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Promoting Ethnic Entrepreneurship in European Cities: Sometimes Ambitious, Mostly Absent, Rarely Addressing Structural Features

Jan Rath and Anna Swagerman

ABSTRACT

An increasing number of immigrants have become entrepreneurial and many governments expect or hope that the ongoing rise of ethnic entrepreneurship will contribute significantly to the integration of immigrants, to their upward mobility, and to the economic development of the city of residence. In this article we explore the rules, regulations and policy interventions that shape self-employment trajectories in general and those of immigrant ethnic minorities in particular. The article is based on a general inventory of measures to promote ethnic entrepreneurship in 32 European countries, and a somewhat deeper inventory of policies and interventions in 28 European cities. We came across all kinds of measures and interventions and identified certain patterns, but the most striking finding was that such explicit measures and interventions were actually thin on the ground. We conclude this article with a discussion of the structural determinants of this outcome.

INTRODUCTION

Huawei smart phones, McDonald's hamburgers, Dolce and Gabbana belts, "Bolex" watches, and Levi's jeans, but also Chinese bubble tea, Turkish döner kebab, Moroccan henna, Bollywood and Nollywood movies and Buddha statuettes. The appearance of this ever-broadening range of "exotic" products in shops in Amsterdam, Frankfurt, Istanbul or Lisbon reveals some of the deepening links between less-developed and advanced economies. The ethno-cultural make-up of advanced economies has significantly changed, due to immigration from both developed and less-developed countries. The immigrant population in Europe is, moreover, rapidly becoming more diverse in terms of ethnic or national origin, but also in terms of length of stay, educational achievement, and socioeconomic position, a situation that Vertovec captured under the heading of "superdiversity" (Vertovec 2007). These two highly visible aspects of globalization – international mobility of capital and labour – are often directly interlinked as immigrants themselves introduce their products and services, for example as owners of small businesses. A substantial number of immigrants have indeed have set up businesses and become "ethnic entrepreneurs", and the authorities in many countries and cities expect or hope that their "ethnic entrepreneurship" will contribute significantly to the integration of immigrants, their upward mobility, and the economic development of the city of residence.

Ethnic entrepreneurs can be important for various reasons: they create their own jobs; can create jobs for others; can develop different social networks from immigrant workers; and, last but not

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least, shape their own destinies rather than collecting welfare benefits and waiting for cues to become active. Also, they can provide a different range of goods and services; they can enhance the vitality of particular streets or neighbourhoods in cities or of specific economic sectors; they can give an added value to the appearance of the city. And of course they can play their part in the “natural” process of succession and renewal of the total corpus of entrepreneurs.

Although there have been notably successful ethnic entrepreneurs, many seem to gravitate towards markets at the lower end (Kloosterman and Rath, 2003). Lacking – often, but not always – access to significant funds of (financial) capital or appropriate educational qualifications, most fledgling ethnic entrepreneurs are active in markets with low barriers of entry in terms of capital outlays and required 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 days are long and hard. There are interesting indications, though, that entrepreneurs from the second generation of immigrants, who are often better educated than their parents, are able to position themselves in more profitable markets (Rusinovic, 2006). This very fact, to be sure, points to distinct trajectories of ethnic entrepreneurship, and this blurs a simple, sharp and coherent profile of ethnic entrepreneurship.

Here, we define an *entrepreneur* as a person in effective control of a commercial undertaking for more than one client over a significant period of time. They are usually simultaneously owner and manager of a firm, but these two roles may sometimes be performed by different individuals. We are specifically interested in entrepreneurs from the tiers of foreign-born and native-born immigrants (first- and second-generation immigrants), irrespective of their nationality and irrespective of whether or not they are officially labelled “ethnic minorities” in the countries involved.¹ This means that *ethnic entrepreneurs* cover a broad category.

This broad category comprises foreign-born and native-born immigrants; but also males and females; 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; people of a diversity of opinions, attitudes and life styles; Protestants, Catholics, Muslims, Confucians, Hindus, Buddhists, animists, communists and atheists; people with a variety of socio-economic trajectories; and so forth. For this reason alone, it is inappropriate to portray them one-dimensionally. Yet in policy- and academic-speak this happens all the time. The “ethnic” character of the entrepreneur or the businesses is often taken for granted and highlighted without further discussion as one such all-explaining characteristic. However, the very fact that large and diverse groups of people engage in entrepreneurship and that they do so in different locations and different sectors 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: 218). Structural conditions are to be taken into account.

In this article, however, we point to situational opportunity cues in order to understand ethnic entrepreneurship, notably the policies and interventions that explicitly target ethnic entrepreneurs. We specifically draw attention to a plethora of governmental and non-governmental rules, regulations, measures, programmes, schemes and policy actions that shape self-employment trajectories in general and those of immigrants in particular. More specifically, we explore these policies and interventions in a number of European cities and try to identify particular patterns. By addressing these issues from an interdisciplinary and international comparative perspective, we aim at a much more thorough understanding of the structural dynamics of ethnic entrepreneurship as well as the impact of rules, regulations and policy interventions on the proliferation of (ethnic) small businesses.

The article is roughly based on two recent surveys. The first one was a general inventory of measures to promote ethnic entrepreneurship in 32 European countries. The second one was a somewhat deeper inventory of interventions in 28 European cities, varying from bigger ones such as

Amsterdam, Copenhagen, Lisbon and Stuttgart to smaller places such as Kirklees and Sundsvall. After a brief discussion of a number of conceptual and methodological issues, we will examine this political and regulatory field and discuss a number of patterns. The article concludes with a discussion of the structural determinants of policy interventions.

MIXED EMBEDDEDNESS: DRAWING ATTENTION TO REGULATORY MATTERS

Focusing on regulatory matters is not self-evident in the field of ethnic entrepreneurship. There is a large body of literature now (for overviews Dana et al., 2008; Kloosterman and Rath, 2003; Light and Gold, 2000; Panayiotopoulos, 2009; Rath and Schutjens, 2015), but studies that address these matters are still thin on the ground (but see Dreef, 2004; Ram and Smallbone, 2012). Most students of ethnic entrepreneurship depart from different points of view and perspectives. Some postulate that entrepreneurial success is simply a matter of human capital: the more skills, competences, and qualifications, the higher the odds of becoming a successful business person (Bates, 1997). Others argue that the mobilization of “ethnic” or “cultural” resources places immigrants in a relatively favourable position to start a business (Metcalf, Modood and Virdee, 1996). Again others point to (ethnic) social networks (Light and Gold, 2000) and state that these networks are instrumental in acquiring knowledge, distributing information, recruiting capital and labour, and establishing strong relations with clients and suppliers. “Social embeddedness” enables 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. Most researchers apparently take it for granted that successful entrepreneurship is mainly a matter of possessing or having access to the right resources. For as far as more structural conditions are discussed at all, it is assumed that ethnic entrepreneurship is a response to blocked opportunities in the general labour market (Barrett, Jones and McEvoy, 1996).

The “mixed embeddedness” approach is a recent attempt to develop a theory that combines agency factors with structural conditions in a meaningful way (Kloosterman and Rath, 2003 and 2014; Kloosterman, Van der Leun and Rath, 1999; Ram, Theodorakopoulos and Jones, 2008; Rath, 2002a). More concretely, it explicitly combines personal and group factors with market conditions and regulatory matters. One does not need to be a rocket scientist to understand that that each market requires a specific set of skills, competences, and resources: selling kebab or game technology, for instance, constitute totally different worlds, the latter being inaccessible for uneducated entrepreneurs. The entrepreneurs’ set of skills, competences, and resources consequently funnels them to specific markets, growing and shrinking markets alike. This means that the social, economic and political positionality of individual entrepreneurs is crucial for our understanding of their business activities, notably the obstacles and opportunities that are involved.

As has been said, ethnic entrepreneurs tend to gravitate to lower-end retailing, wholesaling, and restaurants and catering, where they sometimes – here it is again: not always (Rath, 2002b) – carve out niches. The opportunities they find in these lower-end markets are closely linked to the *vacancy chains* where the most recent 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 have low start-up costs, require little or no specific educational qualifications, and tend to rely on hard (and cheap) labour and a supportive social network. However, 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 wage labour conditions, are pushed rather than pulled to these less-promising market segments.

But there is increasingly another kind of ethnic entrepreneur: this type tends to be highly educated and connected to different (more resourceful) social networks, and is better qualified to operate in *post-industrial growth markets* such as ICT, finance, insurance, real estate, media, tourism and entertainment. Entrepreneurs of this kind are pulled rather than pushed to these markets and, because of their higher levels of human and social capital, they seem to fit better the requirements of today's post-industrial economy.

This too illustrates that different markets offer different opportunities, put up different barriers, require different skills, competencies and resources (in terms of financial capital, social network, educational requirements and so on), lead to different forms and levels of success (however defined), and eventually to a different ethnic division of entrepreneurial labour. Any attempt to promote ethnic entrepreneurship or, more generally, any interference in the market needs to take account of this dynamic multifacetedness.

This multifacetedness is not just the product of changing demographic or economic conditions, but also of *regulation*. Entrepreneurs are active in a market economy, and market economies – including the more liberal ones – are always regulated, albeit the form and level of regulation may vary. Regulation is contingent on prevailing economic citizenship regimes. These regimes might be contradictory and incomplete, and they stipulate under which conditions market exchange and price regulation take place. They also stipulate which goods and services and which actors are legitimate. Regulation encompasses both legislative and non-legislative forms, and is therefore more than just state regulation. Indeed, a multitude of state *and* non-state agents play a role in regulation processes, such as local, national and international governmental agents, unions, quangos, non-profit organizations, voluntary associations, and individuals and their social networks. Regulation in the forms of repression, constraining or enabling is dynamic and subject to political influences. Deregulation or non-actions, to be sure, are also forms of regulation.

PROMOTING ETHNIC ENTREPRENEURSHIP

An OECD report shows that foreign-born immigrants have a slightly higher propensity than natives to become entrepreneurs: 12.8 per cent of foreign-born immigrants belonging to the labour force compared to 12.1 per cent of natives are involved in non-agricultural entrepreneurship activities (Mestres, 2010).

The rate of immigrant self-employment shows interesting variations. Female immigrants tend to be less entrepreneurial than male immigrants. Ethnic entrepreneurs are strong in classic vacancy-chain sectors such as retail, restaurant and catering, but they increasingly venture out to growth sectors such as personal and business services. Furthermore, ethnic entrepreneurs are increasingly to be found outside working-class ethnic neighbourhoods; they are more and more located in the central business districts and suburbs.² This enables them to service a larger and more affluent clientele. This especially holds for recent foreign-born entrepreneurs and native-born ethnic entrepreneurs with better educational qualifications.

Is ethnic entrepreneurship, as a separate issue, on the political agenda? (European Commission, 2008, 2010) While the European Commission, notably *DG Enterprise*, promotes ethnic entrepreneurship, they leave the actual design and implementation of policies to the member states. *DG Enterprise* does facilitate the exchange of information among bureaucrats and practitioners on these issues by organizing or supporting meetings and conferences and by showcasing good practices. Next to that, there are several support programmes sponsored by international and European institutions, such as the *Organization for Economic Co-operation and Development* (OECD), the *European Social Fund*, and *Business Europe* (the confederation of European business associations, formerly UNICE), that directly or indirectly target ethnic entrepreneurs. Most policies and programmes tend to prioritize general measures over group-specific measures and display a marked

preference for interventions that make the business environment more conducive to all fledgling entrepreneurs. Ethnic entrepreneurs then are to piggyback on these general programmes.

At lower scalar levels a wide array of measures has been taken. A study carried out under the aegis of Europe's DG Enterprise provided an inventory of group-specific policy measures or support schemes in no less than 32 European countries (Van Niekerk, Rath et al., 2008).³ The study showed a marked distributional pattern, revealing wide national and local variations. In total 146 policy measures were identified. Most measures or schemes were to be found in the north-western European countries, to a lesser degree in southern Europe, and least in central and eastern European countries. (see Table 1).

The large majority of policy measures identified contributed to the capacity of service delivery to immigrants (see Table 2). These services aimed at empowering ethnic entrepreneurs by strengthen-

TABLE 1
POLICY MEASURES AND SUPPORT SCHEMES BY COUNTRY AND REGION

Region	Country	Number of measures	Population (in thousands)	Number of international immigrants (in thousands)
North-Western Europe I	Belgium	11	10,419	719
	France	5	60,496	6,471
	Ireland	3	4,148	585
	Luxembourg	0	465	174
	The Netherlands	16	16,299	1,683
	United Kingdom	32	59,668	5,408
	<i>Subtotal</i>	67		
North-Western 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
	<i>Subtotal</i>	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
	<i>Subtotal</i>	24		
Central & 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
		<i>Subtotal</i>	19	
Total		146		

TABLE 2
TYPES OF SERVICES DELIVERED

	Number 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

TABLE 3
TARGET POPULATION

	Number	%
Both ethnic and non-ethnic entrepreneurs	63	43
Only ethnic entrepreneurs	76	52
Roma	7	5
Total	146	100%

ing their human, social or financial resources. The main focus was on enhancing human capital of (aspiring) entrepreneurs (providing information, educational services, training, 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 of the measures identified focused on structurally enhancing the opportunities for ethnic entrepreneurs. This included for example the empowering of certain depressed city districts or the structural embedding of immigrant ethnic minorities and their organizations into mainstream organizations.

Roughly half of the measures or support schemes focused exclusively on immigrants; the rest focused on the general public (including immigrants) (see Table 3). Both seemed to have their pros and cons. The groups that were the most difficult to reach or the most vulnerable seemed to be best served by specific measures that advocate a personal or tailor-made approach (services in immigrant languages, intercultural mediators, outreach officers). Participation in homogenous groups of co-ethnics or other immigrants seemed to increase the effectiveness of services as well. On the other hand, participation in generic/general programmes introduces them to mainstream networks and, hence, fosters contacts in the business scene. This could contribute to successfully developing immigrant businesses, since it facilitated access to mainstream business institutions.

METHODS

Let us now look more close into the situation in 28 European cities. This section is based on a survey plus a series of site visits in 28 European cities, namely Amsterdam, Arnsberg, Athens, Bologna,

Breda, Budapest, Copenhagen, Dublin, Frankfurt, Helsinki, Kirklees, Lisbon, Malmö, Prague, Strasbourg, Stuttgart, Sundsvall, Tallinn, Terrassa, Turin, Turku, Vienna, Wolverhampton, Wrocław, Zagreb, Zeytinburnu (Istanbul) and Zürich. A joint research strategy with a joint questionnaire was developed, based on the aforementioned theoretical premises. The questionnaire included a variety of (mainly open) questions concerning statistical information on the city and its populations, general information about the urban economy and the position of ethnic businesses in it, profiles of ethnic entrepreneurship, and regulatory matters. The reporting schemes were to be filled in by city officials in order to provide researchers with comparable data for each participating city. Once the questionnaire had been received and analysed, the research team organized four- to five-day field visits in each city. The purpose of the field visits was to elaborate on the responses provided by the city through the questionnaire. The researchers collected statistical data and policy documents, and interviewed city administrators and policymakers, staff members of inspectorates, educational institutes, consultancies, chambers of commerce, business associations, trade unions, ethnic associations, banks and financial institutions, as well as ethnic entrepreneurs, journalists and local researchers (Rath and Swagerman, 2011). In the course of the site visits the researchers interviewed 492 people in total. Approximately 35 per cent of the interviewees were involved with the government, 15 per cent were researchers, 24 per cent were associated with business associations, unions, consultancies, etc., 10 per cent were representatives of civic society institutions (such as ethnic associations), and 16 per cent were entrepreneurs. For each city, a separate city report was written. Based on the information reported by cities via the questionnaires and additional information collected, the research teams produced a case study on each of the 28 cities. A systematic analysis of the case study reports has subsequently been carried out with the help of professional qualitative data analysis software MAXqda. The current article is based on the synthesis of all 28 city reports.

All in all, different quantitative and qualitative research methods were combined, with an active involvement of local experts in the project and throughout the entire process. This method has its merits, the most important being direct access to data and continuous use of triangulation (and in the dissemination stage, direct access to channels of communication). Yet there are some limitations. With such a large number of experts and researchers, there is a risk that questions were understood differently. In the same vein, they may have different perspectives on reality and different normative frameworks to assess particular phenomena. Also, information about ethnic entrepreneurship had to be obtained from other sources than the ones who were committed to the research team. This double indirect way of collecting data evidently influenced both the quantity and quality of the findings, partly because the experts who possessed most knowledge were least committed to the project, and partly because the experts who were committed most were least versed in this field. Next to that, there is a dearth of comparative data. Information on ethnic entrepreneurship is hard to come by in many countries and even harder to compare. The scientific category of the ethnic entrepreneur is at the crossroads of various conceptual interpretations and bureaucratic traditions, resulting in large disparities between countries. These problems were, for better or worse, solved by triangulation, and in so doing we were able to gather a large amount and broad variety of data. A systematic analysis of the data and, later, the case study reports, followed by in-depth discussions within the research group, city representatives and external experts, eventually resulted in a final report.

FINDINGS

The cities vary enormously in their location, size, migration history, social and – importantly for this article – economic context. Some cities such as Malmö, Frankfurt and Amsterdam had a relatively large number of people with a migration background, in some cases even as much as half of the population. Other cities such as Dublin, Prague and Budapest had a fairly small but often growing number of immigrants. The cities also differed in their main industries or economic activities.

Some cities such as Turin or Malmö are or were centres of manufacturing industry, whereas cities such as Amsterdam or Frankfurt have been known for their financial and cultural industries. These economic characteristics obviously shape the entrepreneurial opportunity structure that entrepreneurs are facing. Against the backdrop of these demographic and economic dynamics, how have local governments dealt with ethnic entrepreneurs? Has ethnic entrepreneurship been part of the urban agenda and, if so, how and with what purpose?

A first important finding was that promoting ethnic entrepreneurship – i.e., the development and implementation of active support measures at the local level – was *not self-evident*. In most cities studied, ethnic entrepreneurship did not play a major role in the overall strategy supporting the integration of immigrants. Attention, if any, was given to wage labour. And to whatever extent ethnic entrepreneurship was actually promoted, it rarely explicitly connected to a wider economic agenda.

Wolverhampton's economic development strategy does not focus on ethnic entrepreneurship specifically. There are no projects explicitly aimed at what are called “black and minority ethnic” groups. According to an expert from the city council, such policies are non-existent, because the city does not want to discriminate against its inhabitants. Since Wolverhampton is a very diverse city and home to many different ethnic groups, the council “could get flagged” when offering specific projects for single black and minority ethnic groups. That would be deemed unfair or even discriminative by the majority population as well as by black and minority ethnic communities, which mostly want to be treated like any other business and be dealt with in mainstream services, as stated by several other interviewed experts.

Most cities pursued *a mix of generic and specific policies*, although the nature of this mix and the motivation therefore varied. The UK cities Wolverhampton and Kirklees and the Spanish city of Terrassa were keen to avoid reverse discrimination, not wishing to implement measures that would favour or single out any ethnic group over another. Zeytinburnu, Tallinn and Zürich had opted for generic policies without offering a particular explanation or a justification for such an approach. Zürich had started thinking about some specific measures.

In those few instances where specific policies did exist, expectations run extremely high. Governmental and non-governmental institutions expected ethnic entrepreneurs to create jobs and boost the neighbourhood economy, but also to meet non-economic objectives such as revitalizing the neighbourhood at large, strengthening social cohesion, and promoting safety on the streets. Whether or not their optimistic expectations were justified remains to be seen.

In *bureaucratic terms*, the promotion of entrepreneurship in general and ethnic entrepreneurship in particular, to whatever extent it occurred, was the responsibility of those parts of the city apparatus that dealt with economic or trade affairs, labour, or integration. Next to these public institutions, a motley collection of private (mostly not-for-profit) institutions were involved, including business associations, immigrant associations, educational institutions, and support agencies.

Nuoret Yrittajat Projekti (NYP) (Young Entrepreneurs Project) is an example in Helsinki of such an agency. NYP is linked to the Youth Department of the city of Helsinki. NYP focuses on entrepreneurs in general but also offers training courses especially for immigrant entrepreneurs.

IFS Rådgivningscentrum in Sundsvall, a former NGO that is now an integral part of the state-owned, nationwide company *ALMI Företagspartner*, targets ethnic businesses. The staff members promote the development of small and medium-sized immigrant businesses, provide advice regarding financial and organizational matters, and can grant loans. The services are provided in several languages and free of charge.

Depending on the local situation, fledgling entrepreneurs are sometimes legally required to register with the chamber of commerce, the trade register or other agencies, obtain the necessary permits, consider the zoning laws, respect safety and hygiene standards, and so on. Additionally,

entrepreneurs hiring staff must comply with a host of rules with regard to the working environment of their employees as well as labour conditions. And those involved in the food sector must often comply with special rules and regulations to safeguard public health. In general, ethnic entrepreneurs were – in principle – treated on a par with mainstream entrepreneurs. *Bureaucratic rules and regulations* could nonetheless constitute barriers for entrepreneurs starting out, especially for those who lacked proficiency in the host country's language and who had poor educational qualifications. This problem could be overcome by increasing the cross-cultural sensitivity of the bureaucracy, by making information available in international languages, or by employing ethnic staff managers. This, however, rarely happened.

The majority of advice and information measures were targeted towards business start-ups, such as that of the *Copenhagen Business Centre*, which provided free advice to entrepreneurs – ethnic and mainstream alike – for the first six months of the business. This advice focused on taxes, business planning and finance, and consultants focused specifically on creative and ethnic entrepreneurs. In Sundsvall entrepreneurs could learn about tax regulations from the *Swedish Tax Agency*, which frequently organized meetings and offered personal advice.

In a few cases, ethnic entrepreneurs were specifically targeted: information rallies organized the *Frankfurt Chamber of Crafts for Turkish Hairdressers*, or the *Frankfurt Job Centre*, or the *Stuttgart Chamber of Crafts* on how to become self-employed in handicrafts for Italians.

A popular medium of information distribution was circulating *information* sheets and guides. Bologna's *Entrepreneurship Office* distributed a general guide in four languages for people interested in starting a business. In Vienna, more specific information sheets were available:

The Viennese Economic Chamber provided special information sheets in different migrant languages and for different business areas about many aspects of everyday business operations. An illustrative example is the Turkish Info Sheet for Grocers (*Türkisches Infoblatt für Lebensmittel Einzelhändler*), which was also available in a number of other foreign languages. This folder offered information about various aspects of running a grocer's business: from the acquisition of a trade licence and formal business registration to the legal opening hours, hygiene regulations (cleaning and disinfection plan, staff training, pest control, service of cooling appliances, cooling temperature ranges) and details about contracts of employment, registration at the regional medical insurance company, and the legal regulations about the employment of foreign citizens.

Advice and information services that targeted ethnic entrepreneurs were not always exclusively focused on them. More generic measures were supposed to be beneficial for ethnic entrepreneurs as well. This especially held for information services targeting disadvantaged neighbourhoods, such as the NACRE programme in Strasbourg which supported nascent entrepreneurs in Sensitive Urban Areas.

Most entrepreneurs need *business space*. Decisions about space are dependent on the customer base, the costs, and local rules and regulations. Zoning plans affect the spatial distribution of businesses. While the study did not find any zoning plan that pertained to ethnic entrepreneurs specifically, general zoning plans could interfere in ethnic entrepreneurs' locational choices. Urban revitalization programmes, for example, tended to focus intentionally or unintentionally on depressed neighbourhoods with high percentages of immigrant ethnic minorities, and since ethnic businesses tend to be concentrated in these areas, ethnic entrepreneurs were especially affected: new opportunities could arise (for instance, when entrepreneurs were entitled to subsidies for the refurbishing of their shop, or when primary business locations were made available), but existing opportunities could disappear as well due to commercial gentrification (Hagemans, Henriks and Rath et al., 2015).

Some cities provided information on business locations, such as the Service Centre for Shops of the Vienna Economic Chamber. Others proactively helped entrepreneurs with finding premises,

such as Kirklees Council, Stuttgart's Economic Development Department and the *Kundencenter Wirtschaft* of Arnsberg. The Development Agency Zagreb supported entrepreneurs in their search for business premises, but confined its remit to the technology industry, helping entrepreneurs to find suitable and inexpensive office spaces and plant areas.

A number of cities set up business incubators. This was generally a type of premises or technology park that provides assistance to businesses within the first few years of their existence, reducing costs and offering advice and mentoring. Some of these cater to particular industries, such as the Turku Science Park, which has an advice centre for creative and artistic entrepreneurship. Similarly in Tallinn there was a business incubator for the technological industry and two industry parks. The Startzentrum Zürich particularly aimed at young entrepreneurs. Some of the incubators provided office space at lower rates, and in Helsinki, where the premises were owned by the city, the rates were exempted from V.A.T.. The MINGO Migrant Enterprises Information Centre in Vienna and the Indian Business Centre in Stuttgart were among the few cases that targeted ethnic entrepreneurs specifically.

With regard to *finance*, ethnic entrepreneurs found it hard to obtain credit loans or other forms of financial capital. Banks and other financial institutions tended to be reluctant to give credit loans to small start-ups. They would point to the applicants' poor bookkeeping, poor bank record, substandard business plans, low educational qualifications, high involvement in high-risk and low-profit sectors, and inability to provide collateral. But this was not the whole story: there were indications that the banks' modes of operation constituted obstacles: oversensitive risk management, (biased) attitudes and opinions of bank account managers, or lack of expertise in the sectors to which ethnic entrepreneurs gravitated. Among bank account managers, it seemed appealing to assume that the poor provision of service to ethnic entrepreneurs was (partly) related to the entrepreneurs' traditional or culture-specific ways of doing business – distrust of banks, the wish to see or feel the money, preference for cash transactions, avoidance of long-term planning – or to the ethnic entrepreneurs' inclination to be active in a more informal way. Whatever was the case, ethnic entrepreneurs were funnelled towards lower-end markets where they resorted to informal credit systems. The substandard financial management of ethnic entrepreneurs was sometimes addressed in training and counselling programmes.

A number of cities tried to address this problem, for instance by providing microcredit, subsidies or soft loans. In addition, private actors, such as business associations (e.g. Enterprise Helsinki and the Budapest Enterprise Agency), NGOs (e.g. Micro.Bo in Bologna) and banks (e.g. Garanti Bankası in Zeytinburnu) also had measures in place to support small businesses in various ways financially.

Micro-financing appeared to be a buzzword in a lot of cities, expressing the idea that this is important for entrepreneurs in general and for ethnic entrepreneurs in particular. An example was the provision of microcredit by the municipality and private banks in Turin specifically to ethnic entrepreneurs. While banks stuck to their core business – making profit out of granting credit loans – the city helped to reduce their risks by opening a contingency fund.

In Amsterdam, *HandsOn Microkrediet* targets low-income start-ups and offers a maximum loan of 5,000 euro plus a coach with entrepreneurial experience. Start Foundation offers credits with a maximum of 25,000 euro for vulnerable groups such as ex-psychiatric patients and ex-detainees.

As ethnic entrepreneurs were believed to cater to co-ethnics rather than mainstream clients, local governments tended to encourage them to *break out of these captive markets*. The latter could be accomplished by moving to a different location, changing business sector, increasing the number of product lines, establishing connections with mainstream businesses, embarking on a different marketing style, or targeting a different clientele. Curiously enough, marketing was considered an exclusive responsibility of the entrepreneur, and little support was given to this area of business endeavour. Once in a blue moon, mainstream actors, such as chambers of commerce and business associations, did organize marketing campaigns, but ethnic entrepreneurs profited little due to their poor affiliation with mainstream organizations.

Ethnic entrepreneurs were often embedded in *networks across national boundaries*. These networks were mostly extended to their home country, but also to other parts of the world with diaspora communities. Mobilizing these transnational networks could offer access to supply lines of inexpensive or ethnically unique goods, personnel or strategic information. Not every city studied acknowledged the significance of these transnational connections and the key role of ethnic entrepreneurs therein, sometimes because the number of ethnic entrepreneurs was relatively small (as was the case in Arnsberg). A number of cities, however, such as Wolverhampton, did value them. But again, most cities either did not recognize the business opportunities that transnational economic connections could bring, or believed that this was not their concern.

Ethnic entrepreneurs often relied on their relatives, who constitute a convenient, flexible and cheap pool of labour. Little information was available about the implications of this for *labour relations*. The underrepresentation of ethnic entrepreneurs in business associations and ethnic workers in trade unions hampered investigation of the matter. On the one hand, ethnic entrepreneurs were not involved in political discussions and policy debates about staff matters, on the other hand business associations and trade unions took little notice of the needs of ethnic businesses. These factors thwarted the development of programmes and measures in the field of staff management and robust personnel policies.

As had been stated, ethnic entrepreneurs faced an array of challenges, particularly because of a general lack of business management skills and competencies, and often a lack of proficiency in the *host country's language*. The latter held less true for second- and third-generation immigrants. Our informants also observed that ethnic entrepreneurs had insufficient connection with the local business culture, limited access to (mainstream) business networks, little understanding of governmental and non-governmental business-support schemes and so on.

In all European cities ethnic entrepreneurs enjoyed the right to become members of existing *business associations*. This could be important as these associations are typically involved in various ways in the political decision-making structure. In some cases, such associations are part and parcel of the institutional make-up of the national or local political economy; in other cases, they acted as lobbyists. However, our study found that ethnic entrepreneurs were heavily underrepresented in such mainstream organizations. Many were not even aware of the existence of business associations, let alone of the possibility of joining them. As a result of this, their involvement in relevant decision-making procedures – if any – was mostly informal and unstructured.

The general political mood was clearly against separate ethnic business associations, partly to prevent fragmentation among entrepreneurs, partly also because separate associations did not seem to fit the prevailing integration model. In a number of cities, nevertheless, separate business associations were established. These associations were typically rather vulnerable: they lacked resources, had difficulties in developing meaningful connections with mainstream business associations, and were consequently unable to develop political clout. Consequently, many ceased to exist after a while. Nonetheless, the development of such associations or the creation of a dialogue between ethnic entrepreneurs and other relevant actors was promoted and facilitated here and there. These attempts were mostly shaped by integration policy aims rather than economic policy aims.

DISCUSSION

The immigrant population in Europe is growing and rapidly becoming more diverse in terms of ethnic or national origin, but – as far as foreign- and native born immigrants are concerned – also in terms of length of stay, educational achievement, and socioeconomic position. An increasing number of immigrants have become entrepreneurial and have set up businesses. Some individuals and some groups are evidently more likely than others to become entrepreneurial, become success-

ful, contribute to economic development, and find the route to economic incorporation. Such outcomes, we argued, are contingent on the characteristics of immigrants themselves, the receiving society, and the immigrants' migratory and economic incorporation trajectories. Following the "mixed embeddedness" logic, we posited that various components of the urban economy interact to produce a complex, but also dynamic system, dramatically affecting the political economy of cities and, in so doing, entrepreneurial opportunities. In this article, we focused on one such component: regulation, more specifically those measures that explicitly aimed at *promoting ethnic entrepreneurship*. We explored these policies and interventions in 28 European cities and tried to identify particular patterns.

The study found first of all that promoting ethnic entrepreneurship is far from self-evident. In most cases, ethnic entrepreneurship did *not* play a major role in the overall strategy supporting the integration of immigrants. In fact, we found a marked tendency to stay away from economic issues. And for as far as ethnic entrepreneurship was actually promoted, it rarely if ever formed part of a bigger economic agenda.

The few interventions that existed aimed at strengthening the professionalization of the entrepreneurs by providing training and coaching, providing business accommodation or making soft loans available. Some aimed at removing regulatory barriers for small businesses (such as lowering licence requirements). The study also showed, interestingly enough, that ethnic entrepreneurs tended to be reluctant to ask for support or apply for outside help. Also, it seemed that many were not aware of the availability of support schemes. At the same time, governmental and non-governmental agencies offering support services often found it hard to reach out to them. This discrepancy pointed to a serious lack of communication and raised questions as to the efficiency of the support services.

We found a number of interesting patterns. First, there was rarely if ever a "natural problem owner" in this policy field. This study found that in some cases local authorities initiated interventions, in other cases the national government took the lead, and in yet other cases governmental agencies or combinations of agencies at different scalar levels were the primary actors. Governments and civic society institutions operated at different, but interconnected scalar levels, and at face value one may conclude that this indicates complementarity. The absence of a "guardian angel", however, does not seem to be favourable for ethnic entrepreneurs.

Secondly, since many countries had been witnessing a multicultural backlash (Vertovec and Wessendorf, 2009; Rath, 2011), the topic of *ethnic entrepreneurship* had become politically even more sensitive. While the absence of group-specific policies was sometimes interpreted as ignorant, assimilationist or even racist, the presence of such measures was sometimes argued away as being biased towards soft multiculturalism. It is a fact that ethnic entrepreneurs – being first of all *entrepreneurs* – are affected by general policies too. But do ethnic entrepreneurs – or entrepreneurs from other disadvantaged social groups – really benefit from "colour-blind" measures? Perhaps. But in many cases, this was assumed rather than proved.

Thirdly, and related to the previous point, policy-makers were facing the question whether they should aim at the entrepreneurs themselves or at their opportunity structure. Do (fledgling) entrepreneurs have deficiencies that need to be compensated for by a variety of programmes aimed at strengthening their entrepreneurial qualities? Or is the emergence or growth of businesses thwarted by an unfavourable opportunity structure, and should entrepreneurship then be promoted by removing barriers or by offering new economic opportunities? Most cities, for as far as they were addressed ethnic entrepreneurship, opted for measures that supposedly targeted ethnic entrepreneurs' deficiencies.

How things turn out in practice depended on a number of factors, varying from the number of immigrants, their migration history and national assumptions about the process of integration to national welfare-state models and concomitant trajectories of economic incorporation, the bureaucratic culture, the political landscape and so on. We found interesting cross-national differences that could also be interpreted as nuancing the "mixed embeddedness" approach, our theoretical starting

point. The approach acknowledges the influence of regulatory matters at a general level, but these nuances point to more concrete aspects.

Among the conditions that contributed to these differences were, first of all, the particular *immigration history* of the countries involved. Most north-western European countries had experienced massive immigration in the period immediately after World War II and developed legal frameworks or welfare arrangements earlier than elsewhere in Europe. Southern European countries were countries of emigration in the early post-war period, and many of these emigrants moved as guest workers to north-western Europe. These countries had only recently experienced large-scale immigration themselves. In addition, they did not tend to have the same welfare systems or social policies as some of the north-western European countries. This held even more for most of the central and eastern European countries, which had only very recently become the destination of immigrants.

In addition, the *size of the immigrant population* influenced the existence or absence of special policies promoting immigrant entrepreneurship. Few or no measures were found in countries with relatively small immigrant populations. These countries tended not to develop specific policies for immigrants in general, let alone for ethnic entrepreneurs, and the same held for most cities in such countries. In other instances, countries were more concerned with national or historical minorities than with freshly arrived immigrants. This was the case in some eastern and central European countries, where many recent immigrants were refugees.

A third condition pertained to the *make-up of the welfare state* and the concomitant employment and entrepreneurial trajectories in general and the *economic citizenship regimes* in particular. Whether or not self-employment is a “natural” way to enjoy economic citizenship rights and whether or not the (local) state is to play a leading role is contingent on the type of welfare regime – liberal, corporatist, socio-democratic, familial and so on – as Kloosterman (2000) pointed out earlier.

These general conditions seemed to pertain to national characteristics rather than local ones, but it was evident that they trickled down to lower scalar levels and impact local policies. As has been said, despite the fact that we hit upon all kinds of measures and interventions, the most striking finding was that active and explicit promotion of ethnic entrepreneurship was not commonplace.

Various reasons account for this. First of all, in a number of cases, immigrants had not really entered the entrepreneurial market, so there seemed little need for specific policies. (This, by the way, could be considered a chicken-and-egg argument, as one could easily argue the opposite: the rate of ethnic self-employment is low because sufficient support is lacking). Secondly, it was sometimes believed that immigrants were not suffering from any form of disadvantage that would justify special measures. Thirdly, integration policies rarely had an economic or socioeconomic orientation. These policies were mostly about language acquisition, social cohesion, security, norms and values, and only marginally about finding a job, embarking on a career, or setting up a business. This was also the case in cities with high numbers of foreign- and native-born immigrants. Fourthly, and for as far as ethnic entrepreneurship was on the agenda, the assumption prevailed that group-specific measures were “not done”. Measures should be colour-blind, should not give “preferential treatment” to one group over another, and should not discriminate against other groups. These approaches were a matter of political choice, and they sometimes changed over time. Finally, and related to the previous point, a fairly strict neo-liberal logic prevailed. This revolved around the assumption that entrepreneurs operate in the private sector only, outside the reach of the government, and that this is the way it should be.

We examined what European cities were doing to draw ethnic entrepreneurs into established business communities, and to create a conducive business environment. Group-specific interventions appeared to be thin on the ground. Whether this pointed to a lack of confidence in ethnic minorities’ capability to become successful business persons or the opposite, namely that ethnic minorities are considered as being fully capable of joining the tiers of successful business persons without any support, is a matter for further research.

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NOTES

1. Many authors use the adjective “immigrant” or “ethnic” as convenient synonyms. But it should not be taken for granted that all ‘ethnic entrepreneurs’ are foreign-born, as second-generation immigrants are often also included in this category. Neither should it be taken for granted they all immigrants from third world countries constitute ethnic groups and that their ethnic features inform the entrepreneurs’ business activities (Rath 2002a; Kloosterman & Rath 2003).
2. Admittedly, some types of ethnic business were never bounded inside working-class ethnic neighborhoods, such as restaurants.
3. These countries included the 27 member states of the European Union, the EFTA member states (Iceland, Liechtenstein, Norway, and Switzerland) and candidate member-state Turkey.

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