IMMIGRANTS ENTREPRENEURS
IN SEARCH OF A THEORETICAL MODEL
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The report which follows reviews the literature on immigrant entrepreneur-ship, with a view toward identifying crucial variables and appropriate methodologies for future research.

In Quebec and elsewhere in Canada, questions are raised from time to time in the context of public debate on socio-economic and political issues of the day regarding the role of immigrants in society. As a rule, public debate focuses on the economic contributions of immigrants. In response to some of these concerns, Canada's federal government has attempted in recent years to measure the economic impact of its programme promoting the immigration of entrepreneurs. As well, since the early 1980's, the province of Quebec has carried out two studies designed to measure the value of economic contributions by immigrant entrepreneurs. It is interesting to note that all three studies focus either on the success of programmes designed to attract immigrant investors or on the contributions of immigrant investors themselves. Studies in the latter category typically attempt to quantify the economic impact of immigrant-owned small businesses in terms of job creation or value added to the economy as a whole. In so doing, both levels of government seem anxious to demonstrate that the presence of immigrants is a positive factor in economic development, that their participation stimulates rather than inhibits economic growth.

The literature on entrepreneurship within the different ethnic communities is both disparate and voluminous. Studies vary markedly as to the theoretical models and the research methods employed. One finds, for example, a certain number of articles which could be described as journalistic, others which qualify as little more than summary descriptions of situations observed in various countries, and still others which correspond more closely to the


2 *Etude auprès des immigrants investisseurs établis au Québec entre 1983 et 1984.* Ministère des communautés culturelles, Québec, 1986. Another study was conducted by the ministry in the early 1980's, but we were unable to obtain a copy.
generally accepted definition of a research report. Since there appears to be no immediate need for a precise classification of these contributions, for purposes of this discussion we will simply assign them to two broad classes: descriptive articles, which deal purely with observations, and analytical articles, which offer explanations or theories concerning immigrant entrepreneurship.

As noted earlier, our purpose in reviewing the literature is to identify the major variables at work, in the hope that this will suggest the outlines of a theoretical framework and bring to light other important insights which will be useful to future research.

I. THE DESCRIPTIVE LITERATURE

As an aid to understanding, we have organized our review of descriptive articles according to several sub-themes, which are presented below in the form of conclusions. For the time being, we will ignore differences in the methodologies used by the various authors.

A. Some immigrant groups are more inclined than others to create small businesses.

Studies by Bonacich on Korean immigrants to the United States reveal that, in 1976, 25% of Korean immigrant families living in the Los Angeles area owned or operated businesses. Similarly, a study by Pyong Gap Min reports that, in 1982, 34% of all Korean immigrants living in metropolitan Atlanta were employed in small businesses set up by Korean immigrants, most of which were enjoying considerable success.

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Comparative data from a study by Reeves and Ward\(^5\) indicate that, in 1971, immigrants to England from Pakistan and India were two to three times more likely than those from the Caribbean to go into business for themselves, while Cypriot and Maltese immigrants were ten times as likely to do so. Moreover, the tendency of immigrants to create small businesses seems to be on the rise in recent years. For example, in their studies of entrepreneurship within various ethnic communities in England, Aldrich, Jones, and McEvoy\(^6\) found that there has been a substantial increase during the past decade in the numbers of immigrants who become entrepreneurs.

Similar findings are reported in a study of Sephardic Jewish immigrants in Montreal by Lasry\(^7\), who notes that the number of self-employed immigrants has quadrupled over the years, from 9% to 37%. This rate of activity, much higher than that observed among immigrants in general (5%), is indicative of the dynamic, enterprising mentality which prevails among North African Jews who have settled in Québec. (p.124) This observation is echoed by findings from a recent study by Kestin\(^8\), who reports that 70% of Russian Jewish immigrants to the U.S. create their own businesses shortly after arriving in their adopted country.

Thus, it appears from these observations that entrepreneurial propensities among immigrants, as least the decision to go into business, vary

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\(^7\) J.C. Lasry. Une diaspora francophone au Québec: les juifs sépharades, Questions de culture, Institut Québécois de recherche sur la Culture, vol. 2, pp. 113-138.

according to ethnic origins and the cultural milieu they chose to immigrate to.

B. One factor in successful entrepreneurship is the way the resources of the intra-ethnic network are used.

Several authors report that the immigrant entrepreneurs they studied set up their own businesses with capital assistance from within their respective ethnic communities, which also serve in many cases as a source of socio-emotional support and low-cost labour. These studies suggest to us that, as a general rule, immigrant entrepreneurs look to a sort of intra-ethnic support network as their primary, and perhaps only, source of help in achieving their business objectives.

Examples of reliance on intra-ethnic support systems abound in the literature. For instance, Tenenbaum\(^9\) observes that interest-free loans have historically been made available by Jewish loan societies in the United States to Jewish immigrants who want to set up businesses. Such loans have been instrumental in launching entrepreneurial activity within this ethnic group, although the importance of this source of capitalization has diminished since 1940. Further evidence of the support role played by the intra-ethnic network is offered by Auster and Aldrich\(^10\), who cite a study by Light, which shows that the established ethnic communities provide immigrant entrepreneurs with not only social and emotional assistance in achieving their goals, but also a ready-made clientele for their products and services. According to these authors, 79% of the firms operated by Koreans sell mainly to Korean customers, while 70% of Chinese immigrant-run businesses cater mainly to a Chinese clientele. We note the existence of similar patterns of support and patronage here in Montreal for immigrant-run

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businesses in the Italian community of Montréal-Nord and those in the Greek community of the Parc Extension district.

Certain studies have shown that the established ethnic community also assists its fledgling immigrant entrepreneurs by serving as a reservoir of labour. According to studies of Korean immigrants by Pyong Gap Min and Charles Jaret\textsuperscript{11}, as well as the work of Kim\textsuperscript{12}, it is the immediate and extended family networks which serve as the primary manpower source for immigrant entrepreneurs. They also note that Korean entrepreneurs also seem to prefer hiring other Korean immigrants, because the shared experience of immigration fosters a sense of solidarity and creates links which are important to business success. Gutwirth\textsuperscript{13} reports a parallel phenomenon among Montréal's Hassidic Jewish community in 1973, where immigrants were found to use the established ethnic community to build the social and economic institutions necessary to ensure the group's survival and promote continued improvement in its standard of living. According to Gold\textsuperscript{14}, similar practices also exist among refugee entrepreneurs of Vietnamese and Russian Jewish origin, although the tendency is less evident among the latter group because their fears of renewed persecution make them reluctant to form ethnic enclaves. He cautions, however, that the use of labour supplied by the intra-ethnic network can sometimes result in abuses: for example, certain entrepreneurs hire workers on the basis of a 40-hour week, but


routinely require a 60-hour week as a condition of continued employment. The pressures of intra-ethnic ties and the vulnerability of many immigrant workers oblige them to accept such conditions, despite the obvious disadvantages.

A number of authors have observed that immigrant entrepreneurs prefer to obtain venture capital from within the intra-ethnic network, a practice which has given rise to a thriving financial industry within many ethnic communities in the U.S., including the creation of a number of banks operated by and catering to minorities. For example, a 1984 survey by Gregg\(^\text{15}\) turned up 18 financial institutions specializing in minority banking, the largest of which, reporting assets of $98 million, is located in Miami. According to Burgess\(^\text{16}\), one reason for the popularity of such institutions is that immigrants wishing to go into business find that access to government and financial services is very complex and difficult because of language and cultural barriers.

C. Immigrant Entrepreneurs tend to create small businesses in particular sectors.

There are indications that immigrant entrepreneurs from many ethnic groups are attracted primarily to the service sector. For example, our own observations in the Montreal metropolitan area reveal a relatively high number of convenience stores, gas stations, grocery stores, shoe repair shops, and restaurants that are owned and operated by immigrant entrepreneurs. We also note what seems to be a companion tendency by particular ethnic groups to cluster in particular occupational categories, e.g., the concentrations of Italians in Montreal's construction industry and


\(^{16}\) S. Burgess. *The Nova Scotian Ethnocultural Entrepreneurial Experience*, Department of the Secretary of State, Regional Office, Halifax, N.S., 1986
Greeks in the city's restaurant business. Ladbury\textsuperscript{17} observes similar tendencies among London's Cypriot Turkish immigrants, who gravitate in large numbers to the city's service sector and the garment industry. In another British study, Werbner\textsuperscript{18} reports that Pakistani immigrants to the Manchester area are particularly active in the various subsectors of the garment industry.

In the United States, the case of Italian immigrants in the San Francisco region also illustrates this tendency of occupational clustering. According to a working paper by Russell, Hochner, and Perry\textsuperscript{19}, since 1960, San Francisco's Italian immigrants have become increasingly active in the sanitation sector, so much so that today the great majority of the waste disposal firms serving the metropolitan area are owned and operated by immigrants of Italian origin. Interestingly, most of the workers employed by these firms learned their trade by apprenticing with their father or another family member. In fact, family ties and the occupational traditions they reinforce have created a small, close-knit community in which the occupation of garbage collector is highly valued and business acumen is celebrated and rewarded. Because of the propitious business climate that prevails, the city's Italian entrepreneurs do not confine themselves only to collecting trash; they continually seek out new sources of revenue by developing new business initiatives that go beyond the terms of the original agreement with the municipality. Hochner and his colleagues are convinced that the existence of these family-based linkages and loyalties is a key factor in the ability of these quasi-cooperatives to survive and prosper.


Further evidence of occupational clustering can be found in a comparative study by Morokvasic, Phizacklea, and Rudolph\textsuperscript{20} of the structure of the clothing industry in France, Great Britain, and Germany. They argue that the viability of the industry in France and England has been largely due to the fact that manufacturers there have had access to, and abundantly used, a particular source of manpower, i.e., immigrant women. The piece-work sewing performed by these women in their homes has enabled their employers to keep labour costs low enough to compete effectively with foreign producers.

In the U.S., Miami's Cuban immigrants have also been particularly active in the service sector. Gilder\textsuperscript{21} reports that, although early waves of Cuban refugees initially settled in the desolate slum areas of Miami, they gradually succeeded in transforming this "no man's land" into a thriving ethnic enclave by creating the socio-economic infrastructure necessary to serve the basic needs of its Cuban inhabitants. Today the area known as "Little Havana" boasts 97 restaurants, 81 grocery stores, 49 gas stations, 48 clothing stores, 46 beauty salons, 46 jewelry boutiques, 34 pharmacies, and a department store. Even more impressive, the economy of Little Havana offers remunerative employment to many non-Hispanic workers as well.

In their study of Italians in the province of Quebec, Painchaud and Poulin\textsuperscript{22} found that 50\% of Italian businesses are in the construction industry and in retail sales (especially grocery stores). This pattern of clustering exists, in their view, because these types of economic activity correspond to the basic needs of the Italian community; i.e., grocery stores serve their need to eat, while construction projects offer lucrative work for the abundant supply of labourers and, in many cases, the possibility of amassing the capital necessary for the family to acquire property. A case


in point is Montreal construction contractor Mario Barone, a prominent member of the city's Italian community, who started out as a construction worker and eventually became a highly successful entrepreneur. Over the years, his construction company has helped many Italian immigrants get ahead, mainly by hiring them to work on his many housing projects and then offering them the opportunity to purchase homes or apartment houses at very favourable price. In a somewhat different vein, Painchaud and Poulin's study also confirmed the existence of substantial numbers of Italian immigrant women employed in Montreal's garment industry.

Lovell-Troy\(^2\) has published an interesting study of ethnic occupational structures in the state of Connecticut, which shows that immigrants of Italian and Greek origin are particularly active in the pizza business. Notwithstanding their common predilection for the pizza trade, however, Greek and Italian businessmen apparently follow quite different paths to small business creation. For example, Greek entrepreneurs tend to locate their pizzerias in markets where no established Greek community exists, whereas their Italian counterparts deliberately set up shop in localities which do have an Italian subpopulation. Furthermore, Greek immigrants have followed their particular pattern of activity for the past 70 years; the only real change in strategy that has occurred over time is that the type of restaurant Greeks choose to open has evolved along with the food preferences of their American clientele. In other words, Greek restaurant owners are currently in the pizza business en masse because pizza is what Americans are eating today; in past years, other types of restaurants were in favour. Lovell-Troy interprets this to mean that Greek entrepreneurs typically choose an economic sector (e.g., the restaurant business) before choosing a locality where they will operate. Their entrepreneurial strategy has been one of adapting to local (usually non-Greek) tastes, while Italian restaurant owners have been mainly preoccupied with satisfying the needs of the indigenous Italian population.

A final example of occupational clustering comes from a study by Burgess\textsuperscript{24}, which found that 38% of immigrant entrepreneurs in the province of Nova Scotia operate businesses in the service sector and 25.6% in the wholesale or retail sales sector.

D. Certain immigrants penetrate particular sectors, then rise to a position of dominance.

Several studies suggest that certain immigrant groups begin by penetrating a particular industry, expanding their activities and eventually displacing the group or groups which have traditionally dominated the sector. A recent study by Waldinger\textsuperscript{25} of the experiences of Hispanic entrepreneurs in New York's garment industry provides an example of this tendency. For many years, Jews and Italians had controlled the clothing industry virtually unchallenged, until 1965, when immigrants from the Dominican Republic, Colombia, and Ecuador began arriving in New York and seeking a foothold in the industry. By concentrating on the production of goods with a short life-cycle, Hispanic entrepreneurs managed to carve a niche for themselves in this particularly volatile segment of the clothing industry. Taking advantage of the fact that entry barriers to this segment of the industry were relatively weak, they were able to set up businesses which did not require heavy capitalization and which could operate with abundantly available supplies of unskilled workers. It is interesting to note that two-thirds of these entrepreneurs started out as skilled garment workers before eventually going into business for themselves. The businesses they launched were typically family ventures, in which spouses, parents, and relatives shared ownership and management responsibilities.

Family ownership confers a number of advantages on the immigrant entrepreneur. For one thing, family ownership means that a potentially greater number of investors are available to ensure adequate capitalization.

\textsuperscript{24} S. Burgess. \textit{The Nova Scotian Ethnocultural Entrepreneurial Experience}, Department of the Secretary of State, Regional Office, Halifax, N.S., 1986

The family also serves as a source of labour, workers who are easily accessible and often willing to accept wages inferior to the going rate because of kinship ties and because they can be gainfully employed without having to master the English language. Moreover, because these family-run ventures constitute culturally homogeneous entities, where employers and employees share cultural values and modes of behaviour as well as the experience of immigration, they are better able to cope with many of the management and labour supply dilemmas that plague this sector of the industry. According to Waldinger, small businesses in this sector are particularly vulnerable to problems of high employee turnover: the limited resources at their disposal severely limit the promotion opportunities they can offer, and the necessity for strict supervision often causes conflicts in the workplace. The cultural homogeneity prevailing in these firms facilitates management and the exercise of authority, and the availability of a plentiful supply of labour from the intra-ethnic network reduces the risks and costs associated with recruitment and training of personnel.

E. The small business creation process varies across ethnic groups.

In his study of small business activities among East Indian immigrants in the U.S., Raval found that these entrepreneurs tended to reproduce in the American context the business-related behaviours typical of their country of origin. For example, as is the case for certain other immigrant groups, East Indian entrepreneurs studied by Raval tended to use their own funds or money from friends to launch themselves in business. Moreover, when setting prices for their merchandise, they based their decisions more on the prices charged by nearby competitors than on the cost of the goods. Generally speaking, these entrepreneurs engaged in a great deal of imitative behaviour, copying the various practices of neighbouring competitors, which prevented them from developing any kind of distinct commercial identity. Purchasing decisions seemed also to be based more on the whims of the moment than on any systematic analysis of the market. As well, they refused to call upon the services of experts, such as lawyers or accountants, insisting on conducting

all the firm's financial and legal operations themselves. Management practices, too, bordered on the bizarre: for example, in many East Indian restaurants, serving personnel often outnumbered patrons and often stood around chatting amongst themselves, paying little attention to customers. Observations such as these led the author to conclude that entrepreneurial behaviours of East Indian immigrants reflect those prevailing in their country of origin and, as such, are poorly adapted to the needs and practices of the American market.

Studies conducted more recently highlight the importance of the immigrant experience itself as a factor affecting the small business creation process. For example, Gold\textsuperscript{27} makes a distinction between refugees who are recent arrivals and immigrants who have been established in the country of adoption for a relatively long time. The fundamental difference distinguishing the two groups was their use of informal vs. formal mechanisms in setting up their own businesses. That is, the refugees Gold studied found themselves in a relatively unstructured ethnic milieu that possessed neither the infrastructure nor the resources to aid them with their business ventures. As a consequence, aspiring refugee entrepreneurs were obliged to resort to a variety of informal, ad hoc arrangements involving verbal agreements, under-the-table loans, and financial backing by friends and relatives rather than institutions. In contrast, immigrants from more established, resource-rich ethnic communities could follow a more orthodox, formal route to entrepreneurship, i.e., a process involving institutional third parties, like minority banks or loan societies, and transactions of a more public, bureaucratic nature.

F. Conclusions

The foregoing review of largely descriptive contributions to the literature suggest a number of tentative conclusions concerning immigrant entrepreneurs and their business activities.

\textsuperscript{27} S. Gold. Refugees and Small Business: the case of Soviet Jews and Vietnamese, Mime,
1. The importance of the intra-ethnic network in small business creation.

A number of studies and observations have pointed to the indispensable role that intra-ethnic networks play in helping immigrants get started in business and in promoting the growth and development of their fledgling business ventures. These networks supply needed start-up capital, offer social and emotional support, and provide an accessible and low-cost pool of manpower. Given their importance, it is our view that future research on immigrant entrepreneurship should explore the nature and the extent of the role played by these networks.

2. The importance of the family in business creation.

For many immigrants, the immediate family plays a support role which is crucial to both the creation and survival of the small business: for example, the Vietnamese wife who runs a small grocery store while her husband holds down a job elsewhere. Future research should, therefore, also measure the nature and extent of family contributions to immigrant business activity.

3. The importance of targeting appropriate economic sectors.

It should be evident by now that immigrant entrepreneurs are not distributed uniformly across all economic sectors. In fact, the great majority of studies reviewed indicate that they are attracted primarily to the service sector. There is also considerable diversity among ethnic groups as to the clientele served; i.e., some entrepreneurs cater mainly to the clientele within their own ethnic community, while others create a niche for themselves within the community at large. In view of this, the sampling designs of future studies must target as precisely as possible those sectors of the economy and those markets where immigrant entrepreneurs are the most active.

4. Variations in the business creation process across ethnic groups.

Several studies have suggested that immigrant entrepreneurs from different ethnic backgrounds go about the process of business creation in ways that are uniquely their own. For example, Soviet Jews in New York who
want to establish themselves in the garment industry typically pass through an apprenticeship in three periods, during the first they support themselves by driving a taxi, during the second they work into the garment industries then they go into business for themselves. A rather different path to self-employment is followed by Pakistani immigrants in the clothing industry in Manchester, England. Future research should take into account the fact that the business creation process will vary according to the characteristics of the particular ethnic groups being studied.

5. The need for measures of the magnitude and value of immigrant economic contributions.

Attempts to measure with precision the magnitude or value of immigrant entrepreneurial activities are rare indeed, and those few studies which have come to our attention tend to focus only indirectly on the question. Here in Canada, the federal government has carried out an evaluation of its own immigrant entrepreneur programme; the government of Quebec has also studied business and investment activity among immigrants to that province.²⁸ Outside Canada, with the exception of Cobas²⁹, no one seems to have dealt with the question, probably because appropriate models for quantifying the value of immigrant economic contributions have yet to be developed.


6. The importance of adequate samples.

The majority of studies reviewed here were based either on in-depth interviews, journalistic reports, or surveys involving a limited sub-population of entrepreneurs. In most cases, the sample used was limited to immigrants from a single ethnic group; rarely, if at all, have researchers sought to explore entrepreneurial activity among immigrants from a cross-sectional perspective. Even the most elaborate of the sampling designs included representatives from no more than two or three ethnic communities.

It is worth noting that, in the great majority of studies done to date, data have been collected using the mother tongue of the ethnic group or groups being studied. The decision to use the immigrant's language of origin was no doubt dictated by the fact that informants (e.g., employees, family members, business partners) typically have limited competence in the language of their adopted country. In certain cases, such as the studies of Korean immigrants in the U.S., the researchers were themselves members of the ethnic group being studied. This approach is certainly praiseworthy, as it facilitates communication and cooperation with the ethnic community and affords access to valuable data that would surely be unattainable otherwise.

II. THE ANALYTIC LITERATURE

In contrast to the descriptive contributions reviewed above, the studies discussed in this section attempt to provide some kind of analytical framework for understanding the nature and dynamics of immigrant entrepreneurial activity.

Based on their study of Korean immigrant businesses in the United States, Bonacich and her colleagues30 formulated an interesting theory, which is often used to explain how immigrant entrepreneurs position themselves in


the market vis-à-vis other entrepreneurs. Their study examined the behavior of Korean entrepreneurs with respect to savings, the utilization of resources from both Korean and mainstream communities. Their findings led them to develop the "split labor market" theory to explain how the Korean entrepreneur comes to play the role of "middleman" in the U.S. economy. Basic to their theory is the premise that the activities of large corporations leave niches in the economy which Korean entrepreneurs are able to fill, often more effectively than their American counterparts. Because these niches typically occur in the peripheral rather than central industries, Korean entrepreneurs tend to gravitate toward the periphery. There they create businesses which make effective use of low-cost immigrant labor and which, in many cases, supply the central industries with needed services through franchising or subcontracting arrangements. In fact, many immigrant-run businesses manage to live entirely from the proceeds of the services they dispense to large corporations. According to Bonacich, the abundance of small, immigrant-run service enterprises can be explained largely by the fact that they are able to gain access to the capital and ownership structures of U.S. industry, while serving the needs and interests of the U.S. economy as a whole.

Other authors, such as Gold and Pyong Gap Min, address the question of what motivates the immigrant to become an entrepreneur. In their view, the decision to go into business can be expressed by "disadvantage theory," which sees business creation as a response to perceived disadvantages with respect to education, language, and opportunities for participation in the dominant society.31 For example, the refugees studied by Gold sought to surmount perceived disadvantages by going into business for themselves, which

31 We note in passing the clear parallel that exists between disadvantage theory, applied here to immigrant entrepreneurs, and the more familiar frustration theory invoked in classic studies of entrepreneurship. I.e. studies have shown that entrepreneurs create their business after a frustrating experience such as losing their job, working for an undesirable boss, being unemployed.

gave them a degree of social and economic freedom they would not otherwise have enjoyed, allowed them to provide family members with employment, and gave them a mean of cementing ties with their ethnic community. Pyong Gap Min also found this to be an important motivating factor among Korean immigrants. Interestingly, he also concluded that the degree of perceived disadvantage within an ethnic community may influence the likelihood that its members will become entrepreneurs: Korean immigrants perceived disadvantages to be more severe than did the Filipino immigrants he studied, which explains the greater rate of business creation he found among Korean immigrants.34

Variations across ethnic groups in the propensity to go into business is seen by some authors as a function of variations in cultural beliefs and values regarding the legitimacy of commercial activity. There is a relatively widespread perception that certain ethnic groups (e.g., Jews, Chinese, Japanese, Greeks, Armenians, Iranians, Lebanese, Berbers) have developed cultures in which religious beliefs and social practices combine to support and encourage entrepreneurial activity. Examples from daily life abound: Greeks dominate Connecticut's pizza industry, Arabs own most of south Chicago's grocery stores, and immigrants from Hong Kong have built a thriving commercial community in Toronto's Chinatown. Painchaud and Poulin make a similar point concerning Italian immigrants in Quebec, where the existence of a pro-business subculture ("Italianicitiy") enables group members to integrate into the dominant society while remaining faithful to the behavioural prescriptions of cherished old world ways.


Of course, not all cultures are as tolerant or permissive where commercial activity is concerned. In his celebrated volume, *Man in Reciprocity*, Becker argues that certain societies, particularly those in transition from sacred to secular status, actually welcome immigrant entrepreneurs in their midst, because prevailing religious beliefs and cultural values prohibit their own members from engaging in trade or commerce. Since foreigners do not subscribe to the anti-business taboos of the host society, they are free to carry out the business and trade functions the host society needs to have performed.

A political variant of Becker's thesis is offered by Hamilton, who suggests that, in certain societies, the domination of commercial life by immigrant entrepreneurs is seen as desirable, because this keeps a vital source of power out of the hands of rival political factions and stifles the formation of potentially powerful political elites. In such cases, the presence of foreign entrepreneurs is palatable to the society at large because of the valuable role they play in political stabilization.

The cultural perspective on entrepreneurship is taken a step further by Avruch. Borrowing extensively from Barth, he suggests that entrepreneurship is, in certain circumstances, a vehicle for social change; in fact, change is a basic function of entrepreneurship. In this sense, then, the individual entrepreneur is an innovator whose behaviour fosters social change, rather than merely a seeker of maximum profit. Avruch invokes this frame of reference to explain the entrepreneurial behaviour of American Jewish immigrants to Israel, i.e. they become entrepreneurs as a function of their commitment to social change which is expressed in their goal of inducing a particular society.

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According to some authors, whether or not a given entrepreneur will be successful may also be influenced by the cultural context in which behaviour occurs. A recent study by Woodrun\(^{39}\) of Japanese immigrants to the U.S. points up the importance of cultural factors such as religion to entrepreneurial success. In fact, participation in religious activities and adherence to ethical precepts were found to be more powerful predictors of economic success and better motivation for entrepreneurship among Japanese Americans than were either family milieu or level of education. Pyong Gap Min and Charles Jaret\(^{40}\) also invoke a cultural perspective to account for business success among Korean immigrants in Atlanta. Their study attempts to measure the impact on success of three cultural factors: a value system which emphasizes frugality and hard work, family ties, and the availability of resources from the established Korean community. A strong link was found to exist between success and adherence to the values of frugality and hard work. Family ties were also shown to play a support role, essentially by encouraging the expression of behaviours consistent with those values. No relationship was found, however, between success and support from the intra-ethnic network.

Other studies of the sociocultural context of immigrant entrepreneurship suggest that small business activity tends to surface as a response to anomalies occurring in the social structure. This response is particularly likely to emerge when a social status void exists between the upper and lower strata of society. This question is addressed, to some extent, by the work of Pyong Gap Min\(^{41}\), Dominguez\(^{42}\), and Loewen\(^{43}\), all of


whom attempt to account for the fact that many immigrant-run small businesses are clustered in the urban core or in older, rundown, often crime-ridden neighbourhoods. Dominguez, for example, reports that 25% of immigrant-run businesses operate in such neighbourhoods, compared to 4% of small businesses as a whole. Pyong Gap Min found that 60% of Korean enterprises in Atlanta are located in disadvantaged areas of the city. The explanation for this seems to lie (1) in the fact that the social problems (e.g., crime, violence) prevailing in disadvantaged neighbourhoods drive out most mainstream merchants, and (2) in the part that those living in such neighborhood do not have access to proper resources. This leaves a gap to be filled by immigrant entrepreneurs. This niche is tailor-made for Korean entrepreneurs for two main reasons: (1) their operating methods are probably more congenial to disadvantaged milieux than to mainstream commercial circles, and (2) non-immigrants in these disadvantaged neighbourhoods would be harassed and exploited by other residents if they tried to operate businesses of their own. In this sense, minority entrepreneurs play an intermediary role, linking upper and lower social strata in many urban areas. According to Loewen, a similar linking role can be seen in the entrepreneurial patterns of Chinese families who operated grocery stores serving the Black community in the Mississippi delta during the late 1960's and early 1970's. Because of racial segregation prevailing in the region at the time, Blacks were denied access to the capital required to set themselves up in the grocery business, and Whites were reluctant to open grocery stores in the area because they feared backlash (e.g., thefts, violence) from the Black community. Chinese grocery store owners, however, were able to function as 'middlemen' without suffering reprisals from either group.

A cautionary note about cultural explanations of immigrant entrepreneur-ship is sounded, however, by authors like Light and Waldinger. They


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contend that cultural explanations should be rejected because they confuse culturally determined responses with adaptive behaviour. Light, for example, argues that it is not the culture of a given ethnic group that determines how its entrepreneurs behave, but rather the group's access to resources. Waldinger takes the argument further, suggesting that immigrant enterprise is influenced by four factors: (1) the market niche the entrepreneur chooses (i.e., immigrant entrepreneurs typically gravitate to sectors where entry barriers are weak and economies of scale are rare); (2) access to ownership (i.e., firstgeneration immigrants tend to set up small businesses in the service sector, while subsequent generations move into occupations higher up the social scale or into larger size firms); (3) a positive bias toward small business, which fosters the kinds of behaviours that ensure efficacy in that sector; and (4) reliance on the intra-ethnic network for a supply of workers whose socio-economic vulnerability and ethnic loyalties make them docile and cooperative.

Taking a structuralist perspective, Fujimoto rejects also cultural explanations and chooses to describe the experiences of Japanese immigrants to the United States as a case of upward social mobility. In his view, Japanese Americans were ultimately able to take their place in mainstream society because social and economic conditions prevailing at the time of their arrival spawned a petit bourgeois entrepreneurial mentality consistent with the dominant achievement ideology.


For some authors, both cultural and structural factors are seen as irrelevant to immigrant entrepreneurial success. Cronin\textsuperscript{47}, for example, argues that Cuban immigrant businessmen in the U.S. succeeded because they were adequately financed: their personal savings and those of their parents helped to elicit the necessary capital from financial institutions. Simply put, small businesses that succeeded in raising the requisite capital flourished; those that did not went under. In short, it was access to capital that determined the outcome for these entrepreneurs, rather than factors such as education or prior business experience.

In his analysis of paths to self-employment among Cuban immigrants, Cobas\textsuperscript{48} attempted to verify empirically the explanatory power of four different hypotheses of small business creation. Specifically, he wanted to determine whether the decision to go into business was a function of (1) perceived disadvantage with respect to the labour market, (2) previous work experience in the country of origin, (3) participation in the intra-ethnic economy, or (4) the desire to make money as rapidly as possible, then move on. Cobas' findings indicate that those immigrants who chose self-employment had previous business experience, while those who rejected entrepreneurship in favour of participation in the intra-ethnic economy did so because of their familiarity with problems and obstacles to integration into the mainstream economy.

III. THE CURRENT CONTEXT OF IMMIGRATION

In recent years, the context of immigration to Canada and the province of Quebec has evolved in a number of ways that have important implications for immigrant entrepreneurship. Some of the more significant changes are summarized below.


1. For a number of years, Canadian immigration policy and practice have tended to favour the acceptance of certain types of immigrants. The «point system», which gives privileged access to applicants possessing skills and training required by Canadian society, and programmes designed to attract immigrant entrepreneurs have almost wholly transformed the immigration process.

2. At the present time, the flow of immigrants into Canada and the province of Quebec is considerably more varied in terms of country of origin. Even though the European Economic Community continues to be an important source of immigration, growing numbers of immigrants are now coming here from the Asian and Caribbean regions. One telling example of this trend: 40% of immigrant investors in Quebec currently come from the Far East.

3. Landed immigrants accepted by Canada and the province of Quebec are granted access to all basic social services, which undoubtedly facilitates adaptation to a new way of life and makes small business creation a more realistic option for many of them.

4. In recent years, the waves of immigration have also included growing numbers of refugees, and this trend shows no signs of stopping in the immediate future. The question arises: how do refugees compare with other immigrants as concerns small business creation?

5. The integration of immigrants into the mainstream economy has been and continues to be a major source of concern for many Canadians, especially for those who perceive immigrants as opportunists who «steal jobs» from Canadian workers rather than contributors to overall economic growth through the taxes they pay and the jobs their businesses create.

IV. SOME GUIDEPOSTS FOR FUTURE RESEARCH

The observations and findings reviewed above point to a number of guideposts for future research on immigrant entrepreneurial activity. The most important of these are summarized below.
1. Sample Design.

Findings from a number of studies are of dubious scientific value because of flaws or shortcomings in sample design. Chief among these are the studies which obtained unacceptably low levels of response to questionnaires and those based on samples which lump together immigrants of different ethnic origins. Clearly, future research should be based on samples whose scientific value is known. Moreover, given the evidence of inter-ethnic differences in entrepreneurship aspirations and behaviour, it would be preferable to base future research on sample designs which treat each ethnic group as a distinct entity, as opposed to combining immigrants from different ethnic groups into the same sample.

2. Research Methods.

The most interesting and valuable of the studies we reviewed were based on in-depth interviews which were conducted in the language of the ethnic groups being studied. In our view, the findings from studies based on questionnaire data are less than convincing because of low response rates and the rather «North American» formulation of the questions. Similarly, the studies based on census data appear to us to be at a «dead end.» That is, they confirm, without exception, that immigrant entrepreneurs cluster primarily in the service sector and that ethnic groups differ as to their rates of small business creation. Clearly, however, an important task for future research should be the development of a more refined, precise understanding of immigrant entrepreneur experiences. These insights, developed through extensive qualitative research, would be a valuable aid to the formulation of succinct, highly focussed hypotheses that could subsequently be tested by means of questionnaire data or census statistics.

As noted earlier, the importance of the language used to collect data cannot be overestimated. There is every reason to believe that the richest, truest insights into the immigrant experience would be inaccessible to researchers using either English or French. Accordingly, we urge that data be gathered, wherever possible, using the immigrant entrepreneur's own language.
3. More precise definition of the term «immigrant.»

A number of studies indicate that the propensity to engage in entrepreneurial activity varies across ethnic groups, which suggests the importance of refining our definition of immigrant groups. Two types of precisions seem especially critical to improving our understanding of entrepreneurship among immigrants. First, a distinction should be made between the immigrant groups who have been established in the New World for a relatively long time (e.g., Greeks, Italians, English) and those ethnic groups who are more recent arrivals (e.g., Vietnamese, Koreans, mainland Chinese). Future research should also distinguish between refugees and other immigrants. By adopting more refined, nuanced definitions of immigrant categories, we should be able to develop more accurate data on such phenomena as business networks, business-related cultural norms and values, and disadvantages and obstacles to entrepreneurship peculiar to each ethnic group.

4. The need for in-depth research.

Future research must move beyond its present superficiality. Past studies have repeatedly, but sparingly, pointed to the relevance of such factors as the family, the intra-ethnic labour supply, the impact of financing mechanisms, and differences in the business creation process. However, it is no longer sufficient merely to acknowledge the existence of such factors; we must be able to describe them precisely and in great detail. Only then will a thorough, comprehensive understanding, perhaps even tentative explanation, become possible.

5. The importance of context.

Several of the analytical studies reviewed here suggest that ethnic cultural values, the economic and social disadvantages, and the resources available within the ethnic community are the principal determinants of immigrant entrepreneurship. It is also apparent that the nature and extent of the impact of these factors varies from one ethnic group to another. This suggests to us that, in order to achieve a fuller understanding of the phenomenon in all its facets, future research will have to focus explicitly on the context of entrepreneurship, not just on the attributes and experiences of individual entrepreneurs.