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COMMENTARY ON SPECIAL ISSUE

ADVANCING THE FRONTIERS IN ETHNIC ENTREPRENEURSHIP STUDIES

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ABSTRACT

The proliferation of ethnic entrepreneurship varies not only from country to country, but also from sector to sector, from city to city, and – within cities – from neighbourhood to neighbourhood. In evaluating the interrelationship of ethnic entrepreneurship and urban governance, we discuss three specific points: ethnic variety and varieties; spatial levels in opportunities and constraints; and urban governance and institutions. In analysing the literature and positioning the four special issue articles in a spatiality-governance framework, we identify ‘roads less travelled’. Finally, we suggest scholars to move forward along five distinct pathways.

Key words: ethnic entrepreneurship; mixed embeddedness; urban politics; governance; scalar levels

INTRODUCTION

The rise of neo-liberalism as the central principle to organise modern societies in general and their economies in particular has coincided with a re-appraisal of the self-employed entrepreneur. The pundits of neo-liberalist economies heralded this re-appraisal in believing that entrepreneurialism is beneficial both for the individuals themselves and for society as whole (Wennekers & Thurik 1999; Vivarelli 2013). And indeed, despite scholarly predictions that the small-business sector would decline and eventually totter into oblivion, there is evidence that most advanced economies have been witnessing a substantial growth of the number of small businesses and the number of self-employed entrepreneurs (Dvouletý 2018; GEM 2018).

In the same period, globalisation entered a new phase, connecting ever more local and regional economies. In a world increasingly characterised with what has been dubbed a compression of time and space (Harvey 1990; Massey 1994), the international mobility of capital and goods and of people has become the new normal – the recent nativist and protectionist backlashes notwithstanding. Fact is that most economically advanced countries and especially the bigger cities therein have received large numbers of newcomers who have come to stay and who – for a shorter or longer term – have created migrant minority communities of all sorts.

These two important developments – the proliferation of neo-liberal economies and international migration – come together in the small business sector. While the vast majority of
international migrants are economically active as wagemakers (i.e. salaried employees) in the countries of destination, a small but significant number has chosen to take an entrepreneurial route and become self-employed. Especially in Western countries, ethnic entrepreneurship has grown at a quick pace. Overall, about 12–13 per cent of all foreign-born migrants in OECD countries are self-employed (OECD 2011). Across these countries the differences are substantial. In the US and Canada and several North European countries, the self-employment rates among foreign-born migrants and natives are comparably similar. But in Australia self-employment is far more prevalent among foreign-born migrants than among natives. The same can be observed in Eastern European countries, but in Southern European ones (Spain, Portugal, Italy, and Greece) the opposite holds true (OECD 2011). Coduras Martínez et al. (2013) showed that also globally, immigrant entrepreneurship rates vary widely. Moreover, a huge body of research has shown that the proliferation of ethnic entrepreneurship varies not only from country to country, but also from sector to sector, from city to city, and – within cities – from neighbourhood to neighbourhood.

These variations are central stage in the special issue articles this contribution discusses and elaborates on, in order to identify future research pathways. How to understand and explain them? The guest editors and other contributors to this special issue set out to demonstrate that urban governance matters to ethnic entrepreneurship, and they hit upon the arduous task to explore the nitty gritty of these processes. Rightfully so, as studies on the (urban) spatiality of ethnic entrepreneurship are thin on the ground. The majority of studies are based in cities, but mostly the ‘urban’ is not problematised but just presented as part of the background. Min’s (1988) work on Korean enterprises in Atlanta is a case in point. One could argue that Atlanta could be replaced by Denver, Lexington or Hicksville, for the study it does not seem to matter. Several others authors, however, have tried to unpack the urban forces at work: Light and Rosenstein (1995), Li (1998), Rath (2002), Pang & Rath (2007), Aytar & Rath (2012); Zukin et al. (2015); Rath et al. (2017); and so forth. Some even set out to approach the spatial dimensions of ethnic entrepreneurship in a more theoretical way, such as Aldrich et al. (1981) and Rekers & van Kempen (2000). The contributions to this special issue might stimulate other scholars to follow their tracks in disentangling urban politics on ethnic entrepreneurship. But before we give suggestions for academic pathways in this respect, we shortly discuss three specific points that are crucial to understand the complex inter-relationship between ethnic entrepreneurship and urban governance. Although the special issue contributors have more or less explicitly touched upon these points, we feel that actually articulating three ‘dimensions of diversity’ will help to further develop the field.

UNPACKING THE ‘ETHNIC’

While it is recognised that the broad category of ‘migrant entrepreneurs’ comprises a host of different subgroups (Dheer 2017), within the literature on ‘ethnic entrepreneurs’ they are still often portrayed in a homogeneous and one-dimensional way. It is often taken for granted that foreign-born immigrants serve their own community – an ‘ethnic community’, of course – with ethnic products or services and that in so doing they develop ‘ethnic markets’. These entrepreneurs are assumed to dispose of unique ‘ethnic’ resources which serve to place them in a relatively favourable position: they are culturally endowed to entrepreneurship, they have ethnic ties that can easily be mobilised, they have ethnic ways of running a business, and of course a loyal customer base of co-ethnics, a set of co-ethnic suppliers, and co-ethnic staff. In the same vein, many ethnic entrepreneurs have little or no social contact with people outside their own group, and this never changes. This thinking in ethnic categories, however, is rather reductionist. But close observation reveals that most entrepreneurs have a mixed and gendered network comprising co-ethnics, other migrants and mainstream people, and that these networks continuously change. They become thicker or thinner or spread out and assume different spatial bases. Furthermore, the social relations can become many-stranded or single-stranded or take on a different meaning (Lamine et al. 2015). Also the nature and thickness of their networks, whether or not it is intended, increase or decrease.
This static, one-dimensional, and therefore simplistic view on ethnic entrepreneurs and their resources coincides with a positive take of self-employment as a viable route to upward social mobility (Sanders & Nee 1996; Zhou 2004). Here too, the emphasis is on the positive effects of ethnic resources in funnelling migrants into entrepreneurship, which in turn might result in a strong pillar of urban regeneration (Parzer & Huber 2015). Schmiz however (this issue), questions this pillar and makes clear that the marketability of ethnic groups and thus of ethnic neighbourhoods, widely differs within one city. Accordingly, we believe that there are no reasons to a priori assume that entrepreneurship would work for all migrants or would be beneficial for society as a whole. In fact, considering the plight of marginal ethnic entrepreneurs, one wonders whether they made the right choice (see also Jones et al. 2014).

Our point is that the ethnic dimension cannot be taken for granted, and that more structural factors are always in play. Specific circumstances may foster the mobilisation of ethnic resources and may make its use feasible and rewarding, but none of this is automatic. As such, we have to acknowledge account the enormous diversity in ethnic entrepreneurship and their strategies.

**SPATIALITY GOES BEYOND THE URBAN**

Despite the growing academic interest in the proliferation of ethnic entrepreneurship and its processes, drivers and consequences, the spatiality of these phenomena has been rather neglected (Wang 2013). This is the more remarkable in the light of the rise of the current debates about the interaction of various spatial levels in migration studies in general (Waldinger 1996; Glick Schiller & Çağlar 2009). At best, there are studies focusing on neighbourhoods with high concentrations of ethnic minorities, but many of those studies fit within the traditional niche and culture approach to ethnic entrepreneurship. In many of those cases, the spatial context is treated as a mere context, that is: as part of the decor. Only since the interactive approach to ethnic entrepreneurship gained weight, structural opportunities and constraints in spatial contexts were taken into account (Ward 1987). The opportunity structure is obviously spatial in nature – streets, blocks, neighbourhoods, and cities constitute different economic and institutional settings for the successful creation and development of enterprises (Kloosterman 2010). However, also here diversity is key, as opportunity structures differ from one block, street or district to another, reflecting the multilevel spatial arenas in which entrepreneurs are embedded.

Specific urban or regional cases, studied in isolation, have for long dominated the empirical literature on ethnic entrepreneurship (Min 1988; Pang & Rath 2007; Jones et al. 2014; Riva & Lucchini 2015). There are few exceptions, though; comparisons between neighbourhoods regarding ethnic entrepreneurs’ networks (El Bouk et al. 2013); between-city comparisons of opportunities and potential of ethnic entrepreneurs (Rath 2002; Räuchle & Schmiz 2018); and ethnic neighbourhoods’ leisure and consumption attractiveness (Aytar & Rath 2012).

We argue that spatial studies in investigating the politics of both ethnic entrepreneurship and its drivers have taken on two forms: (i) studies integrating driving forces of entrepreneurship at different spatial levels; and (ii) studies offering a comparison of one particular spatial setting to another.

First, opportunity structures at different spatial levels interact which makes it hard to disentangle market mechanisms and policies and politics active at one specific spatial level only. Already in the early 1990s, authors recognised the trickling down effects of globalisation and internationalisation, playing out differently in different locations (Rekers & van Kempen 2000). On the one hand, sectoral shifts in the global economy and the related relocation and outsourcing patterns of manufacturing have strongly impacted labour market opportunities for migrants at the local level. On the other hand, urban economic, housing and zoning policies have enticed gentrification processes in several urban neighbourhoods, which means changing market opportunities for entrepreneurs – ethnic ones included – to deal with or to discover and take. In conceptualising the interdependency of different spatial contexts in their effect on ethnic entrepreneurship, one should also recognise the major importance of international linkages on local
ethnic entrepreneurial activities. Portes’s et al. (2002) pioneering work on the importance of cross-cultural relations on ethnic entrepreneurs evoked a new line of research on transnational dimensions of ethnic enterprise with multi scalar findings, such as influences of the home country and even the home region on international linkages of ethnic entrepreneurs (Smans et al. 2014); and third country ethnic contacts impacting on local ethnic entrepreneurship (Solano 2016). Thus, as Solano (2016) stated, ethnic entrepreneurs are affected by economic, political and institutional settings at multiple spatial scales. The content of policies might substantially differ between spatial levels and sometimes even contrast each other (Bauböck 2003).

Second, there are substantial differences in the constraints and opportunities migrants encounter in their entrepreneurial endeavors on one particular spatial level. For instance, the number and type of direct competitors, the access to finance, support and the availability of business premises and zoning regulations may vary enormously between neighbourhoods, or even between urban blocks or streets – let alone between these local business arena’s neighbourhoods in different cities or municipalities. International comparative empirical studies have shown that the prevalence of entrepreneurship widely differs between countries, not only due to varied labour market opportunities and economic growth rates (Coduras Martínez et al. 2013), but also to differences in formal and informal (institutional) arrangements. These can be administrative barriers, length and complexity of entry procedures, and the cultural attitude towards and recognition of entrepreneurship, and even the interaction between formal and informal institutions may play out differently for entrepreneurial behaviour in different countries (Dheer 2017).

DIVERSE GOVERNANCES AND DIFFERENTIAL EFFECTS

The emergence of entrepreneurial opportunities and the concomitant development of entrepreneurial trajectories, to be sure, do not happen 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. There is, moreover, tax regulation, health and security regulation; sometimes zoning laws or business improvement schemes are in place. The policy context in which ethnic entrepreneurship develops and the institutions that govern it are evidently relevant for the present study. For the record, all institutional arrangements are not given, but are man-made. Next, to be sure, regulation is not just a matter of repression and constraining, but also of enabling. Both sticks, sermons and carrots are forms of regulation, since they affect the market and ultimately, behaviour of economic agents. Engelen (2001) points to 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, ranging from state agencies (local, national, regional or supranational) to non-profit organisations and voluntary associations. Regulatory frameworks can be imposed or enforced, or may be based on voluntary action. Economic actions are always, in one way or another, regulated, even in cases when legislation per se seems non-existent as in the informal economy. It should be noted that regulation does not necessarily imply actions and interventions; regulation sometimes boils down to non-actions that also impact ethnic entrepreneurs’ opportunities.

There is a feedback mechanism, for sure, as ethnic entrepreneurs both individually and collectively inform or even over time change regulatory systems and legislation. However, this feedback loop – between structure and agency – highly depends on power structures, openness of regulatory systems and of course, the strength and drive of entrepreneurial agency. Above all, this system change takes root slowly.

POSITIONING THE SPECIAL ISSUE
ARTICLES

The complex interdependency of spatial contexts might blur the potential effects of
governance, policies and politics at specific spatial scales on ethnic entrepreneurship. Furthermore, to what extent these different governances turn out to be crucial in either hindering or facilitating ethnic entrepreneurship or ethnic economies, is often difficult to assess. However, we attempt to roughly categorise the four contributions in this special issue along these two dimensions. At the vertical axis, we have placed the dichotomy in incorporating factors from contrasting spatial levels in studies on ethnic entrepreneurship. This might be the empirical study of urban entrepreneurship at the street block level, taking into account the actual market structure, such as the number of direct competitors or local demand. This would represent the bottom end of the vertical axis. Some local entrepreneurs actively build and use a transnational network in developing their business and sometimes even their markets – an in-depth analysis of these global linkages would then encompass also the top end of the scale. The horizontal axis then represents entrepreneurial studies’ findings on the way governance and regulations from different spatial levels influence entrepreneurship. In this special issue, focusing on governance, we are particularly interested in regulatory systems that hinder or facilitate ethnic entrepreneurship (visually, from left to right respectively). We may tentatively position the four contributions in this special issue along these axes.

The contribution of Schmiz, positioned in the figure below the city level, targets two suburban Toronto neighbourhoods, and highlights the urban politics to steer neighbourhood development via business improvement areas (BIA). Marketability via BIA policy varies between both neighbourhoods, resulting in a highly attractive Chinatown and subsequent tourist investments, versus the limited branding potential of the more diverse Little India neighbourhood. In both cases the BIA tools itself tend to facilitate and serve business communities, which results in placing this contribution at the right side of horizontal axis, although the branding and BIA effects are endangering Little India’s profile because of heterogeneous and conflicting interests of neighbourhood residents and stakeholders.

The contribution of Räuchle & Nuissl goes beyond the urban or metropolitan level and compares local contexts for migrant economies in two suburban cities. In a top-down approach on migrant economies, that is, without looking at ethnic entrepreneurial agency itself, the authors highlight the governance arrangements for ethnic entrepreneurs and the perceptions of local stakeholders. After addressing the economic, political and socio-cultural local contexts, they conclude that migrant economies in medium-sized cities are less seen as ‘assets’ or ‘resources’ in urban development, resulting in less political support than in metropolitan areas. In these small-scale cities, the local opportunity structure seems to be less important for the development of migrant economies – instead, the traditional individual entrepreneurial competences and neo-liberal entrepreneurial drivers (markets, prices and competition) are in the lead. In suburban contexts, the answer to their research question: ‘how the local context fosters or hinders migrant economy development’ seems to be ‘the local context has only limited effect’. That is why we would position this paper at the middle of the horizontal axis, however, above the ‘city’ level.

Ülker’s article describes the role of the Berlin yellow pages directory in the representation and strategies of ethnic/migrant entrepreneurs, in particular the Turkish business community. As locality as such is no central part of the paper, in the sense that Berlin is studied as a whole and no specific neighbourhoods or other cities are evaluated, we would position this paper in a relative flat oval. As the paper focuses on self-representation of migrants, it only relates to the symbolic economy at the actor or individual level. However, as self-identification in advertisement strategies clearly serves the communication of information and knowledge among the Turkish community, both customers and producers, it indirectly also links to branding strategies of cities and neighbourhoods. Ülker shows that ‘locality’ is used in the specific communication strategies of Turkish entrepreneurs with which they both strengthen existing or develop new networks, and build self-images. In advertisements, ethnic entrepreneurs tend to relate their business activities to particular urban settings, such as historical spots or industrial business sites, and as such strategically
construct a ‘neighbourhood’ identity. The yellow pages directory clearly facilitates and strengthens ethnic entrepreneurial agency.

The contribution of Zhuang, comparing ethnic place making practices in urban and suburban Toronto neighbourhoods, emphasises the need for close interaction between ethnic entrepreneurs and other local stakeholders. Particularly in suburban neighbourhoods, the lack of policy and institutional support, and planning flexibility, seems to hinder ethnic entrepreneurial participation in designing and managing local public spaces. It concludes that local policy and regulatory practices in suburban areas neglect ethnic entrepreneurial agency and its potential role in revitalising ethnic neighbourhoods, serving ethnic communities, and understanding community needs. With its emphasis on regulatory restrictions, we position the paper along in the bottom-left of our scheme.

NEW RESEARCH PATHS

Building on both our arguments for acknowledging a threefold diversity and the positioning of the special issue contributions, we envision five challenging paths to study ethnic entrepreneurship. The first two paths relate to extending the spatial focus in research, visualised in Figure 1 by the poles of the vertical axis.

A first suggestion is moving beyond city boundaries. The polar ends of the spatial scale are still untouched: there is room for more block-level and for more global studies in comparative studies on ethnic entrepreneurship. As Räuchle & Schmiz (2018) suggest, methodological nationalism has to be overcome by transnational comparisons of not only urban, but also sub-urban or even neighbourhood migrant economies or entrepreneurship. Another spatial research suggestion is to move beyond the metropolis and explore rural and peripheral areas. This special issue pioneers in empirical comparative investigations on migrant economies on multiple scalar levels. It encompasses studies within large cities, but also investigations of suburbs or even smaller towns. However, ethnic economies at the level of neighbourhoods exist also in smaller municipalities, or even more rural villages (Webster 2017). Uncovering the conditions for specific ethnic entrepreneurial environments and its potential in non-metropolitan neighbourhoods or...
districts, and comparing them to metropolitan neighbourhoods, may enrich our understanding of the varied interaction between local and sub-local governances and its impact on entrepreneurs and their firms. In the same vein, however directed at higher spatial scales, Dheer (2017) advocates cross-country studies of ethnic entrepreneurship, enabled by recent worldwide data collections.

A third and fourth path acknowledges differential effects of spatiality and governance and methodological advances. In moving beyond the start-up, the research focus would divert from firm creation incentives towards conditions for firm survival and small business. Starting an entrepreneurial venture is already a major accomplishment, with the opportunities and threats on both the market, institutional and finance dimensions. We envisage case studies and comparisons of start-ups support infrastructures. However, to successfully run the business, and face challenges in the business and its environment over time, calls for an even wider range of entrepreneurial strategies. All business owners, ethnic and native entrepreneurs alike, have do deal with multiple stakeholders with as many interests, influences and policies. What is more – not only the stakeholders themselves, but also their strategies and governance structures may change over time. There is an urgent need for longitudinal studies, instead of cross-sectional ones, to understand dynamic interplay between firms, markets and governance or politics and the varied but also ever changing strategies entrepreneurs adopt (Schutjens 2013; Wang 2013). In other words, we can only give true credit to agency when we analyse and understand agent strategy and its drivers and outcomes over time. This would also mean that particularly the long-term effects of policies hindering or facilitating entrepreneurship (see the horizontal axis in Figure 1) can be discerned and unravelled. Furthermore, in line with Dheer (2017), we suggest that we need more insight in the extent to which decision-making and strategy differs between ethnic and native entrepreneurs. Related to this, we believe that research should go beyond just describing or mapping the state of ethnic entrepreneurship and the governance thereof. This is strongly related to a fourth proposed research path: moving beyond description. While a thorough description of the context of ethnic entrepreneurship and a detailed comparison of different contexts is important, in-depth analyses of the complexity of starting and successfully running an ethnic enterprise are needed (Wang 2013). A creative application of a host of different research methods is then required as quantitative analyses might reveal structural and persisting patterns in startup rates or survival chances of ethnic enterprise and entrepreneurs (Beckers & Blumberg 2013; Schutjens et al. 2017), or even correlations with contextual factors, the use of qualitative methods renders the opportunity for explanation and (self) evaluation. We call for multi-method approaches to acknowledge both generalisations and uniqueness of ethnic entrepreneurship. Furthermore, we agree with Dheer (2017) that only a multi-level approach might rightfully unveil the nested structure of the many contexts in which entrepreneurs find themselves: the home country, host country, ethnic or social group, neighbourhood, family. The mixed embeddedness concept that acknowledges that ethnic entrepreneurs are embedded in both social contexts and opportunity structures, could be one way to operationalise such a multi-layered approach (Kloosterman & Rath 2001). While in quantitative research multilevel approaches of entrepreneurship are on the rise (Audretsch et al. 2018), for qualitative research this would mean data collection of contexts and persons in multiple social arenas in which the entrepreneur is embedded (Rath 2002).

Finally, we believe a promising research pathway in the rich field combining ethnic entrepreneurship and urban politics would be to explicitly explore the reversed effect: moving beyond one-way impact. The multilevel context of ethnic entrepreneurship, as stated above, might wrongly suggest a passive role of entrepreneurs, nested in social and economic structures. However, as agents they are able to change contexts and opportunities, with bottom-up initiatives (like the Turkish entrepreneur Metin Irmak in Ülker’s contribution in this issue) or with collective actions of multiple peers (the BIA board composition and strategy, Schmiz in this issue). Entrepreneurs create demand, markets and market opportunities, and inter-firm ties and the exchange of
resources open up new (economic) opportunities for others. As Wang (2013, p. 106) nicely put it: ‘such an approach emphasises the role of place as both “environment/context” and mechanism in ethnic entrepreneurship’.

Entrepreneurs may collaborate, and join forces to adapt or change local or municipal regulations. Ethnic entrepreneurs are increasingly regarded as important agents in neo-liberal urban restructuring and even neighbourhood regeneration (Glick Schiller & Çağlar 2013), it is clear that their role in symbolic urban transformation is also important (Parzer & Huber 2015). More particularly, ethnic businesses can both intentionally and unintentionally affect neighbourhood images: respectively by their sheer presence shaping the image and perception of other stakeholders, and a more active ‘conducive’ role in communicating symbols and activities that reinforce the diversity image of not only specific ‘migrant’ neighbourhoods, but also the city as a whole (Aytar & Rath 2012).

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