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RESEARCH ARTICLE

What is ethnic in an ethnic economy?

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This article examines critically the relationship between ethnicity and entrepreneurship in the sociology of immigrant economies. It argues that what is ethnic in an ethnic economy has often been confusingly conceptualised and that several factors now call for re-assessing the ethnic nature of immigrants' business activities. On the basis of a review of recent research, three such factors are outlined: the porosity of ethnic boundaries to cross-group business interactions; the diversity within immigrant economies in terms of status, gender, class and generation; and the political and institutional context in which immigrant economies take place. The conclusion stresses the need for multiple explanations of how and why immigrants become entrepreneurs, which take into account not only the meso-level constituted by ethnicity and social capital, but also micro-individual factors and macro-institutional settings.

Keywords: immigration; entrepreneurship; ethnicity; German-Turks; Berlin

Introduction

Immigrant entrepreneurship is a central issue in the scholarship on migration and immigrant minorities. The last three decades have witnessed the growth of the entrepreneurial activities performed by immigrants and their descendants, whose business dynamism has shaped their social, cultural and economic incorporation in Western receiving societies. Entrepreneurship is now widely recognised as a way in which immigrants can adapt to some of the social and economic trends that affect them directly, including discrimination, lack of qualifications, industrial restructuring, unemployment, welfare retrenchment and labour market deregulation. Accordingly, the study of immigrant entrepreneurship has become a field of its own within the sociology of ethnicity and migration.¹

Immigrants' businesses are very often labelled 'ethnic'. Some of the key concepts discussed in the literature include *ethnic* enclaves, *ethnic* niches or *ethnic* economies, while landmark publications are, among others, *Ethnic enterprise in America* (Light 1972), *Ethnic communities in business* (Jenkins and Ward 1984), *Ethnic entrepreneurs* (Waldinger, Aldrich and Ward 1990), etc. Yet, what is ethnic in 'ethnic' economies is far from clear and has been addressed in very different ways, ranging from merely descriptive uses of the 'ethnic' label to sophisticated and ambitious analytical

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approaches of the relationship between ethnicity and entrepreneurship. The purpose of this article is therefore to discuss the ‘ethnic’ nature of immigrant entrepreneurship.

To do so, I first examine the convergences and contradictions among some of the existing definitions of ‘ethnic’ economies and outline a key feature of the ‘ethnic business’ paradigm, namely the economic usefulness of ethnicity. These findings are then related to empirical evidence on German-Turkish entrepreneurs in Berlin. On this basis, I outline three main factors that challenge the ethnic approach to immigrant entrepreneurship: the complexity of ethnic boundary-making; the diversity within immigrant populations and economies; and the institutional and political context in which entrepreneurship develops.

What is an ethnic economy?

The literature on immigrant economies provides different and sometimes contradictory definitions of when and why a business becomes ‘ethnic’ and of how the concept of ethnicity is related to entrepreneurship.² The following list of definitions, non-exhaustive and sorted by date, illustrates the diversity of approaches that can be found.

- (1) ‘What is “ethnic” about “ethnic business” may be no more than a set of connections and regular patterns of interactions among people sharing common national background or migration experiences’ (Waldinger *et al.* 1990, p. 33).
- (2) ‘An *ethnic economy* could be defined as any situation where common ethnicity provides an economic advantage’ (Logan *et al.* 1994, p. 693).
- (3) ‘An *ethnic economy* consists of the self-employed, employers, their co-ethnic employees, and their unpaid family workers’ (Light 1994, p. 650).
- (4) ‘We treat the ethnic economy as including not only participants in ethnic enterprises, but also their co-ethnic customers and pool of potential of employees as well ... for the availability and concentration of both of these in a community may help determine the viability of ethnic enterprises’ (Spenner and Bean 1999, p. 1026).
- (5) ‘An economy is ethnic because the personnel are coethnics’ (Light and Gold 2000, p. 10).
- (6) ‘The term “ethnic economy” is used to describe enterprises from the same ethnic group, without assuming that they only have employees drawn from their own community’ (Strüder 2003, p. 187).
- (7) ‘We define ethnic minority entrepreneurs ... as business owners or self-employed individuals who self-identify, or can be identified, with a particular ethnic (geographically or religiously based) group’ (Menzies *et al.* 2003, p. 128).
- (8) ‘Ethnic entrepreneurs are often referred to as simultaneously owners and managers (or operators) of their own businesses, whose group membership is tied to a common cultural heritage or origin and is known to out-group members as having such traits; more importantly, they are intrinsically intertwined in particular social structures in which individual behaviour, social relations, and economic transactions are constrained’ (Zhou 2004, p. 1040).

Several conceptualisations of ‘ethnic’ economies can be outlined from this sample. Definitions 7 and 8 posit that entrepreneurs are ethnic because they belong to a specific ethnic group, which may be the result of either self-identification or assignation by others; groups are defined according to geographic and religious criteria (definition 7) or culture (definition 8). Geographic criteria presumably include both countries/regions of origin ('Asian' or 'Cuban' economies for example) and spatial units within receiving states/cities (Chinatown, Little Italy, etc.). One could perhaps add race, as illustrated by notions such as 'African-American' or 'Black' self-employment.

Definitions 3 to 5 rather emphasise the shared ethnicity of the people active in ‘ethnic’ economies. A business is ‘ethnic’ not only because its owner belongs to an ethnic group, but also because of the common origin of the employers and workers (definitions 3 and 5), and possibly of customers (definition 4). Definition 6, on the other hand, does not imply co-ethnic employees. Definition 1 also points to the shared background of business actors, albeit in a looser way as it does not specify which people are included and how they are to relate with each other.

These definitions are partly contradictory, to the extent that a given case of immigrant economy may be ‘ethnic’ for some definitions but not for all. The Asian entrepreneurs who hire Latino workers, for example, belong to the Korean or Chinese groups and are therefore part of their ethnic economies (definitions 7 and 8); yet they do not employ co-ethnics, which is compatible with definition 6, but not with definition 5.³ Also, definition 1, for example, refers to arguably vague ‘common migration experiences’ and is therefore likely to be more inclusive than the more elaborate and ambitious criteria found in definition 8.

In addition, definitions contain both descriptive and analytical elements. In definitions 3 and 5, an economy is ‘ethnic’ because workers and employers belong to the same group: this says nothing on the nature or functioning of such an economy and, in this sense, ‘ethnic’ merely refers to the immigrant origin of the people involved. Descriptive definitions are not neutral: naming someone or something by its foreign origin is in itself a choice, especially since not all foreigners are called ethnic. Yet the fact remains that such definitions do not imply a difference in nature between ethnic and non-ethnic businesses.

By contrast, in definition 8, ethnic economies are characterised by the embeddedness of ‘individual behaviour, social relations, and economic transactions’ in groups’ social structures. Ethnic economies are therefore shaped by the specific socio-cultural features of the group they belong to and are likely to differ in their functioning, both from each other and from the non-ethnic economy. Definition 2 further states that an economy is ethnic only when entrepreneurs benefit from their common ethnicity, which also implies a difference in nature between ethnic and non-ethnic economies as businesspeople in the latter would not use the asset represented by ethnicity.

Finally, some of these definitions could paradoxically apply to non-immigrant entrepreneurs as well. If an ethnic economy is composed of co-ethnic workers (definition 5), firms employing only majority/white workers are ‘ethnic’. Similarly, if ethnic entrepreneurs are characterised by their reliance on their in-group networks (definition 2), many mainstream firms are ‘ethnic’. Light and Gold (2000, pp. 9–10) thus note that ‘every group has an ethnic economy, including white ethnic groups’, but acknowledge that ‘whites are the least understood ethnic entrepreneurs’. Large

segments of the economy would then be ‘ethnic’, making the notion of ‘ethnic economies’ much less meaningful.

Ethnicity as a business advantage

These definitions thus see the (co)existence of descriptive and analytical uses of the ‘ethnic’ label that, while often confused, are worth disentangling. Economies may be ‘ethnic’ either because their actors belong to an ethnic group, or because their nature and functioning are shaped by actors’ common ethnicity and socio-cultural characteristics. In the second (analytical) acceptation (and as definition 2 shows), ethnicity is generally understood positively as contributing to immigrants’ entrepreneurial endeavours. This is perhaps the core theoretical ambition of the literature on ‘ethnic’ economies.

The business usefulness of ethnicity stems from what are usually called ‘ethnic resources’. ‘Ethnic resources are social features of a group which co-ethnic business owners utilise in business or from which their business passively benefits. Ethnic resources include values, knowledge, skills, information, attitudes, leadership, solidarity, an orientation to sojourning, and institutions’ (Light and Bonacich 1988, pp. 18–19). Solidarity, in particular, is understood as a key business advantage. Light and Rosenstein argue that ‘ethnicity is itself an ideology of solidarity’ (1995, p. 19) and that common ethnicity lessens competition and encourages support among entrepreneurs. This enables the reduction of transaction costs, the circulation and sharing of information, and the access to distant but trustable business partners.

‘Business on trust’ (Werbner 1984) further characterises institutional arrangements such as rotating credit systems (Light 1972) and is particularly useful in informal business activities. In an era of economic globalisation, ethnic ties also enable migrants to use their knowledge of other societies and their transnational networks to develop their business abroad (Portes *et al.* 2002). While this has been criticised for idealising group solidarity and underestimating the conflicts, competition and exploitation within ethnic economies (Sanders and Nee 1987), others have conceptualised ethnic resources not as an inherent feature of immigrant groups, but as the consequence of adversity that incites immigrants to develop group consciousness, ‘bounded solidarity’ and ‘enforceable trust’ (Portes and Sensenbrenner 1993).

Ethnicity-based explanations of entrepreneurship coexist (and compete) with two other arguments. The first, mostly developed by British scholars, sees self-employment as the product of the context in which migrants live and work: blocked opportunities, unemployment or discrimination leave no choice to migrants but business (Barrett *et al.* 1996); in an ecological perspective, majority shop-owners abandon immigrant neighbourhoods and leave the ground to immigrants, a process further fostered by the ‘potential market’ created by migrants’ special needs (Aldrich *et al.* 1989); migrants would also invest in sectors whose unattractive conditions (long working hours, low return on investments, etc.) put off their previous owners, whether they come from wealthier immigrant groups or the non-immigrant population (Waldinger 1994); finally, migrants’ business opportunities may be the result of immigrant- or business-friendly policies, or of contingent historical conditions (Waldinger, Aldrich and Ward 1990, Gold and Light 2000).

‘Ethnic’ and ‘contextual’ approaches are in principle compatible. The well-known ‘interactive model’ posits for example that entrepreneurship results from the combination of external opportunities and of immigrants’ ‘ethnic’ resources to seize them (Waldinger *et al.* 1990). The respective importance of opportunities and resources has nevertheless been debated. Light *et al.* (1993) thus argue that networks *create* business opportunities: ethnic economies would for example enable women to work in the family business while taking care of their children, something impossible in the mainstream economy. By contrast, in a more deterministic manner, other scholars see immigrants as merely reacting to market opportunities, regardless of their ethnic resources or networks (Sassen 1996).

Along with ethnicity and opportunities, a third explanation of immigrant entrepreneurship relates to class resources. Entrepreneurs need human and financial capital to open a business and only those endowed with these resources would be successful. Again, ethnic and class resources are in principle compatible: entrepreneurs may use both ethnic and class resources or turn to the latter once they have exhausted the former (Light 1984, Kim and Hurh 1985, Yoon 1991). Yet sociologists have focused overwhelmingly on ethnicity (Min and Bozorgmehr 2000). Ethnicity has been shown to represent a social capital that challenges class relations by enabling underprivileged migrants with little money or skills to achieve social mobility. This has been portrayed as a particularly nice illustration of how economic life is embedded in social networks, a key issue in economic sociology (Granovetter 1985). By contrast, class resources are economists’ favourite argument, who maintain that business pays off only for immigrants with financial and human capital and that, consequently, self-employment would not modify immigrants’ socio-economic condition (Bates 1997; Borjas 1999).

The ‘ethnic business’ paradigm has also been mobilised in another debate, namely between ‘multiculturalists’ and ‘assimilationists’. The business usefulness of ethnicity contradicts the assimilationist thesis according to which immigrants are to lose their ethno-cultural specificity to enjoy social mobility. It rather valorises groups’ distinctiveness and the importance of ‘communities’ in migrants’ incorporation. Migrants, rather than adhering individually to the norms and values of the destination country, find within their group valuable economic opportunities that respect their socio-cultural differences and contribute to their persistence over time. Life in the community is not an obstacle to social mobility, nor does it trap migrants in the ghetto with negative consequences such as anomie. It rather helps them surmount their disadvantaged situation through collective agency; while poor and potentially oppressed, migrants find in their sense of cultural identity the resources to create opportunities and escape social determinism (Portes and Zhou 1992).⁴

Finally, ethnicity has an ambivalent relationship to culture in the literature on immigrant economies. For scholars in business and management studies, both shape the ‘community flavour’ of immigrants’ businesses and illustrate migrants’ ‘business vein’ (Peterson and Roquebert 1993, Iyer and Shapiro 1999, Ibrahim and Galt 2003). Cultural traits may also be included in ethnic resources: in a Weberian fashion, migrants’ values, mentality or beliefs are sometimes interpreted as favouring business success; so does their cultural exteriority: ‘aliens have an advantage over natives for business operation because business transactions require objectivity and impersonal dealings’ (Min 1987, pp. 180–181); communities that value solidarity, cohesive family structures and collective wellbeing would foster in-group resources (Boyd 1990, Basu

and Altinay 2002). By contrast, cultural arguments are rejected by others who emphasise the reactive nature of ethnicity, not based on predefined cultural attributes but on migrants' collective strategy toward disadvantage (Portes and Zhou 1992). The line between cultural and ethnic arguments is thus thin, and while social capital approaches do avoid the pitfalls and shortcomings of culturalism, the popularity of the 'ethnic business' paradigm may in part stem from its ability to capture the ethno-cultural specificity of immigrant entrepreneurs without explicitly stressing their cultural difference.

German-Turkish entrepreneurship in Berlin

This section briefly relates the definitions cited above to contemporary German-Turkish entrepreneurship in Berlin. With a population between 1.7 and 1.9 million (2.6 if one includes those who have become German), Turks represent the largest immigrant population in Germany. Business creation has been steadily increasing among them and, in 2003, the number of entrepreneurs of Turkish origin was estimated at 61,000 in the country, and at 6000 in Berlin.⁵

Definitions 3 to 5, which stress the co-ethnicity of the people in immigrant economies, apply only partially to German-Turkish entrepreneurship. In Berlin, 19 per cent of businesses have mostly co-ethnic customers, whereas 55 per cent have a mostly non-Turkish clientele. When it comes to suppliers, these figures amount to 23 and 59 per cent respectively. Sixty-two per cent employ only German-Turks, while some 12 per cent have non co-ethnic staff (the remaining 26 per cent have both Turkish and non-Turkish employees). Ethnographic research showed how German-Turkish entrepreneurs conciliate ethnic and non-ethnic resources: gathering a capital or acquiring skills were made possible through German-Turkish networks but, once the business is opened, customers from outside the group are necessary, and so to a lesser extent are employees: recruiting undocumented African migrants may be cheaper, while German students at ease with German language and customers may be more profitable to business – and both are less binding than fellow German-Turks (Pécout 2004).

Definitions 6 and 7 apply, but only insofar as one assumes that 'Turks' constitute a single ethnic group. There are indeed strong internal divisions within this population, including not only the Turkish-Kurdish divide, but also religious orientations; some German-Turkish entrepreneurs are for example members of MUSIAD, an Islam-oriented business association based in Turkey with branches in the diaspora. While entrepreneurs are commonly identified as 'Turks', self-identification is more problematic. Given their dependence upon non-Turkish resources, entrepreneurs evolve in (ethnically and culturally) mixed settings and develop multiple cultural competences and forms of belonging (Pütz 2003). Young entrepreneurs, in particular, identify with Berlin's cosmopolitan and multi-ethnic urban nature rather than with the 'Turkish' economy (Caglar 2001).

The loose relations many entrepreneurs have with their group also challenge the relevance of definition 8. This particularly characterises women, who represent one-fifth of German-Turkish entrepreneurs; Hillmann (1999) argues that ethnic resources benefit mainly men, which incites women to construct their business strategies outside the group – and excludes them from definition 2. Moreover, 74 per cent of German-Turkish entrepreneurs state that they have difficulties and one could

speculate on the extent to which this precariousness qualifies the ‘business advantage’ represented by ethnicity. Among the difficulties that are reported, administrative problems are recurrent as many German-Turkish entrepreneurs are uncomfortable with the complex set of rules and regulations that govern the German economy. For example, opening a business requires a specific qualification for the sector concerned, which handicaps the many would-be business-owners who are excluded from the training system (Wilpert 2003).

Ethnic ties remain useful, however, especially for the numerous young unemployed German-Turks who have no option but work in the Turkish economy. But many of them show frustration at working for (usually older) co-ethnic employers, whose ‘traditional’ business practices they dislike. On the other hand, for a minority of relatively successful entrepreneurs, ethnicity has become ‘optional’ (Waters 1990): success has opened up new opportunities that make ethnic ties less important; but the recent policy interest in self-employment among immigrants (mostly as a potential means to reduce unemployment and foster integration) has led them to emphasise their ‘Turkishness’ in order to gain visibility and support from the local government (Pécoud 2002).

This brief description of German-Turkish entrepreneurship highlights three weaknesses of the ‘ethnic business’ paradigm. First, the boundaries of the ‘Turkish’ population and economy are porous as business activities develop within complex boundary-making processes that involve both the majority and other migrant populations. Second, the German-Turkish economy is highly diverse and several entrepreneurs, while in principle part of the group, display a low level of embeddedness within it. Third, German-Turkish businesses are shaped by external constraints, including the requirements in terms of training that reduce the freedom to open a business and potential profits. In what follows, I examine in greater details these three elements.

Ethnic boundaries and cross-group business interactions

The literature on immigrant entrepreneurship features numerous case studies on well-defined economies (‘Cuban’, ‘Korean’, ‘Chinese’, ‘Jewish’ or ‘Black’ for example), which rely on an implicit continuity between a country of origin (or, in some cases, a race or a religion), a minority group and a set of business activities. Neatly separated groups would each have their own economy, juxtaposed to a (problematic) non-ethnic ‘mainstream’, ‘majority’ or ‘white’ economy. Such ‘groupism’ has been denounced by Wimmer (2008), who argues that migration research remains pervaded by a primordialist understanding of ethnicity. As far as immigrant-economy scholars are concerned, this is a bit unfair: Waldinger *et al.* (1990, p. 34) write for example that ‘ethnicity ... is neither primordial nor imported prior to contact with a host society. Rather, ethnicity is a *possible* outcome of the patterns by which intra- and intergroup interactions are structured’.

Yet the fact remains that few studies take into account the complexity of ethnic boundary-making, especially in relation to business interactions. Business has long been recognised as an activity that challenges group boundaries, as classic research on marketplaces shows. In his description of Netherlands India’s ‘plural society’, Furnivall writes: ‘each group holds by its own religion, its own culture and language, its own ideas and ways. As individuals they meet, but only in the market place, in

buying and selling' (1948, p. 304); similarly, Geertz stresses the 'neutrality' or 'impersonality' of Indonesian bazaars: 'commerce ... is largely free of the constraints of diffusely defined cultural norms. In general, business is business ... Money, say the traders, is money, people are people, and the two ought not to be confused' (1963, pp. 46–47).

In other words, the search for business opportunities and for profit is a powerful force behind the redefinition of traditional forms of loyalties and belonging and may incite entrepreneurs to leave their group: 'ethnic entrepreneurs and workers [may] seek out more favourable relations with employers and labour or consumer markets beyond their own community' (Light and Gold 2000, p. 127). Ethnic ties may become a burden once the business grows; access to non-ethnic customers is often central to entrepreneurs and further motivates strategies to open up (for case studies, see Gold 1994, Nee *et al.* 1994, Kim 1999;). This is also in line with the 'strength-of-weak-ties' argument, which posits that weak cross-group ties open up more opportunities than strong in-group ties (Granovetter 1973).

This results in a continuum within immigrant economies: some businesses are entirely embedded in an ethnic milieu while others have gradually lost all contact with their ethnic background. In the middle, one finds what Nee *et al.* (1994) call a 'mixed economy', in which businesspeople repeatedly cross ethnic boundaries and use both ethnic and non-ethnic resources.⁶ This points to the difficulty of isolating neatly defined economies: working on Chinatown, Zhou (1992, pp. 11–12) comes across non-Chinese entrepreneurs who are located in the Chinese neighbourhood and have Chinese employees and Chinese customers, but excludes them from the analysis. This may make sense, but nevertheless highlights the inevitable existence of people and businesses that cannot be easily categorised: 'a shortcoming of the ethnic economy approach is that ... it ignores the hybrid, the inbetweens' (Nederveen Pieterse 2003, p. 36).⁷

If one assumes that entrepreneurs are by nature at least a little inclined towards innovation, it is sensible to believe that they may be prone to develop contacts outside their group, which may be economically, socially or psychologically rewarding. 'Not all Chinese want to spend their whole lives in Chinatown, nor do all Indians wish to stay close to their brethren, nor do all Jews believe that cultivating their Jewish friendships and family life is what life is about' (Kupferberg 2003, p. 93). Kontos (2003) further argues that the notion of 'ethnic' resources is too collective and static, thus being unable to take into account people's personal motivations and agency. Business creation then appears as a matter of 'identity politics', i.e. as a strategy to reshape one's biography and escape a predefined social status (Apitzsch 2003).

The diversity within immigrant economies

According to Vertovec (2007), Britain is now characterised by 'super-diversity', i.e. by a higher level of complexity in the nature of immigrant populations, which contrasts with the well-identified minorities that have long been the object of both research and policy. Accordingly, ethnicity is only one among the several variables that characterise immigrant populations, and that also include immigration statuses, divergent labour market experiences, discrete gender and age profiles, etc. In this line, this section outlines four sources of heterogeneity within immigrant economies that

have an impact on group cohesiveness and the reliance on ‘ethnic’ resources: status, class/social mobility, gender and generational differences.

Status

In most receiving countries, opening a business requires a **stable residence status**. But today’s migrants are characterised by a heterogeneity of statuses, which each imply a different set of rights; as a result, not all of them – even among those living lawfully in host countries – are entitled to become entrepreneurs. Undocumented migrants (and asylum-seekers in some countries) have no right to work and are therefore prohibited from becoming self-employed. This also applies to other categories of migrants, such as students or temporary workers. Yet, these migrants may be active in immigrant economies, as undeclared employees or as informal business-holders notably.

By contrast, the ‘ethnic business’ paradigm assumes a specific migration pattern characterised by the regular arrival of newcomers with roughly the same entitlements. In ethnic enclaves, newcomers begin as employees of a co-ethnic boss and, as they later become entrepreneurs, end up employing recently-arrived migrants – who will eventually become entrepreneurs themselves, and so on (Portes 1987). According to Waldinger’s ‘game of ethnic musical chairs’ (1996), ethnic groups follow each other in business niches as those who move upward leave space for newcomers at the lower end. While different, both models posit an uninterrupted flow of newcomers, which maintains the attractiveness of immigrant economies: while entrepreneurs (or their descendants) may over time find alternative ways of incorporation, newcomers do not and are therefore incited to enter ethnic economies – thus perpetuating the usefulness of ethnic ties.

If the migration flow stops, or if its nature changes in such a way that newcomers cannot follow the same path as their predecessors, this continuity becomes impossible and the immigrant economy is likely to become fragmented and polarised. In the European context of tight migration policies, established businesses run by former labour migrants thus coexist with bazaar-type forms of entrepreneurship created by post-Cold War migrants, and characterised by informality, mobility and transnational ties (Wilpert 1998, Peraldi 2001, Reyneri 2003).

Class and social mobility

As Zhou (2004) notes, the scholarship tends to categorise only modest entrepreneurs as ‘ethnic’ while successful ones are understood as belonging to the mainstream economy, a bias that echoes above-mentioned debates on the respective importance of class and ethnic resources and constitutes an indirect acknowledgment of how social mobility and stratifications challenge ethnicity-centred explanations. This points to the difficulty of framing upper-class immigrant entrepreneurs in the ‘ethnic business’ paradigm. Marger and Hoffman (1992) thus document how skilled migrants in Ontario, encouraged by government immigration policies, set up a business upon arrival; while they do concentrate in niches, they rely more on their human capital than on ethnic resources and cater to a non-ethnic market (see Leung 2001 for similar findings on Taiwanese IT entrepreneurs in Germany). Entrepreneurs who started with modest ‘ethnic’ firms and later ‘made it’ may find themselves in a

relatively similarly position, generating contrasted and under-addressed situations in which ethnicity is only a possible (but not necessary) feature of immigrants' business activities (Basu 2001).

Gender

Gender has long been an under-investigated aspect of immigrant economies; in a survey of 80 publications on the topic, Menzies *et al.* (2003) found only three references to gender. Women have been described as 'silent contributors' (Dhaliwal 1998) to male-run family businesses, providing unpaid labour while taking care of the family, and thereby making the very success of immigrant economies possible (Phizacklea 1988, Zhou and Logan 1989). This has been either denounced as exploitation or explained by women's 'traditional' place in some immigrant cultures (Zhou 1992, pp. 152–184). As far as women entrepreneurs are concerned, Morokvasic (1991) observes that ethnic networks are male-dominated; migrant women are a minority within the minority and have little access to in-group resources. Unlike men, they need to develop networks outside the group to become self-employed and entrepreneurship therefore implies a different social trajectory characterised by a step back from the ethnic group (Dallalfar 1994, Levent *et al.* 2003).

In this respect, women illustrate the above-mentioned function of entrepreneurship as a vector for emancipation and autonomy. Business may, for example, enable women to fulfil personal aspirations and shape a job situation reconciling family and professional life (Light *et al.* 1993). Apitzsch (2003) adds that this may lead women to privilege non-expansive types of business, as growth and profit are not the entrepreneurs' main objective, and Strüder concludes that 'the way the ethnic economy has been conceptualised in the existing literature mainly mirrors the experiences and ventures of men' (2003, p. 186). Research on women entrepreneurs thus challenges collective 'ethnic' explanations of business development by (re)introducing personal factors in the analysis, but without adhering to the narrowly individualistic premises of neo-classical theory. This fits into recent debates within economic sociology, which attempt to develop a specifically sociological perspective on individual agency and interest (Swedberg 2005).

Generational differences

The impact of self-employment on the second generation has been conceptualised in different ways. In the group perspective that characterises many studies, children are incorporated in the migrant population at large and what is beneficial for the group is assumed to be beneficial for them as well (Apitzsch 2005). 'Ethnic' economies would provide them with jobs and training opportunities (Bailey and Waldinger 1991) and their parents' business would represent a springboard facilitating their social mobility. This has been further developed in the 'segmented assimilation' thesis, according to which assimilation implies downward social mobility for the 'new second generation', which is therefore better off maintaining their ethnicity and developing in-group resources (Portes and Zhou 1993). By contrast, in an assimilation perspective, 'ethnic' business may be helpful to first-generation migrants, but would trap their children in unpromising niches.

In an intermediary approach, entrepreneurship would function as a second-best safety net, enabling children to cope with labour market difficulties and the lack of alternative opportunities (Ram *et al.* 2001). These different assessments of how the second generation relates to business activities illustrate the tension between group cohesiveness and children's trajectory. Having a broader experience of the host society, they are exposed to a possible desire for emancipation, as well as to (potentially more attractive) job opportunities outside their group – even if the two do not always coincide.

Ethnicity and the institutional context

As argued, 'ethnic' entrepreneurs represent a clear example of the embeddedness of economic activities in social networks. Yet, for earlier theorists such as Polanyi, embeddedness also referred to the role of the broader political and institutional context in shaping economic life (Krippner 2001). In recent years, the macro-context (or 'mixed embeddedness') of immigrant entrepreneurship has been the focus of much research, leading to at least two core ideas.

First, business activities do not take place in a legal/political/institutional vacuum, but in a regulatory framework determined and enforced by public authorities and other stakeholders (unions, employers' associations, professional corporations, etc.). Immigrant businesses, therefore, even when located in 'niches' or 'enclaves', are integral parts of the economy and of the overall social and political dynamics that shape it. The nature of the larger context is an essential factor in understanding immigrant entrepreneurship. Second, following political economists' research on the diversity of modern capitalism (see notably Esping-Anderson 1990), Western countries vary importantly in terms of the way economic activities are regulated. The regulation of labour markets, in particular, is known to be stronger in continental Europe than in North America.

Such differences between both sides of the Atlantic are all the more relevant given the predominance of North American research in the scholarship. Engelen (2001) argues that research on 'ethnic' economies is rooted in a specific Anglo-Saxon context, marked by economic liberalism and the valorisation of entrepreneurship, which cannot be used in the same way in Europe. Hillmann and Rudolph (1997) similarly wonder whether the very notion of 'ethnic business' is compatible with Germany's regulated labour market, in which, for example, business creation requires demanding administrative agreements and the completion of a recognised training. Taking the institutional context into account should thus help assessing whether North American findings can be generalised to other countries.

According to Kloosterman (2000), business creation is easier in the less regulated North American context, and so consequently is upward social mobility through entrepreneurship. In Europe, the favoured pattern of economic incorporation is based on the wage sector and migrants' most rewarding option is to find a job in the mainstream economy. The pay-offs of self-employment are therefore less attractive and only those with no other option turn to entrepreneurship. Within Europe too, there are important institutional differences, as the large informality that characterises Southern European economies provides migrant entrepreneurs with opportunities that are unavailable in Northern Europe (Hillmann 2000).

In this view, the role of ethnicity in immigrant entrepreneurship is context-specific, as less state regulation provides more space to migrants' in-group organisations. The importance of social networks and ethnic resources would then not be a universal feature of immigrant entrepreneurship, but rather depend upon the characteristics of the institutional context. The 'ethnic' dimension of immigrant economies is not only the result of migrants' collective agency, but the outcome of a broader context – that should ultimately be the key variable. Whereas Martinelli (2004) speaks of the 'double embeddedness' of immigrant entrepreneurs (in the political/institutional and the social/cultural environments respectively), Kloosterman and Rath (2001) see the latter as analytically secondary compared to the former.

Debates had long opposed the somewhat deterministic views of those emphasising contextual elements (discrimination, unemployment, etc.) and the partisans of migrants' agency who stressed the enabling role of ethnicity. The focus on the institutional context renews this debate, by enlarging the range of environmental factors while permitting a more dialectical understanding of how actors behave within the constraints and opportunities of the macro-context in which they evolve.

Conclusion

The 'ethnic business' paradigm, while based on sometimes contradictory assumptions, has developed a powerful and far-reaching analytical framework to understand business creation among immigrants, which has proved very successful in stimulating debates and spurring research. In recent years, however, scholars have felt the need to challenge some of its findings, notably by introducing such factors as gender, labour market regulations, inter-ethnic relations, etc. This has been in part due to the growing autonomy of research in continental Europe that, after having followed North American thinking, developed its own view of immigrant entrepreneurship.

Like immigrant populations at large, immigrant economies are challenged internally by differences in terms of gender, status, generation and class, while their external boundaries are exposed to inter-ethnic as well as majority–minority interactions, in a context of heterogeneous regulatory frameworks and institutional diversity. This calls for qualifying the role of ethnicity and ethnic resources, which are a possible characteristic of immigrant economies rather than their inherent feature. This also creates a discontinuity between the descriptive and analytical meanings of the 'ethnic' label: as long as immigrant entrepreneurs use the social capital stemming from their belonging to a minority, the two meanings coincide; but entrepreneurs may be of immigrant origin without relying upon their ethnicity, thereby becoming 'non-ethnic immigrant entrepreneurs'. By not distinguishing clearly between descriptive and analytical meanings, the 'ethnic economy' notion obscures this diversity and risks over-ethnicising immigrant entrepreneurs.

The diversity within immigrant economies thus calls for different explanations of how and why migrants become self-employed (Li 1993). The 'ethnic business' paradigm has valorised a meso-level, characterised by ethnic ties, social capital, communities and networks. By contrast, the 'mixed embeddedness' approach has brought into the analysis the macro-context – institutions, governmental regulation, economic trends – even if the framework proposed is very wide and quite abstract, and hence potentially difficult to include in empirical case studies (Volery 2007). In a

less formalised manner, recent research has introduced other criteria than ethnicity, including statuses, generation or gender, as well as more individual factors such as motivations. Accordingly, there is now a plurality of approaches to immigrant entrepreneurship, but none that is likely to produce an entirely new analytical alternative to replace the ‘ethnic business’ paradigm.

Ultimately, this may challenge the coherence of the object of study. The ‘ethnic business’ paradigm established immigrant economies as a field of its own and provided tools to investigate it. But in the front of the diversity of realities and explanations, the issue is whether one can still address ‘immigrant entrepreneurship’ as a whole, or whether this entity has become an artificial construct solely based on the foreignness of businesspeople. This is not specific to research on immigrant economies: other migration scholars are trying to address immigrant groups without taking ethnicity for granted, by – for example – constructing the object of study on criteria such as place, class or consumption patterns (Wimmer 2007).

Another difficulty is related to the interdisciplinary nature of research. As argued, the emphasis on ethnicity fitted into a debate between economic sociologists and economists, which contributed to ‘freezing’ some scholars’ position. Time might help here: now that pioneers have successfully managed to establish ethnicity as a relevant factor, more recent research can afford to develop other approaches without being suspected of adhering to neo-classical views. Another related challenge is to reconcile the quantitative research methods of economic sociology, central in much of the scholarship, with the anthropological complexity of ethnic boundaries and other ‘soft’ considerations such as the experiences of women entrepreneurs.

In 1908, Simmel wrote that ‘in the whole history of economics the stranger makes his appearances as the trader, the trader his as the stranger’ (1969, p. 322). The creation of businesses by immigrants is an old phenomenon that is likely to remain a major pattern of incorporation in host societies; accordingly, immigrant entrepreneurship is unlikely to disappear from research agendas. But the emergence of a renewed comprehensive analytical framework is just as unlikely and scholars will therefore keep turning to the ‘ethnic business’ paradigm for inspiration, which only does justice to its solidity. It remains that renewed analytical tools will be needed to capture the current trends reshaping immigrants’ business activities.

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Notes

1. According to Kloosterman and Rath (2003, p. 3), there were about 1700 publications dealing with immigrant entrepreneurship in 2003. A textbook was published on the topic in 2000 (Light and Gold 2000) and a handbook in 2007 (Dana 2007). ‘Ethnic business’ is also recognised as a distinct type of entrepreneurship in the small business literature (see for example Bridge *et al.* 2003, pp. 256–258).
2. As far as definitions are concerned, the scholarship has mostly focused on the differences between respective types of immigrant enterprises, particularly as far as ‘ethnic enclaves’ are concerned – a notion that became popular in the early 1980s following research on

- Cuban entrepreneurship in Miami, but was subsequently the object of conceptual confusion. For a recent review, see Portes and Schafer (2007).
3. Light and Gold (2000) thus distinguish another category, the 'immigrant economy', which refers to immigrant entrepreneurs hiring workers from other groups.
 4. Another intellectual context that has been said to influence research on ethnic economies is the 'American dream' ideology: 'the fact that scholarly concern with upward mobility of people of immigrant origin ... through ... entrepreneurship has emerged first in the USA is not unrelated to the general framework of the American success story ... : that of a self-made man who overcomes the impediments due to his origins, class and birth thanks to the opportunities of an open and free society like America' (Morokvasic 1991, pp. 408–409). Accordingly, the scholarship has been accused of a pro-business flavour that would ignore the injustices linked to capitalism (Bonacich 1993) and the socio-psychological costs of immigrant economies – in terms of migrants' stressful living and working conditions and of the inter-group tensions generated by the preference for co-ethnics (Min 1990, Waldinger 1995, Fong and Ooka 2002).
 5. Data in this section come from Zentrum für Türkeistudien (2005).
 6. Waldinger (1998) also shows how such mixed situations foster the use of English within immigrant economies, whereas one could have expected 'ethnic' businesses to favour the reliance on immigrants' languages.
 7. Another challenge to the categorisation of entrepreneurs into ethnic categories is the existence of sub-ethnic boundaries. In Los Angeles, Light *et al.* (1994) show for example that there is no 'Iranian economy', but rather four sub-ethnic groups that each have their own economy; but other studies on Iranians in the same city ignore these internal boundaries (Dallalfar 1994, for example). Phan and Luk (2008) similarly argue that businesses in Toronto's Chinatown actually belong to distinct subgroups that are generally misleadingly categorised as 'Chinese'. A survey of the literature on immigrant entrepreneurship thus found only one study focusing on intra-ethnic differences (Menzies *et al.* 2003).

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