurship influenced the emergence of entrepreneurial opportunities and the further development of ethnic businesses? What policies can be found that support access to employment for migrants in ethnic businesses?

By addressing these questions from an interdisciplinary and international comparative perspective, the project aims to arrive at a much more thorough, theoretical and practical understanding of the structural dynamics of ethnic entrepreneurship, as well as the impact of rules, regulations and policy interventions on the proliferation of ethnic entrepreneurship.

The remainder of this report addresses a number of conceptual and methodological issues. The first chapter explores the conceptual issues and availability of data, which is followed in Chapter 2 by a consideration of the analytical issues. Then, after a brief overview of the state of ethnic entrepreneurship in Chapter 3, the political and regulatory field is examined in Chapter 4. Chapter 5 brings together the relevant findings in a series of conclusions.

Conceptual issues and availability of data 1

Definitions

When reading the international literature, one gains the impression that the meaning of the term ‘ethnic entrepreneur’ is self-evident and does not need further discussion. This is not the case.

As the research deals with various countries where different definitions of entrepreneurship are used, it would be inappropriate to stipulate a single, rigid definition of the term ‘entrepreneur’. There is a large body of literature on what exactly an entrepreneur is and how entrepreneurs differ from other economically active individuals. Scholars such as Schumpeter and Kirzner and their followers have dedicated much of their work to this topic.⁵ Entrepreneurship, then, has a more specialised meaning that includes identifying opportunities, building, innovating and risk-taking in pursuit of profit. Seen in this way, an entrepreneur is to be distinguished from the businessperson who is merely a shop manager. In this report, no such distinction is made. An entrepreneur is simply defined as a person in effective control of a commercial undertaking for more than one client over a significant period of time.

It is not always clear to what extent small (ethnic) entrepreneurs, dependent as they are on other more powerful economic actors, are able to really exert effective control. This, of course, depends on their position in the value adding chain, which in turn depends on the interaction between the entrepreneur and the social, political and economic environment. Consequently, the study of entrepreneurship necessitates going beyond investigating who entrepreneurs are and what they do, to explore how opportunities come into existence, what their sources are, and how, when and why some people rather than others discover, exploit and optimise these opportunities (Shane and Venkataraman, 2000).

Micro, small and medium-sized enterprises represent 99% of all enterprises in the EU. Since 2003, the European Commission has distinguished between micro, small and medium-sized businesses on the basis of the number of employees and the turnover or balance sheet, as shown in Table 1.

Table 1: *Typology of enterprises*

Enterprise category	Headcount	Turnover	or Balance sheet total
Medium-sized	< 250	≤ €50 million	≤ €43 million
Small	< 50	≤ €10 million	≤ €10 million
Micro	< 10	≤ €2 million	≤ €2 million

Source: European Commission, Recommendation 2003/361/EC, available at: http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm

A further distinction is made between the entrepreneur with staff and the entrepreneur without staff.

In the current economy, a rising number of people have chosen (or have been forced) to quit their salaried job to become self-employed. In a number of sectors, a variety of tasks have been outsourced to specialised subcontractors that are connected to one another in an intricate structure of interdependencies. The financial barriers to becoming a subcontractor are often low. Such a system of subcontracting has obvious advantages. In slack periods, the contractor does not need to lay off workers or carry the financial burden of unused machinery, but only needs to suspend the contract with the subcontractor(s). In periods of great pressure, businesses can still deliver in time by involving a number

⁵ Schumpeter (1974) and Kirzner (1997). For a discussion of the various views, see Elfring and Foss, 1997.

of subcontractors and in the end everyone profits. There are, however, also disadvantages. Of special importance perhaps is the unequal distribution of costs and benefits: companies located on the top tiers of the production chain are better able to manage the risks involved and to make a profit than are enterprises on the lower tiers.

This system has been carried through to extremes in the sense that more and more individual workers have left their paid jobs and become self-employed. This category of self-employed without personnel – sometimes dubbed ‘fake self-employed people’ – has shown explosive growth, especially in the construction and care sectors. This demonstrates how the boundaries between wage-labour and self-employment have become blurred (Wijmans, 1999). In times of economic boom, the self-employed without staff can make a lot of money, but in a downturn they suffer more than the average worker. This situation is made worse because many self-employed people without staff fail to take out sufficient insurance that will cover them in times when there is little work; the quest for short-term profits makes them neglect their long-term interests.

Other concepts that deserve attention include the ‘immigrant entrepreneur’ and the ‘ethnic entrepreneur’. Many authors use the terms as if they mean the same thing, which confuses the issue (Rath, 2000 and Kloosterman, 2000). The casual use of these two concepts is problematic for two reasons.

Firstly, the entrepreneurs in question are not always immigrants in the true sense because they were not always born in another country. It might be true in some cases, but not, for example, in the UK, where many ‘immigrant’ entrepreneurs were actually born locally. In addition, the term ‘immigrant’ has become tainted with all sorts of negative connotations, and is therefore no longer current in British academic or policy circles (Miles, 1993). Instead, people of Asian, Mediterranean or Caribbean descent are now referred to as ‘ethnic minorities’, and the entrepreneurs among them as ‘ethnic entrepreneurs’. Immigrants in France, notably second-generation immigrants, are largely (statistically) invisible since many have acquired French citizenship, whereas immigrants from Turkey in Germany (including the second and third generations) are still considered foreigners (*Ausländer*) and registered as such, whereas immigrants from central and eastern Europe who have German ancestry (*Aussiedler*) can obtain citizenship right away. How immigrants or ethnic minorities are defined therefore depends on the specific national policy and differs from country to country (Hollifield, 1992; Soysal, 1994). Immigrants may have the same backgrounds but once settled in different countries they can end up in very different statistical categories. Changes in the political landscape in Europe also sometimes interfere with these already complicated processes. For example, entrepreneurs from Poland or Bulgaria operating in western Europe suddenly changed status when these countries joined the EU. They were no longer regarded as international migrants but as individuals who were enjoying Europe’s internal mobility.

Another reason why the terms ‘ethnic entrepreneur’ and ‘immigrant entrepreneur’ should not be seen as interchangeable is that many authors take it for granted that immigrants of the second as well as the first generation constitute ethnic groups and that their ethnic features inform their business activities. However, the reason for using the adjective ‘ethnic’ is rarely, if ever, made theoretically explicit. For instance, does it refer to the origins of the entrepreneurs, their ‘ethnic’ moral framework, or their capacity to mobilise ‘ethnic’ loyalties and access an ‘ethnic’ market? Or does it relate to their management strategies, personnel, clientele, products or a combination of all of these? Or does it simply refer to the availability of empirical data, conveniently presented in ‘ethnic’ categories? Most authors assume without further reflection that just because they are dealing with immigrants, there are real differences, and that these differences pertain to the entire immigrant population and do not change over time (Rath, 2000; Rath and Kloosterman, 2000).

For the purposes of this report, ‘immigrants’ are defined as people who were born abroad, irrespective of their nationality and irrespective of whether they are considered to be ethnic minorities in the countries involved. The formation of ethnic minorities is often related to international migration, but may also be related to particular political developments or events. The focus of this report is on ethnic minorities that have come about consequent to international migration. It is,

therefore, not so much about the entrepreneurial activities of ethnic or national minorities that have come about by historical boundary change (for example, the Hungarians in Romania, the Basques in France and Spain, or the Kurds in Turkey). A category that is not an immigrant group in the strict sense, but may deserve special attention, is the Roma community.

The term ‘immigrants’ needs two more distinctions:

- First, this report focuses not only on first-generation immigrants, but also on their native-born children – the second generation and also the third generation. In practice, however, this distinction is not relevant to all EU countries. Even in countries with a fairly long postwar immigration history, the second generation is only just coming of age and the third generation is, in many cases, very young. In practice, this report concerns first-generation and some second-generation immigrants (although strictly speaking they are not immigrants).
- A second point relates to the country of origin of the immigrants. Many researchers and policy advisers tend to confine their interest to migrants from less-developed countries outside the EU. In practice, however, many policy measures target immigrants from less-developed countries both outside and within the EU. This means that southern, central and eastern European immigrants who have moved to western European countries are included – at least to the extent to which they have been defined as target populations of policy measures. The reasons for this are clear: most policy measures will be directed at immigrants who are constrained in their entrepreneurial activities by their lack of human or financial capital or by institutional barriers in the country of settlement, and these are most likely to be found among immigrants from underdeveloped or less-developed countries within and outside the EU.

Acknowledging that the concepts of the ‘ethnic entrepreneur’ and the ‘immigrant entrepreneur’ merit further theoretical debate, it is probably wise to resolve this matter in a pragmatic way. This report uses both terms, but emphasises that the term ‘ethnic entrepreneurship’ simply refers to the ethnic background of these first-generation or second-generation entrepreneurs. Any claim that their entrepreneurship is informed by ethnic features (in the anthropological sense) must be proven rather than taken for granted. The term ‘entrepreneurs’ refers to people who are simultaneously owner and manager of an enterprise. These two roles may sometimes be performed by different individuals. In those cases, the report specifies as much as possible about which role is being referred to.

Availability of data

The conceptual issues discussed above are not of interest only to social scientists. There is a dearth of relevant statistical data, and this is partly related to these issues. Information on ethnic entrepreneurship is hard to obtain in many countries and even harder to compare between countries.

In some countries, such as France, the whole official statistical concept of ‘ethnic minority’ as such is virtually non-existent, whereas in others like the United States (US), the official census data allow for a combination of country of birth and/or nationality with socioeconomic status. Even in countries where official quantitative data are available, time series of ethnic entrepreneurship are often difficult to construct. Figures on employment and unemployment are published quarterly or even monthly, and in many cases they can be broken down according to sex, age group, ethnic category and region. Data on self-employment are not subjected to this rigid (Organisation for Economic Co-operation and Development, OECD) format and can have very different time intervals. Census data tend to be collected once a decade (Kloosterman and Rath, 2003).

This fundamental lack of a sound uniform conceptual and statistical base of immigrant employment that can be applied across countries implies that truly international comparative research on this topic is still not really feasible. The divergence in national integration policies and, consequently, definitional and statistical differences makes it difficult to really assess (in a quantitative way) the importance of ethnic entrepreneurship cross-nationally. In some countries, immigrants or immigrant ethnic minorities are statistically invisible, whereas in others they may be registered but on the basis of different criteria such as citizenship, country of birth or self-definition. As a consequence, data on ethnic minority or immigrant entrepreneurs need not reflect the same phenomenon cross-nationally.

Some researchers have, sometimes painstakingly, constructed quantitative ethnic entrepreneurship trends in their countries by using such sources as national statistical time series, the census and chamber of commerce databases. Still, the underlying diversity of the data does not allow for a refined statistical comparative analysis of national trends. Despite these problems, a more qualitative analysis of trends and policy interventions should be possible.

The broad category of ethnic entrepreneurs includes Protestants, Catholics, Muslims, Confucians, Hindus, Buddhists, communists and atheists; first- and second-generation immigrants; men and women; young and old persons; people who migrated voluntarily and others who were forced to migrate; people who are well educated and proficient in the language of the host country and others who are poorly educated and lack these language skills; individualists and people with a communitarian orientation; as well as people with a diversity of opinions, attitudes and lifestyles. Yet, in the academic and non-academic literature they are often portrayed one-dimensionally, that is as ethnic entrepreneurs. However, the very fact that large and diverse groups of people engage in entrepreneurship makes it improbable ‘that entrepreneurship can be explained solely by reference to a characteristic of certain people independent of the situation in which they find themselves’ (Shane and Venkataraman, 2000, p. 218). As explained above, the focus here is explicitly on situational opportunity cues, and it is assumed that a variety of structural determinants influence these cues.

Ethnic entrepreneurship has been an important field of study, especially in classical immigration countries like the US, since the early 1970s and in European countries since the late 1980s.⁶ The relevance of this field of study relates to at least two important policy areas. Ethnic entrepreneurship not only contributes to the economic development of certain sectors or cities of the receiving societies, but it may also be a viable route for the economic incorporation and, thus, integration of immigrants and their children. However, this does not hold true for all cities and countries and for all immigrant groups to the same degree. The rate of self-employment and the success of ethnic entrepreneurship vary. Depending on the circumstances in the receiving society and the background of immigrants, some groups are more likely than others to start up their own business successfully.

Bias towards social and cultural features

In contemporary studies on ethnic entrepreneurship, it is commonly agreed that first-generation immigrants often serve their own ethnic community with products or services and thereby develop their own ethnic markets. It is suggested that ethnic businesses operating within co-ethnic markets are eventually doomed to a marginal existence. They need to break out of the ethnic market in order to succeed (Barrett, Jones and McEvoy, 1996; Jones, 2000; Metcalf, Modood and Virdee, 1996; Waldinger et al, 1990). Others have pointed to the one-sidedness of this view and have questioned the inevitability of this breaking out (Engelen, 2001).

Explanations regarding the success or – perhaps more accurately – the degree of success of ethnic entrepreneurship have often stressed the role of individual entrepreneurs and their resources in terms of human, cultural and financial capital; that is, the emphasis is on the agency of the ethnic actor or the ethnic community (Peters, 1999). On the other hand, there are those who emphasise the economic, social and political conditions that immigrants encounter in the receiving society (Kloosterman and Rath, 2003). Obviously, few would doubt the importance of both the agency of the entrepreneur and the structural societal conditions. The question is just how and to what degree they influence the development of immigrant entrepreneurship.

Studies on ethnic entrepreneurship have approached the subject from different points of view. Some argue that ethnic entrepreneurship is a response to blocked opportunities in the general labour market and that, as a consequence, the growing number of entrepreneurs is not necessarily an indication of success. Rather, self-employment is viewed as an economic dead-end for immigrants. Long working hours, unpaid family labour and low incomes are some of the indicators that support this ‘dead-end’ hypothesis (see, for example, Barrett et al, 1996; Waldinger et al, 1990; Raes et al, 2002). If this hypothesis were true, the number of ethnic entrepreneurs would have risen dramatically in periods of economic decline. In reality, however, their number rose in periods of economic prosperity.

⁶ For overviews, see Waldinger et al, 1990; Light and Gold, 2000; Kloosterman and Rath, 2003; Dana et al, 2008.

At the other extreme, ethnic entrepreneurship is considered a positive thing and a viable route to upward social mobility. The emphasis here is on the positive effects of these resources in funnelling immigrants into entrepreneurship. Immigrants are assumed to dispose of additional ethnic resources that may place them in a relatively favourable position in certain respects (Light, 1972; Werbner, 1984). This point of view has become very popular.

Various authors point first and foremost to the social cohesion of ethnic communities and the importance of ethnic solidarity and relations of trust (Portes and Sensenbrenner, 1993; Waldinger, 1996). For them, networks are instrumental in acquiring knowledge, distributing information, recruiting capital and labour, and establishing strong relations with clients and suppliers. Social embeddedness enables these entrepreneurs to reduce their transaction costs by eliminating formal contracts, giving privileged access to economic resources and providing reliable expectations as to the effects of malfeasance. Particularly in cases where the entrepreneurs' primary input is cheap and flexible labour, as is true of contractors in the textile industry, the reduction of transaction costs by mobilising social networks for labour recruitment seems key.

The literature on social embeddedness formulates the issue broadly in ethnic terms. Thinking in ethnic categories often implies the assumption that the social networks of immigrant entrepreneurs are confined to their co-ethnics, that they have little or no social contact with people outside their own group, and that ethnic ties are more important, more resilient and less permeable than other ties. However, it is likely that most entrepreneurs have a mixed and gendered network comprising co-ethnics, other immigrants and people from the mainstream population, and that these networks change over time. The number of social relations may, whether or not this is intended, increase or decrease; the network can become thicker or thinner or spread out and assume a different spatial basis; the social relations can become multi-stranded or single-stranded or take on a different meaning.

Taking advantage of social embeddedness is a complex and dynamic process, and success is not guaranteed. An entrepreneur might be successful at recruiting workers by mobilising social networks. However, the entrepreneur should consider what will happen if the market shrinks as a result of an economic recession, technology changes or the introduction of new regulations (Rath, 2000; Schrover, 2001). Likewise, an entrepreneur from a poor community might tap a network of supportive peers, but since they are poor, they will not be able to put up much money. This impacts on the entrepreneurial opportunities and can keep the entrepreneur at the lower end of the market (Wolff and Rath, 2000). Walton-Roberts and Hiebert (1997) cite the imaginary entrepreneur who cannot fire his son-in-law without jeopardising his relations with the family. Flap et al (2000) discuss the problem of one-sided social capital, which is connected to what Granovetter (1983) once called the strength of weak ties. The circulation of new information is limited in tight groups and, consequently, so are the opportunities for innovation and business success.

The research shows that social capital is connected to cultural, human and financial capital (Light and Gold, 2000), and is the product of the interaction of structural factors such as migration history and processes of social, economic and political incorporation in the mainstream, as well as their spatial variations. Its impact depends on the goals pursued and the political and economic forces at work. Specific circumstances foster social capital and make its use feasible and rewarding, but none of this happens automatically.

Mixed embeddedness

One of the most widely known examples of an approach that combines agency and structure is the model given in *Ethnic entrepreneurs* by Waldinger et al (1990). This model is still influential, although several amendments to the model have been developed since it was first published. A more recent approach builds on the models of Waldinger and Portes, but is more inclusive. This model of 'mixed embeddedness' explicitly includes the political and economic context in the explanatory model of ethnic entrepreneurship: political and economic institutions are crucial in understanding both the obstacles and opportunities for aspiring entrepreneurs to start their own business (Kloosterman and Rath, 2003; Rath, 2002).

As stated above, urban economies are undergoing fundamental changes, and aspiring ethnic entrepreneurs are facing a continuously changing opportunity structure. This opportunity structure is key given the steady decline in manufacturing (a process that was accompanied by a loss of numerous industrial jobs) and, at the same time, the spectacular growth in the service industries. This growth coincided with the introduction of flexible specialised modes of production and various forms of outsourcing and subcontracting in manufacturing and services, and a rise in the number of small businesses. Ethnic entrepreneurs tend to gravitate to lower-end retailing, wholesaling and restaurants and catering, where they sometimes carve out niches. The opportunities that they find in these lower-end markets are closely linked to the vacancy chains where the most recent immigrant entrepreneurs replace earlier ones (ethnic and mainstream alike). The spatial concentration of immigrants favours the proliferation of ethnic businesses in certain neighbourhoods. The opportunities in (ethnic or non-ethnic) vacancy chain markets are often readily available: entrepreneurs in these markets generally require low start-up costs and little or no specific educational qualifications and tend to rely on hard (and cheap) labour and a supportive social network. With relatively low entry barriers, these vacancy chain markets are easily saturated. These conditions serve to squeeze profit margins and foster informal practices. Ethnic entrepreneurs, especially those who are risking unemployment or unattractive labour conditions, are pushed rather than pulled to these less promising market segments.

There is, however, another kind of ethnic entrepreneur. These aspiring or fledgling entrepreneurs, who tend to be highly educated and connected to different social networks, are better qualified to position themselves in post-industrial growth markets such as information and communication technologies (ICT), finance, insurance, real estate, media and tourism. They are pulled rather than pushed towards these markets and because of their higher levels of human and social capital they better fit the requirements of today's post-industrial economy.

The emergence of entrepreneurial opportunities and the way people take advantage of these opportunities does not, of course, take place in an institutional vacuum. On the contrary, markets, including so-called 'liberalised' markets, are always regulated in one way or another. This is manifested in different ways, ranging from tolerance towards illicit practices to positive action and business support programmes. Moreover, tax regulations, health and security regulations, zoning laws and business improvement schemes can be included here. The policy context in which ethnic entrepreneurship develops and the institutions that govern it are evidently relevant for this research. Regulation is not just a matter of repression and constraint, but also of enabling. Engelen (2001) highlights the distinction between legislation and regulation. The term 'regulation' should not be taken as a mere synonym for state regulation. In fact, various modes of regulation exist, from formal to informal, and various agencies are involved in regulatory processes, including state agencies (local, national, regional or supranational), non-profit organisations and voluntary associations. Regulatory frameworks can be imposed or enforced, or may be based on voluntary action. Economic actions are always regulated in one way or another, even in cases such as the informal economy when legislation seems non-existent (Rath, 2002).

More generally, regulation also impacts on the opportunity structure by regulating the access of immigrants to self-employment in some sectors or even in a wide range of activities. Paradoxically, regulatory regimes sometimes turn out to be obstacles for ethnic entrepreneurs, in particular for low-skilled immigrants coming from developing world contexts who are not used to the complex regulation they are faced with in the countries they move to. In Austria and Germany, aspiring immigrant entrepreneurs run into difficulties because the corporatist rules and regulations explicitly limit access to self-employment for non-EU immigrants (Haberfellner, 2003; Wilpert, 2003). Although their activities are backed by the state, in some cases non-state bodies such as chambers of commerce are involved as gatekeepers. The viability and profitability in these market segments is also dependent on the supply of aspiring entrepreneurs or, in other words, on the strength of the 'push' factor. In advanced European welfare states, unskilled immigrants have a hard time finding a job because the expansion of the (private) services sector is hampered by high minimum wages (Kloosterman, 2000). Finally, it should be noted that regulation does not necessarily imply actions and interventions; regulation sometimes boils down to non-actions or a lack of action.

In short, national or local differences in the opportunity structure may result from the rate of replacement in vacancy chain businesses, which is related to general upward social mobility. It may also result from the creation or decline of ethnic markets in a process that depends on the rate and composition of immigration and the spatial distribution of groups of immigrants. Or it may result from the new opportunities arising from the post-industrial economy that cities in advanced economies are developing. The economy is evidently dynamic, layered and regulated. In addition, different markets offer different opportunities, put up different barriers, require different skills, competencies and resources (in terms of financial capital, social networks and educational requirements), and lead to different forms and levels of success (in whatever way defined) and a different ethnic division of entrepreneurial labour. Any attempt to promote ethnic entrepreneurship or, more generally, any interference in the market needs to take this multifaceted nature of the economy into account.

Whether as a result of demographic change, technological innovation, market change or changes in the institutional framework, a growing number of immigrant ethnic minorities have responded to the opportunity structure and started new businesses or have created new openings in the market by starting new ventures. Whatever the case, ethnic entrepreneurship is on the rise in most European cities. The overall rate of self-employment and the share of immigrants who are self-employed varies from country to country. Although, as stated above, the validity of data is contestable, the proportions of foreign-born people in self-employment for a number of OECD countries are given in Table 2.

Table 2: *Foreign-born persons in self-employment in OECD countries, 2000 and 2005 (%)*

Country	Share of foreign-born in total self-employment		Share of self-employment in total foreign-born employment	
	2000	2005	2000	2005
Australia	—	26.7	—	12.7
Austria	6.7	9.3	7.3	7.5
Belgium	10.2	12.7	17.0	15.1
Czech Republic	—	3.0	—	24.4
Denmark	4.8	6.3	9.1	8.5
France	11.1	12.7	11.4	11.6
Germany	9.7	12.8	8.6	10.1
Greece	2.0	3.7	13.7	12.6
Ireland	7.7	8.1	17.4	11.0
Luxembourg	33.5	38.9	7.5	6.9
Netherlands	10.3	10.3	10.4	10.8
Norway	6.0	7.4	7.6	7.6
Portugal	3.6	5.4	14.9	14.2
Spain	3.0	8.1	18.9	10.3
Sweden	11.4	14.4	12.0	11.3
Switzerland	—	18.2	—	10.1
UK	10.7	11.6	15.2	14.4
US	—	14.1	—	9.6

Source: OECD, 2007, p. 75, on the basis of European countries: European Union Labour Force Survey (data provided by Eurostat); US: Current Population Survey, March Supplement; Australia: Survey of Education and Work, 2004.

A closer examination of the situation in these countries reveals the following trends:

- the number of ethnic entrepreneurs is growing both in absolute numbers and in proportion to the mainstream trend;
- immigrant ethnic minorities are not equally entrepreneurial: some groups show low rates of entrepreneurship and other groups show higher rates;⁷
- the rates of ethnic entrepreneurship vary between countries, suggesting that country-specific determinants are involved;

⁷ According to Hiebert (2002), this is related to the migration history, especially the specificities of the economic incorporation trajectory.

- the number of female entrepreneurs is lower than that of male ethnic entrepreneurs;
- while ethnic entrepreneurs initially gravitated to the retail, hotels, restaurants and catering sector (typical vacancy chain sectors), they are increasingly active in personal and business services – that is, in the growth sectors of today's post-industrial economies;
- while ethnic entrepreneurs tend to start in working-class ethnic neighbourhoods and remain spatially concentrated, they increasingly venture out to the central business district (CBD), suburbs and other middle-class mainstream areas, servicing the needs of a larger and more affluent clientele. This holds true especially for second-generation entrepreneurs with higher human capital;
- many small entrepreneurs remain at the lower end of the market where they compete on price; their business survival rate is somewhat lower than that of mainstream entrepreneurs;
- acquiring sufficient financial capital is often a problem, as banks and other financial institutions are hesitant to give credit to small entrepreneurs in general and small ethnic entrepreneurs in particular. This impedes the further development of ethnic entrepreneurship;
- the levels of organisation, or membership rates of formal business associations, are usually relatively low.
- the involvement of mainstream business associations in promoting ethnic entrepreneurship or fostering employment or apprenticeship opportunities with ethnic businesses tends to be marginal. So too is the role of unions in promoting better labour relations and working conditions.

Local, national and EU policies to promote ethnic entrepreneurship

4

While the European Commission, notably the Directorate-General for Enterprise and Industry, promotes ethnic entrepreneurship, the actual design and implementation of policies has been left to the individual Member States. The basic assumption is that ethnic entrepreneurs, because they are entrepreneurs first and foremost, will benefit anyway from general measures taken to increase the number of entrepreneurs and to strengthen the quality of entrepreneurship. Such measures include deregulating the economy, making the bureaucracy more transparent and service-oriented, making tax regimes more favourable, promoting microcredit systems, making entrepreneurship education part of the regular curricula, and introducing a variety of supportive measures. DG Enterprise facilitates the exchange of information among bureaucrats and practitioners on these issues by organising meetings and conferences and by showcasing so-called ‘good practice’ examples. There are also many support programmes sponsored by other European institutions, such as the European Social Fund, that directly or indirectly target ethnic entrepreneurs.

A 2008 study carried out under the aegis of DG Enterprise provided an inventory of policy measures or support schemes in 32 European countries.⁸ The study showed a marked distributional pattern, revealing wide national and local variations. No fewer than 146 policy measures were identified (see Table 3). Most measures or schemes were in the northwestern European countries followed by southern Europe and then the central and eastern European countries.

One reason for these cross-national differences may be the particular immigration history of the countries involved. Most northwestern European countries experienced massive immigration in the period immediately after World War II, and developed legal frameworks of welfare arrangements earlier than elsewhere in Europe. Southern European countries were countries of emigration in the early postwar period, and many of these emigrants moved as ‘guest workers’ to northwestern Europe. These countries have only recently experienced large-scale immigration themselves. In addition, they tend to have different welfare systems and social policies from the northwest European countries. This holds even more true for most of the central and eastern European countries, which have only very recently become destinations for immigrants. In addition, the size of the immigrant population influences the existence or absence of special policies promoting immigrant entrepreneurship. Few or no measures were found in countries with relatively small immigrant populations, such as Malta, Norway, Iceland and Liechtenstein. These countries tend not to develop specific policies for immigrants in general, let alone immigrant entrepreneurs. In other instances, countries may be more concerned with national or historical minorities than with more recent immigrants. This is the case in some eastern and central European countries, where many recent immigrants are refugees (from countries like Iraq, Iran or Afghanistan). A special case is the Russians in the Baltic states of Estonia, Latvia and Lithuania. Although they are not immigrants in the strict sense as they only ‘became’ immigrants after the collapse of the Soviet Union, integration policies do focus on the Russians and their native-born offspring.

A second condition that contributes to explaining cross-national variation relates to the national policies on immigrant integration and, as a result, the different conceptions of who is a national and who is seen as a ‘foreigner’ or ‘immigrant’. Countries such as France, where assimilationist policies prevail, generally do not develop specific immigrant policies and define the native-born offspring of immigrants as nationals. Likewise, some southern European countries, for example Greece and Slovenia, do not distinguish between nationals and immigrants in their legal frameworks. Obviously, this influences the existence of special policy measures, and accounts for the smaller number of policy measures and support schemes found in these countries.

A third condition relates to the make-up of the welfare state and the patterns of employment and entrepreneurship in general and the economic citizenship regimes in particular. Whether self-employment is a ‘natural’ way to enjoy

⁸ European Commission, 2008. See: http://ec.europa.eu/enterprise/entrepreneurship/support_measures/migrant/index.htm.

economic citizenship rights and whether the state plays a leading role depends on the type of welfare regime – for example, liberal, corporatist, socio-democratic or familial.

Table 3: Policy measures and support schemes by country and region

Region	Country	No. of measures	Population (in 1,000s)	No. of international immigrants (in 1,000s)
Northwestern Europe I	Belgium	11	10,419	719
	France	5	60,496	6,471
	Ireland	3	4,148	585
	Luxembourg	0	465	174
	Netherlands	16	16,299	1,683
	UK	32	59,668	5,408
	Subtotal		67	
Northwestern Europe II	Austria	3	8,189	1,234
	Denmark	3	5,431	389
	Finland	2	5,249	156
	Germany	22	82,689	10,144
	Iceland	0	295	23
	Liechtenstein	0	35	12
	Norway	1	4,620	344
	Sweden	2	9,041	1,117
	Switzerland	3	7,252	1,660
Subtotal		36		
Southern Europe	Cyprus	0	835	116
	Greece	7	11,120	974
	Italy	5	58,093	2,519
	Malta	1	402	11
	Portugal	5	10,495	764
	Slovenia	2	1,967	167
	Spain	4	43,064	4,790
	Subtotal		24	
Central and Eastern Europe	Bulgaria	6	7,726	104
	Czech Republic	0	10,220	453
	Estonia	0	1,330	202
	Hungary	1	10,098	316
	Latvia	1	2,307	449
	Lithuania	1	3,431	165
	Poland	7	38,530	703
	Romania	1	21,711	133
	Slovakia	1	5,401	124
	Turkey	1	73,193	1,328
Subtotal		19		
Total		146		

Source: European Commission, 2008

The policy measures were grouped according to their policy level: supranational, national, regional and local (Table 4).

Table 4: *Overview of policy levels of support measures*

	No.	%
Supranational	4	3
National	49	34
Regional	42	29
Local	51	35

Source: *European Commission, 2008*

Most policy measures were initiated at the national, regional or local level, with the majority of local initiatives found in the UK, Germany, the Netherlands and Belgium. The level of policy initiative did not necessarily correspond to the funding level: most policy measures were financed by European and/or national funding and most local policy initiatives were (co-)financed by higher-level sources of funding (Table 5).

Table 5: *Sources of funding*

	No. of measures covered	%
European Community	32	22
European and other	44	30
National	50	34
Regional	6	4
Local	5	3
Private	5	3
Other	4	3
Total	146	100

Source: *European Commission, 2008*

The European level appears to be a major source of funding. Looking at the cases in which European funding is combined with other sources of funding, it appears that more than half of the measures are financed by European funds, either exclusively or in combination with other funds (52%). Several policy measures are (co-)financed by the EQUAL Programme of the European Social Fund. National public sources of funding (such as central government) cover about one third of cases (34%).⁹ Local funding as the sole source of funding is important in only five cases, but is quite often combined with (supra-)national funds. The same applies to private funding. Comparing Tables 4 and 5, one may conclude that most local policy initiatives are financed or co-financed by higher-level sources of funding.

⁹ This does not include the policy measures that are co-financed with EU funds, as these fall under the category 'European and other'.

Policies: Target groups

Policies targeted at the promotion of ethnic entrepreneurship may focus on the entrepreneurs themselves or the opportunity structure. Measures that focus on (aspiring) entrepreneurs can be aimed at enhancing the knowledge, skills and abilities of entrepreneurs; promoting their business network; or facilitating access to financial sources and services. Measures that focus on the environment include removing barriers for immigrant entrepreneurs, combating discriminatory practices towards immigrants, and creating extra facilities for immigrants in order to promote equal opportunities for them.

By far, most measures or programmes identified in this research aim to provide services to immigrant entrepreneurs and/or raise awareness of self-employment among immigrants. Only a small number of the measures or schemes focus on creating or enhancing opportunities for ethnic entrepreneurs.

As to the target population, a distinction can be made between immigrant ethnic minorities and natives, and between start-ups and existing enterprises. All 146 policy measures identified focused at least partly on immigrants. Table 6 shows the degree to which the policy measures focused on immigrants specifically, or on both immigrants and natives. More than half of the policy measures or support schemes focused exclusively on immigrants (52%) while 43% targeted both native and ethnic entrepreneurs. The remaining 5% – all of them in central and eastern Europe – targeted the Roma community.

Table 6: *Target population*

	No. of people	%
Both native and immigrant entrepreneurs	63	43
Only immigrant entrepreneurs	76	52
Roma	7	5
Total	146	100

Source: *European Commission, 2008*

The measures that focus on a mixed target group often form part of a generic policy aimed at assisting vulnerable or socially disadvantaged groups, such as unemployed people or women. Since immigrants tend to be overrepresented among these groups, they may be reached by these generic policy measures. Among the measures directed at immigrants only, some targeted specific ethnic or national groups, or ‘newcomers’ or refugees. The measures focusing on the Roma community in some central and eastern European countries, such as Bulgaria, Hungary, Poland and Romania, are cases in point.

Regarding the phase of enterprise targeted, most policy measures or support schemes did not focus on a specific stage of development. Rather, they focused on entrepreneurs in various stages of the enterprise development – start-ups and existing enterprises alike. Nonetheless, nearly half of the measures or programmes focused entirely on start-ups. Only a very small number of measures (5%) targeted existing enterprises only.

Policies: Type of measures and schemes

As indicated above, some measures targeted the promotion of entrepreneurship among immigrants by empowering entrepreneurs through strengthening their human, social or cultural capital. Other measures helped foster a business-friendly environment. In theory, seven types of measures could be identified:

- raising awareness among immigrants to become more entrepreneurial;
- improving the entrepreneurs' human capital;
- improving the entrepreneurs' social and cultural capital;
- providing financial capital;
- improving market conditions;
- introducing favourable regulation (at local, national and supranational level);
- strengthening intermediary organisations (training bureaus, consultancies and business associations).

The first four types of intervention aim at the entrepreneurs themselves, while the remaining three types focus on the business environment. About three quarters of all measures or schemes promoted awareness of entrepreneurship among immigrants and over 90% focused on service delivery by intermediary organisations – either exclusively or as part of a more comprehensive approach. A number of measures aimed at regulatory change. Among these measures were, for example, tax facilities created for start-ups; relaxing of licensing laws and opening hours; and the creation of economic enterprise zones. Other measures were geared towards linking service providers with immigrant business associations or immigrant business organisations with mainstream institutions. Few of the measures focused on improving market conditions. It should be noted, however, that these types of intervention are not mutually exclusive and a policy measure or programme may operate at more than one level at the same time.

The measures identified covered a wide range of services. Table 7 gives an overview of the different services or fields of support delivered to (aspiring or fledgling) entrepreneurs.

Table 7: *Types of services provided*

	No. of measures delivering the service	% of measures delivering the service
Information	121	83
Advice	121	83
Training	107	73
Networking	96	66
Mentoring	84	58
(Access to) finance	79	54
Other	1	1

Source: *European Commission, 2008*

Table 7 shows that the services provided most frequently were 'advice' and 'information' (each in 83% of the policy measures), with 'training' (73%) in third place, followed by 'networking' (66%) and 'mentoring' (58%). The least common service was '(access to) finance' (54%), although this was still included in more than half of the measures. In

other words, most measures or programmes focused on increasing the human and social capital of entrepreneurs, and less on their financial capital (although other services may indirectly improve their chances of getting access to finance – for example, assistance in writing business plans).

The services were delivered in several ways: by means of workshops, individual counselling, publications, meetings or electronic platforms. Table 8 gives an overview of the delivery mechanisms. ‘Workshops’ and ‘individual counselling’ were the most common methods of providing services, followed by ‘publications’ (such as guides and brochures) and ‘regular events’ (seminars and conferences). ‘Electronic platforms’ were used in over 50 policy measures or support schemes.

Table 8: *Delivery mechanisms*

	No. of measures using the mechanism	% of measures using the mechanism
Individual counselling	110	75
Workshop	101	69
Publications	73	50
Regular events	70	48
Electronic platforms	56	38
Other	17	12

Source: *European Commission, 2008*

The measures and support schemes also varied in what they charged the participants for the services delivered. In about one third of the cases, services were provided free of charge. In some cases, participants were expected to pay a fixed fee or registration fee, or they had to pay a fee depending on the services delivered.

Implementing organisations

The measures and schemes were implemented by a wide variety of organisations, ranging from public and semi-public institutions to non-governmental organisations (NGOs) and other private organisations such as commercial support organisations and private consultancy firms. Table 9 provides an overview of the formal status of the organisations involved in implementing the policy measures or support schemes identified in this study. Nearly half belonged to the public sector (47%), but this increased to 58% if semi-public organisations such as chambers of commerce are included. The rest were private organisations (30%) or NGOs (12%).

Table 9: *Implementing organisations*

	No. of organisations	%
Public	69	47
Private body	44	30
NGO	17	12
Semi-public	16	11
Total	146	100

Source: *European Commission, 2008*

The category 'private body' included immigrant organisations or ethnic business associations and other non-profit organisations, such as small business centres or welfare services. Mainstream business associations or trade unions were rarely involved in these interventions. Profit-making enterprises were rarely involved as implementing organisations.

Agency versus structure

In sum, the large majority of policy measures identified contributed to the capacity of service delivery to immigrants. These services were geared towards empowering ethnic entrepreneurs by strengthening their human, social or financial resources. The main focus was on enhancing human capital of (aspiring) entrepreneurs (providing information, educational services, training and counselling). Services that foster social networking explicitly were small in number, but many promoted networking implicitly. Fewer measures focused on providing financial services, but in fact, many programmes facilitated access to finance by strengthening the entrepreneurs' skills and knowledge. Occasionally, measures provided material assistance, for example incubator services.

These types of service delivery focused on the agency of the entrepreneur as opposed to the structural societal conditions of entrepreneurship. Only a few measures aimed at enhancing the opportunities for ethnic entrepreneurs in structural terms. These measures included the empowering of certain depressed city districts or structurally embedding immigrant ethnic minorities and their organisations into mainstream organisations.

About half of the measures or support schemes focused exclusively on immigrants; the rest focused on a general public, including immigrants. Both seemed to have advantages and disadvantages. The most difficult to reach or vulnerable groups seemed to be best served by specific measures that advocate a personal or tailor-made approach (services in immigrant languages, intercultural mediators and outreach officers). Participation in homogenous groups of co-ethnics or other immigrants also seemed to increase the effectiveness of services. On the other hand, participation in multiethnic programmes introduced entrepreneurs to mainstream networks and, hence, fostered contacts in the business scene. This could contribute to successfully developing immigrant businesses, since it facilitated access to mainstream business institutions.

The immigrant population in Europe is not only growing fast but also becoming more diverse in terms of countries of origin, length of stay and socioeconomic position. In many cities, immigrants have turned into entrepreneurs and started their own businesses, and it is expected that this rise in immigrant entrepreneurship will contribute significantly to the integration of immigrants. Local governments are therefore involved in this development in various ways.

Government rules, regulations and practices help shape ethnic minorities' self-employment trajectories. Policy debates and interventions influence the emergence of entrepreneurial opportunities and the further development of ethnic businesses. It is important here to distinguish between general measures that aim to promote small entrepreneurship in general and group-specific measures that focus on the promotion of ethnic entrepreneurship in particular. These policy frameworks may consist of policies removing barriers for (immigrant) entrepreneurs or measures promoting their interests and aspirations. Local policies towards immigrants and immigrant integration may also influence the measures created to promote ethnic entrepreneurship. The same holds true for national definitions of 'ethnic' immigrants and 'national minorities'.

Some measures originate from public policy initiatives and are developed in accordance with public policies, but other measures are the result of interaction between the social partners, notably employer organisations and trade unions. The latter measures are more likely to relate to immigrant (self-)employment, labour relations or the quality of labour in ethnic enterprises.

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