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Informal Ethnic Entrepreneurship

Future Research Paradigms for Creating
Innovative Business Activity

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*With the increase in ethnic groups forming new companies and becoming involved in the entrepreneurial process, there has evolved a concept called ethnic entrepreneurship. While ethnic entrepreneurship impacts society and is impacted by political conditions, government regulations, managerial capabilities, and the availability of financing, few articles and even fewer books have focused on the phenomenon. This book—*Informal Ethnic Entrepreneurship*—provides this focus by looking at such aspects as the evolution of ethnic entrepreneurship, its activity in both developed and developing economics, its innovation and creativity, and its diversity and economic impact. The book is a must-read for academics, business people, government, and the group of population.*

Robert D. Hisrich, Kent State University, US

When people have crossed borders or when they are members of an existing minority community, the business they own is an ethnic business and they are ethnic entrepreneurs. The easiest way to become an informal ethnic entrepreneur is to operate one's business off-the-books. Given the usual alternative of unemployment and poverty, millions of minority people do just that. "Informal ethnic entrepreneurs" usually represent vulnerable people one jump ahead of poverty whose small business is the jump. Informal ethnic entrepreneurs are not new but, in a globalized world enduring climate deterioration, the number and share of such people is increasing. As the contributors to this book make clear, informal ethnic entrepreneurs also inhabit every continent, every big city, and every economy in the world. As their economic contributions are off-the-books, informal ethnic entrepreneurs escape the attention of government statisticians. The editors of this collection provide a much-needed corrective that makes visible what elites cannot see and choose to ignore. It is economics as if people mattered, which is economics that matters.

Ivan Light, University of California, Los Angeles (UCLA), US

This edited book from Veland Ramadani and his colleagues is an attempt to combine two streams in the entrepreneurship literature: informal entrepreneurship and ethnic entrepreneurship. The editors and authors come from over 15 countries and cultures in developing and developed world regions. This diversity in context leads to a wide range of entrepreneurial situations and cases. The book is addressing a number of key questions and issues in relation to informal ethnic entrepreneurship, providing frameworks, models, empirical findings, and implications for both scholars and practitioners. A must-read book for anyone wanting to learn in this research area.

Alain Fayolle, Emlyon Business School, France

This book—Informal Ethnic Entrepreneurship—is a must-read for understanding entrepreneurship around the globe. This book includes chapters that cover major topics that world leaders are tackling and sets the agenda for future economic considerations by policy-makers. It is a must-read by researchers and government policy-makers alike. The authors are to be commended for a thought-provoking, thorough examinations of informal ethnic entrepreneurship that has needed further examination.

Dianne H.B. Welsh, University of North Carolina Greensboro, US

This is a timely contribution by authors with high international recognition in the field of entrepreneurship. Informal ethnic entrepreneurship is among the fundamental economic and social issues of our times, and this edited book not only shows the undoubted positive impact of such ventures; it provides also rigorous and cutting-edge research on social and psychological aspects of these entrepreneurs. In doing so, the editors have carefully selected chapters that bring to the book an international dimension.

Andrea Caputo, University of Lincoln, UK

*To my late mother Mijasere, my wife Lindita,
and my sons Rron and Rrezon*

Veland Ramadani

*To my late father Albert and my mother
Clemy, gone with the earthquake of 2011*

Léo-Paul Dana

*To my mum Kaye Ratten, and all the fun
memories I have of our travels to places like
Waikiki, Angkor Wat, and the Forbidden City*

Vanessa Ratten

*To my nephew Aron, for the shortened time
dedicated to him*

Abdylmenaf Bexheti

Foreword¹

I was initially reluctant to accept writing a foreword to a compendium of some 18 chapters covering the topic of informal ethnic entrepreneurship in 14 highly diverse economies and regions, ranging from Africa to the Arctic and South America to the United States and written by 31 authors, coauthors, and editors, who have had firsthand experience in, and the knowledge of, ethnographic coverage of their studied phenomena. The more I examined the table of contents and read abstracts and summaries of the chapters, covering rich details and patterns of engagement in the informal ethnic economy, the further I doubted:

1. If such scholarly collections would need any foreword, introduction, or a word of praise by someone who is not directly involved in informal economy and whose economic orientation has been mainly theoretical and based on formal modeling and data collected from formal economies—i.e., the other side of the emphasis of this volume.
2. If I could add further insights to the well-researched and well-organized materials prepared by the editors, authors, and coauthors of this volume, on topics that are not easily researchable, mainly due to the informal nature of the topical themes involved. Collectively, the chapters of this book, in your hand, portray an objective picture of reality that has been opaque for some time and traditionally ignored routinely by academia, economic authorities, and even policy-makers and local governments.

Against the above background, however, a few impressive statistics about the magnitude of the informal economy, nationally and internationally, and the extent of informal human involvement in a nearly ignored economy raised my interest and suggested the need for further examination and reflections. Although statistics pointed to much employment and income generation, possibly due to informal entrepreneurship, the debate on what term represents the phenomenon pointed to

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the absence of clarity in the literature discussing the topic, especially the role of entrepreneurship in the informal and ethnic economies. I had not only become curious, I was also convinced that any literature shedding light on such a complex and nearly obscured topic would deserve further examination. Combined, these evolving concerns motivated me to reflect on the topic and highlight a few facts already documented by the various authors in the chapters included in this volume and elsewhere. Therefore, I am delighted to take advantage of the opportunity to add a few observations in this brief note of foreword.

As hinted above, a cursory research on the topic of informality pointed out that practically all economies have an informal sector and none of them has remained immune. To a lesser or higher extent, informal sectors are active in all economies and affect citizens by their related activities, directly or indirectly, which collectively points to the presence of informal opportunities, regardless of their form and size at the time, which in turn creates fertile grounds for entrepreneurship. Generally, early instinctive entrepreneurial ideas, based on recognition of small and informal opportunity, evolve into successful entrepreneurship in the later stages of their life cycle (Etemad 2017) possibly leaving the informal sector to join the formal sector over time. It is logical, therefore, to expect that early successful informal entrepreneurship is likely to grow, transform gradually, and migrate into formal entrepreneurship in the formal sector. Similarly, ethnic entrepreneurship is likely to evolve into the mainstream and become a part of the formal economy over time. These observations suggest that we may learn a lot about the pedigree, roots, and growth trajectories of successful entrepreneurs by tracing them back into their early start-up, likely in the informal sector.

A casual observation also indicates that many day-to-day examples of early, small, and informal entrepreneurial activities grow into the pre-cursors of successful informal and then formal entrepreneurship later on. Example abounds. School-age children setting up weekend lemonade stands, engaging in cutting grass and mowing neighbors' lawns in their neighborhoods, and offering to do chores around their house, or in the school-yard, among many other similar activities, each for small fees, are examples of performing small jobs in informal situations. They portray early manifestations of instinctive sense of nascent entrepreneurship that need support to keep them alive. Given conducive conditions, they may blossom into full-fledged entrepreneurship later on. The noteworthy point is that such, and similar, informal entrepreneurs are not illegal and may stay informal for some time in the early stages of their life cycle. Furthermore, they are the planted seeds of later entrepreneurship and need care, nutrients, and even stimulation to bloom in the due course of time. In contrast, forcing such informal entrepreneurial sparks into the formal markets, subjecting them to the formal sectors' metrics, or associating them with the stigma of illegality may not provide a smooth path for growth and transition, nor change their intrinsic nature, regardless of their true nature. Conversely, such pressures may wither the early entrepreneurial instincts and fully extinguish them.

Entrepreneurial instincts identify, or create, opportunities, which are small, informal, and possibly uncertain at first, before growth in size and importance takes them into formal economy and forces them to adapt to the formal and competitive market structures. The above is a brief exposition of a complex phenomenon that most of us

have observed, if not engaged in, in some form, which points to a natural relationship between two topical components of these volumes—i.e., the informality and entrepreneurship. This relationship could be the manifestation of entrepreneurship in informal contexts, or the informality creating conducive environment (e.g., perceived as less risky) for entrepreneurial urges to bloom, mature, and grow. This suggests a further examination each separately within its relevant context before exploring their complex relations as a whole. Such a decomposed, as opposed to integrated, discussion may offer insights and lead to integrative opportunities in the end. Accordingly, in the balance of this note we briefly explore contextualized informality, ethnicity, and entrepreneurship—i.e., the three principal topical themes of the volume—before consolidating them at the end.

The magnitude and contribution of the informal economy. Based on a cursory research of the topic, one realizes that practically *all economies in the world have an informal sector*, but the size and its contribution to the overall national economies vary widely. For example, in highly advanced and open economies, such as Austria and Switzerland, the size of the informal markets is smaller and estimated to be less than 10% of their respective GNPs,² while it is higher in developing economies and exceeding 60%.³ It is noteworthy that even at the low end of 10% of a national economy, the informal economy rivals the most productive sector of most economies and may involve even larger employment and higher value added in that overall economy than other sectors. In Canada for example, where McGill University is located, and I reside, the oil and gas sector is the largest sector and it peaked at 7.6% of Canada's nominal GDP in 2007.

The fluidity of informality is characterized, and expressed, differently, ranging from “black or cash economy” and “parallel or shadow economy” to the “second” and at times even “illegal” economy, among others, all pointing to aspects of this complex topic. Perhaps, the term “shadow” economy best expresses the intangible, hard-to-measure, and mostly ignored aspects of the informal sector on the one hand and also points to the overshadowing of the informal sector by the formal sector of the economy, regardless of size and contribution, on the other. It appears that the persistent inability of the universally adopted formal economic metric system, coupled with lack of incentives for voluntarily declaration of the size of various employment- and income-generating activities in the informal sector, has contributed to the continued domination of the formal sector. Traditionally, the ever-increasing attention given to the formal sector in the various nations, and worldwide, has contributed to that dominance at the cost of inattention to intrinsic entrepreneurial opportunities in the informal sectors.⁴ In spite of the difficulty and imprecision of

²The smallest shadow economies were found in Austria with 8.9%, and Switzerland with 7.2% of their respective GDPs.

³The largest shadow economies were found in Zimbabwe with 60.6% and Bolivia with 62.3% of their respective GDPs.

⁴Given the gravity of size, based on reported statistics, we should logically know much more about the informal sector, especially when it is the largest sector of the economy as a whole.

terms and measures, the average share of the informal economy in the global economy is estimated to be approximately 35%. Based on information and estimates from 110 countries, Schneider (2002) estimated the size of informal sector in OECD countries, in developing countries, and in transition economies at approximately 18%, 38%, and 41% of their GNPs, respectively. A larger burden of higher taxation and social security contributions along with larger costs of regulation and regulatory enforcements, including the costs of unnecessary legal rigidities, correlated with the larger size of the informal economies in the studied countries (Schneider 2002). In a later study of 158 countries over the period of 1991–2015, Medina and Schneider (2018) reported that the average size of global informal economy as a percentage of global GNP has followed a declining trend line over time—e.g., from 34.82% in 1991 to 30.66% in 2015—with consistent lessening across different groups of countries. For example, the average size of informal economy varied from the low average of 16.77% for Asian countries, 18.7% in OECD countries, and more than 35% for the Latin American and Sub-Saharan countries (Medina and Schneider 2017), all lower than their counterparts a decade earlier. The declining share of informal economy steadily points to two possible emerging realities.

The less likely scenario is that the extent of true economic activities in the informal sectors has been shrinking. However, this scenario clashes with recent revelations that increasingly highly wealthy individuals have been moving some, if not all, of their wealth and income-generating investments into off-shore accounts beyond the reach of public authorities and formal measurements. Along the same lines, prominent and highly profitable corporations have been moving their headquarters from relatively higher tax-rate to the lower tax-rate jurisdictions to reduce their taxes and contributions to formal GNP and the public purse, which would introduce distortions in the formal systems. The alternative and the more likely scenario is that human ingenuity, through ethnic and entrepreneurial initiatives, has grown beyond its initial intangibility, small size, and informality of start-up stages and has steadily moved into the larger formal economy, thus reducing the size of informal and increasing that of the formal sectors of the economy. In light of impressive blossoming of genuine entrepreneurship worldwide and increasing mobility of entrepreneurs moving to more conducive environments, which welcomes and accommodates them with open arms, ever-increasing activities are blooming nearly everywhere, but mostly in the formal parts of those welcoming economies (we will return to this argument later on). These entrepreneurial initiatives range widely, from micro-financed basket weaving by previously deprived ethnic women entrepreneurs in remote regions of India to similar endeavors in Africa or Canadian Arctic regions and to massive, venture-capital financed entrepreneurial initiatives in the California's Silicon Valley (in the San Francisco Bay Area), China's Pearl River delta, India's Bengaluru city, Taiwan's Hsinchu Science Park, and their many counterparts elsewhere. Given such developments, I would like to suggest that the entrepreneurial activities in general and ethnic entrepreneurship in particular are on the rise and will be facing a brighter future than ever before. That promise of a brighter future, regardless of size, the nature, and location of activity, deserves further reflection, which brings me to the other principal components of the volume's thematic title.

The “informal” component of informal entrepreneurship. Admittedly, when the phenomenon under examination is seemingly integrated and complex, as stated earlier, a decomposed examination is not the most ideal approach. However, such a decomposed approach may offer potential insights into the dynamics of influential forces possibly masked by, for example, their integration into, and interaction with, the other forces. Following that logic, we briefly examine informality from an entrepreneurial perspective before exploring entrepreneurship in ethnic context.

An interplay of influential forces, such as sociocultural and legal factors, economic needs, and human perceptions, among others, influences informality. It is usually a consequence but can give rise to interesting occurrences. Consider, for example, the following:

1. The prevailing sociocultural and economic conditions—e.g., *inefficient market structure* due to endemic corruption, high burdens of taxation, regulation and enforcement, and small and irregular demand, among others—contribute to higher informality.
2. Nascent entrepreneurial instincts responding to immediate and perceived time-constrained needs, which are viewed as opportunity at the time, could lead to the testing of the perceived opportunity within the informal context, especially when the true economics of the opportunity is highly uncertain, and its socio-legal standing is equally unclear.
3. When perceived needs and associated opportunities have no corresponding formal market, coupled with nascent entrepreneurs not yet prepared to start up a formal business to pursue the opportunity (due to perceived high uncertainties, evolving nature of opportunity, need for protection of potential intellectual property, and unclear legal framework, among others), the feeble start-up may begin operations initially within the informal market structure. Stated differently, highly uncertain, or not friendly, if not hostile, environments may encourage nascent entrepreneurs to take refuge in the security of informality and informal markets at first before migrating into the formal market later on when the risks and uncertainties have become bearable.

Let us revisit the simple case of children’s informal lemonade stands over a weekend, or a summer. It is hardly driven by a true need, but the children’s perception is that they can serve a need and deliver value to the neighbors. This is a vivid manifestation of *very small-scale nascent entrepreneurship* in a supportive context. It is difficult to attribute any negative motives, such as illegality and tax avoidance, to such instinctive efforts, but they are not immune to the health and safety inspectors shutting them down if they move to street corners, which children’s neighborly lemonade stand cannot fathom. Similarly, when inflexible regulations, such as massive paper work and expensive license fees, among others, raise barriers to such instinctive early urges, not only informal entrepreneurship is smothered, but also promising future formal entrepreneurship is likely to become the

sacrificial side effect.⁵ The ultimate outcome, however, depends on sociocultural and contextual forces influencing the entrepreneurial decision. The noteworthy point is when both the informal and formal contexts can be supportive of similar entrepreneurial cognitions, instinctive entrepreneurial spark is likely to start in the informal sector before joining the formal market without being illegal or criminal at any point in time.

Naturally, the sum total of such informal economic activities, regardless of size and degree of corresponding informality, forms the informal sector as a whole, and their respective contributions to the overall national economies are likely to depend on influential socio-economic and legal-political forces at the time and vary widely across nations, as discussed earlier.

It is noteworthy that the various chapters of this volume present rich and diverse examples of the “informality” in terms of size, location, type of activity, and contribution to their national economies along with their accompanying entrepreneurial characteristic. Although the “informality” phenomenon is expressed in different terms, each with its own characteristics, modus operandi, and emphasis on a particular aspect of the informality’s complexity, we will abstract from them and only use the term “informal” to remain consistent with the topical theme of the volume. Stated briefly and differently, informal entrepreneurship is likely to be a highly positive force in spite of its intangibility, which is more due to the inability of the formal system to account for, and to include, them and much less due to potential entrepreneurial decisions to remain informal and excluded. This brings me to the other topical themes of the book’s title, as follows.

Entrepreneurship and ethnicity. This volume offers a very rich and diverse information on both ethnicity and ethnic entrepreneurship. Nearly all scholars in this volume appear to have had close affinity with their respective topics, as some chapters present nearly ethnographic research. Such authors and coauthors may not be ethnic or migrant themselves, nor entrepreneurial beyond scholarship, but appear to have had close relationship with their research topic, directly or indirectly, adding significant nuances to the general knowledge about the pattern of ethnic entrepreneurship, which are at times associated with migrant and diasporic backgrounds. A few chapters of the book (e.g., chapters “Liabilities and Benefits Associated with the Involvement of Undocumented Immigrants in Informal Entrepreneurship in the US,” “A Study of Enterprise in Rankin Inlet, Nunavut: Where Subsistence Self-employment Meets Formal Entrepreneurship,” “Informal Cross Border Women Entrepreneurship (ICBWE) in West Africa: Opportunities and Challenges,” “Ethnic Enterprise Informality and Entrepreneurship in a Minority-Majority Region in the United States: Latinos in South Texas,” “Why Do Migrant Women Entrepreneurs Enter the Informal Economy? Evidence from Israel,”

⁵In contrast to lemonade stand, a similar entrepreneurship in serving iced water (lemonade or even ice cream) to passers-by on a city’s busy streets, or in touristic areas, capable of generating employment and income through satisfying a similar need requiring larger effort, is likely to go on for sometime. This suggests the ultimate choice may not depend on the substance of business endeavor.

“Informal Refugee Entrepreneurship: Narratives of Economic Empowerment,” and “Explaining Ethnic Minority Immigrant Women’s Motivation for Informal Entrepreneurship: An institutional incongruence perspective”) point to at least two types of ethnic entrepreneurial establishments—those owned and operated by national ethnic entrepreneurs and those associated with migrant and diasporic entrepreneurship.

As for the former, most of us deal with ethnic businesses routinely in our daily lives, mostly run by the second, third, and successive generations of migrant, diasporic, or transnational entrepreneurs. In multi-ethnic countries, such as Canada, they are prominent and difficult to avoid or ignore, as they are the integral fabric of the society. Canada is indeed a country of ethnicities that immigrated to Canada (referring to the meeting place by Iroquois, one of the original indigenous nations residing in parts of the current provinces Ontario and Quebec before the arrival of French Colonists in North America) sometime in the past three-and-a-half centuries. In Montreal, the largest and the second oldest city in the French province of Quebec and Canada,⁶ older generations of diasporic, migrant, and ethnic families are well recognized, as they built their own ethnic communities in different parts of the city and the city as a whole.⁷ Most of these communities⁸ and neighborhood businesses have preserved their ethnic heritage and entrepreneurial characters and add profound richness to the sociocultural and economic life of the city. These ethnic communities and their entrepreneurial businesses have thrived over the past three-and-a-half centuries, and they have transformed from ethnic, and possibly initially informal, to successful family businesses that are held and managed by later generations with exceeding dynamism and vibrancy. My casual observation and research on ethnic entrepreneurship in Montreal⁹ suggest that:

1. The majority of ethnic businesses, with diasporic roots, and different sociocultural heritage as compared to that of the majority, preserve their family traditions that extend beyond the first generation and practiced across a few successive generations.

⁶In 2017, Montreal celebrated its 350th anniversary of its establishment by its original French settlers establishing the North American Colony of the “New France,” where it has kept its original French heritage.

⁷There are more than 20 large and formally organized ethnicities with officially registered community associations and community centers, in which migrants are active and the newly arrived migrants quickly join. In most cases, such community organizations are the initial connecting lifeline of the new migrant to the city’s broader population and provide social capital to these ethnic entrepreneurs.

⁸These communities are not enclaves. They are integral parts of Montreal and at times there is no distinction between one community and the next.

⁹For more detailed information on ethnic entrepreneurship in Montreal, please see Etemad et al. 2016a, b.

2. Ethnic entrepreneurs operate at the interactive intersection of a few sociocultural, economic, and even political layers that include, but not limited to, the combination of personal traits (e.g., those of the original ethnicities and their family background and experience (Etemad 2018).
3. Eventually, the initially informal entrepreneurial and ethnic, migrant, diasporic, and transnational businesses grow to become larger formal businesses that expand beyond ethnic markets and become practically indistinguishable from the general fabric of the business and the society at large.
4. The initially intangible and not-so-obvious attributes of ethnic, or family, businesses form the pillars of their corporate culture that reflects some of their prominent ethnic characteristics even after a few successive generations.¹⁰

In summary, initial informal and ethnic entrepreneurship is likely to form the backbone of a strong family business in the formal economy that serves broad national and international markets after some time.

The “entrepreneurial” component of informal entrepreneurship. The argument here is akin to the question asking: how similar, or different, is entrepreneurship in the informal context as compared to what characterizes formal entrepreneurship in the formal markets? Three potentially interactive issues need examination—i.e., the entrepreneurship, the context, and their mutually adaptive interactions. Based on observation and case studies, Etemad (2004) suggested that entrepreneurship would be a dynamic, open, and adaptive system. In general, entrepreneurship is dynamically adaptive, and it evolves within its embedded environmental context and, thus, remains continually adapted, regardless of its formal or informal structure. In contrast, when the context is hard and nonadaptive (e.g., the old socialistic systems), nascent entrepreneurs most likely blossom in the “underground economy” and remain in the informal sector to avoid rigidities of the formal structure. When entrepreneurship is resolute and is allowed to be a force of change, either the context adapts gradually, and possibly reluctantly, to accommodate the change or entrepreneurial enthusiasm withers, otherwise. The current entrepreneurial initiatives in “greening” the environment and reducing reliance on fossil fuels are an example of dedicated entrepreneurship that is not relenting to opposite forces. Such entrepreneurship is gradually transforming into a global movement and affecting most economies.

In fact, informal entrepreneurship is rich in offering various manifestations of the mutually adaptive dynamics. For example, informal markets offer the flexibility within which micro and nascent entrepreneurship can learn and adapt in order to survive and even thrive, while most formal market does not, as the competitive rules and standards are already formalized, rigid, and legally enforced. The very nature of entrepreneurship is contrary to the “sink or swim” dictate, which offers no room to learn or tolerance to make mistakes. Furthermore, the safety of small sizes and

¹⁰It is not always possible to peer through the background and the value system of the early generations in order to explore associated ethnic family influences on their current businesses and its corporate culture.

relatively less hostile local and regional competitors in formal sectors enable nascent entrepreneurship to blossom and grow. Most of such competitors are likely to belong to the same social network and counting on similar, if not the same, social capital while avoiding burdensome regulation, taxation, and regulatory enforcement, among many others. Informal context seems to be more welcoming to feeble start-ups, small family businesses, and ethnic and subsistence entrepreneurship. Conversely, informal and especially local informal contexts are equally likely to be adaptive, as both buyers' and suppliers' informal relations can stimulate dynamic adaptation. Such characteristics, however, may not serve as a force to push entrepreneurship toward higher competitiveness to enable growth and advancement in formal markets and national economy as a whole. The noteworthy point is that higher flexibilities and more adaptive nature of both the entrepreneurship and contextual informality can serve as learning grounds for both and stimulate growth beyond necessity entrepreneurship and subsistence. This suggests that entrepreneurship embedded in informality can also be virtuous. In sum, entrepreneurship and its embedding context have a mutually symbiotic relationship (Dana et al. 2000, 2001, 2008; Etemad et al. 2001). Alternatively, entrepreneurship will have to create its own context (or ecosystem), within which it can thrive and succeed, which is likely to be initially more informal than formal.

With the exception of the recent entrepreneurial studies in emerging economies, the rich recent literature of entrepreneurship is generally embedded in the formal economies and mostly in those of the advanced countries. It is, therefore, logical to ask whether entrepreneurship embedded in one context is similar to, or different from, entrepreneurship embedded in qualitatively different contexts, such as those of the emerging economies.¹¹ Such questions were implicit in the research questions of the volume as a whole, and numerous chapters of the book provide clear portrayal of both the nature of entrepreneurship and their contexts (e.g., chapters "Liabilities and Benefits Associated with the Involvement of Undocumented Immigrants in Informal Entrepreneurship in the US," "Entrepreneurial Practices in an Age of Super-diversity: A Study of Ukrainian Entrepreneurs in the UK," "A Study of Enterprise in Rankin Inlet, Nunavut: Where Subsistence Self-Employment Meets Formal Entrepreneurship," "Informal Cross Border Women Entrepreneurship (ICBWE) in West Africa: Opportunities and Challenges," "Entrepreneurship in Bolivia: An ethnographic enquiry," and "Creative Entrepreneurship of Young Roma Women: An Exploratory Study from Middle Banat Region, Serbia"). For those who have not studied, nor experienced, entrepreneurship outside of the formal economies, the chapters of this book are insightfully informative, and in light of the large size of informal markets, as discussed earlier, such information is not only instructive, but also far overdue.

¹¹A comparative research question deserving further examination is: is entrepreneurship in the informal (formal) economies (or contexts) in advanced countries similar to, or different from, its counterpart in informal (formal) economies (or contexts)?

Toward an integrated view of thematic components. As scholar of international marketing and international entrepreneurship, I am drawn routinely to marketing practices of indigenous entrepreneurs in their own local markets, mainly isolated from the respective formal market structure. A visit to the local daily farmers' market, local fresh produce and vegetable market, and before-dawn fresh-fish-auction market, among others, has always been on my early agenda and has consistently trumped over other attractive touristic sites. Most of such local markets are relatively small, personal, and entrepreneurial that exhibit the influence of local sociocultural informal market's on genuine entrepreneurship. Close observations of behaviors in the local informal markets, and even those in the central bazaar's wings dedicated to selling cotton, cloth, grains, and jewelry wings, reveal informative insights.¹² In spite of the heavy and even aggressive selling overtones for sale to an observing tourist, they are open to frank conversations with a curious foreign scholar. The entrepreneurial component of these local marketers not only differs markedly from those of the formal market institutions, such as supermarkets, department stores, and local general stores, located in the city's downtown (or uptown) and touristic areas, but also their transactional efforts are also drastically different. They are well aware of their contextual circumstances, including their limited time opportunities and the conditions of other offerings in the proximate market in terms of range of quality and prices, among others. For example, in farmers' markets for fresh produce, offering a cup of tea or coffee with local delicacies combined with quantity discounts is a part of routine selling effort to friends, acquaintances, and even unsuspecting tourists, especially late in the daily markets session. In contrast, the neighboring formal grocery stores or supermarkets routinely "run out" of, or withdraw, their daily "specials" late in the daily session, especially once the informal markets are concluded. Behaviors in the farmers' market, for example, suggest that not only are the agents in informal market more flexible and dynamically adaptive to the momentary context facing them; they may also exert indirect pressures on the formal market's upper bounds (e.g., in terms of setting prices) or the lower bounds (e.g., freshness and quality of products) of the competing formal local markets. Through such pressures, entrepreneurial informal markets influence their neighboring formal counterparts, and conversely, they are affected by them as well. Stated differently, the interaction and adaptive behavior of the two markets create and deliver more value to buyers and the society as a whole, which in turn act as deterrents to official crack-down of entrepreneurial informal markets.¹³ As hinted earlier, both sectors are aware of their mutually synergistic, and possibly symbiotic, relationships (Dana et al. 2000, 2001, 2008; Etemad et al. 2001).

¹²Please also see chapter "The Resurgence of Bazaar Entrepreneurship: 'Ravabet-networking' and the Case of the Persian Carpet Trade" in this volume exploring the influence of networking in the carpet markets in Iran.

¹³For the informal regulatory pressures, and their consequent value offerings, small entrepreneurial initiatives are tolerated. As a result, for example, children's neighborly initiatives, such as cutting lawns, painting walls, and even selling Mom's home-made cookies, are not ruled out.

While I have repeatedly puzzled over what influences the marketeering and sales practices of small entrepreneurial establishments, which varies qualitatively from one sector and one region to another, it seems that the sociocultural and economic contexts govern their overall behaviors. For example, the floating produce markets, or the floating eateries in Thailand's waterways, are far different and also behave differently as compared to their counterparts on the proximate coastal waters or coastal grounds. Similarly, these behaviors also differ from relatively similar establishments, such as local small grocery stores and restaurants in the Northern or Southern regions of Thailand. However, Thailand is not an exception as I have observed similar pattern in other countries and cities. The experiential observations suggest that *informal market establishments* portray innate entrepreneurial characteristics. In contrast, my shopping experience in the *formal market establishments*,—e.g., large department stores and super markets in the center of cities—suggests that they reflect a combination of accepted international marketing practices that are partially adapted for the local and national sociocultural tastes and preferences. It appears that international local formal and informal markets offer environments in which to observe uncontaminated ethnic, entrepreneurship, and informal behaviors that are unobservable in the world's large cities and metropolises. As stated earlier, I was delighted to see numerous chapters in the book documenting such relatively pure and uncontaminated examples of ethnic and informal entrepreneurship.

With the risk of generalization, the above discussion suggests that behaviors in informal markets, or those behaving similar to informal markets, exhibit more genuine or innate entrepreneurial orientations¹⁴ (Miller 1983, Anderson et al. 2009, Etemad 2015a, b, c, among many others) than those in the formal markets, and thus not only are they more instructive, they can also serve as social laboratories to observe and assess indigenous entrepreneurial orientations in order to develop a better understanding of the “international entrepreneurship orientations” (Etemad 2015a, b, c) and enable comparison across them. In light of globalization of formal markets and increasing internationalization of formal entrepreneurship, the content of this volume offers a higher promise of illustrating instinctive and uncontaminated entrepreneurial attributes than those reflecting the accepted practice that are possibly influenced by worldwide internationalization engulfing most formal markets. Again, a few chapters of the book reflect the very local informal entrepreneurship (e.g., chapters “Entrepreneurial Practices in an Age of Super-Diversity: A Study of Ukrainian Entrepreneurs in the UK,” “A Study of Enterprise in Rankin Inlet, Nunavut: Where Subsistence Self-Employment Meets Formal Entrepreneurship,” “Entrepreneurship in Bolivia: An Ethnographic Enquiry,” “Ethnic Enterprise Informality and Entrepreneurship in a Minority-Majority Region in the United States: Latinos in South Texas,” “Exploring the Contributions of Informal Ethnic

¹⁴Entrepreneurial orientation is defined in terms of its integral components—e.g., pro-activeness, innovativeness, risk bearing, competitive intensity, marketing intensity, and collaborative intensity—and are all assumed to be universally applicable.

Entrepreneurship to Economic Development in Nigeria,” “Creative Entrepreneurship of Young Roma Women: An Exploratory Study from Middle Banat Region, Serbia,” “Traditional Fishing Activity, Customary Exchanges and the Vision of Informality in New Caledonia,” and “Being an (in)Formal Afro-Descendant Entrepreneur in Medellín, Colombia: A Case Study”).

On a final and scholarly note, it is only logical to point to the evidence presented in this volume, which is highlighting differences between formal and informal, ethnic, nonethnic, and indigenous versus the other forms of entrepreneurs, thus enabling us to ask an important question: are the measures, metrics, and constructs of true entrepreneurial orientation and entrepreneurial behaviors universally applicable and equally capable of characterizing entrepreneurial behaviors, or do they suffer from the influence of the formal contexts within which they were constructed and tested? Similarly, are these measures leading us to the true nature, innate, and locally embedded entrepreneurship or to an erroneous picture of the local reality? While this volume will help you, the reader, to more perceptive conclusions, the scholarly question of what constitutes instinctive entrepreneurship remains and the challenge of characterizing it is still facing us all, and they deserve our scholarly attention.

On a final personal note, I am grateful for the opportunity of having had your attention and hope that this foreword raised your scholarly curiosity and interest.

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April 2018

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Informal Ethnic Entrepreneurship: An Overview



Veland Ramadani, Abdylmenaf Bexheti, Léo-Paul Dana,
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Abstract This chapter provides an overview on entrepreneurship, informal economy and ethnic entrepreneurship. In this chapter are listed main aims and issues treated in this book. The chapter ends with a brief description of all chapters included in this book.

Keywords Entrepreneurship · Informal entrepreneurship · Ethnic entrepreneurship

1 Introduction

Most of the existing entrepreneurship literature focuses on formal enterprise but more recently more attention has been placed on informal entrepreneurship. Entrepreneurship usually implies law abiding activity, but informal entrepreneurship can involve unauthorized or illegal entrepreneurial activity that can include tax evasion and self-employment (Bexheti 2018; Ratten 2014; Rezaei et al. 2013). The informal economy provides individuals with business opportunities regardless of immigration status or educational qualifications and this is especially important to entrepreneurs (Ramadani et al. 2015a).

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In recent decades, in many cities in the industrialised world, especially in metropolitan areas, there was a large influx of people from different socio-cultural or ethnic origins (Dana 2007; Dana and Morris 2007, 2011; DeHart 2010; Levent et al. 2003; Light and Johnston 2009; Ramadani et al. 2014; Waldinger et al. 2006). With the growth and positioning of these ethnic groups in western societies, ethnic entrepreneurship is increasingly arousing interest for socio-economic studies. Ethnic group represents a segment of society whose members are thought to have common origin and culture and take part in joint activities in which the origins and culture are an important part of them (Yinger 1985). Recent years there has been a great orientation of ethnic groups in self-employment. These movements recognised by many authors as ethnic entrepreneurship. Ethnic entrepreneurship is a process of identifying opportunities in the market, undertaking innovative, unsafe and dangerous activities by individuals who are not members of the majority population in a given country, to ensure prosperity for themselves, family and whole society.

Informal entrepreneurship for ethnic groups can have a positive impact on society but is impacted by political conditions, managerial skills and financing problems (Dana 1999). In addition, ethnic entrepreneurs in the informal sector often rely on cash-based transactions that are not taxed or subject to government regulation that take place in perspective economies. Given the importance of informal entrepreneurship in society, it is important to understand the motivations for ethnic entrepreneurs starting these business ventures. An understanding of how and why these business ventures are started by entrepreneurs and the role of ethnicity in the start-up phase is helpful in supporting more individuals to be entrepreneurs in all countries. An entrepreneurial motivator for both genders is the lack of corporate opportunities but this may be more prevalent in female. Given the lack of work opportunities for minorities, this book stresses that the entrepreneurial motivation to start informal businesses will be more important to ethnic groups than domestic population. Due to the increased attention placed on ethnic entrepreneurship and informal entrepreneurship, this book focuses on the following research question: “What are the factors influencing ethnic groups to start an informal business and how does this link to the creation of innovative business activity?”

Therefore, this book includes chapters that aim at either testing the relevancy of the concept of ethnic entrepreneurship and informal economy innovation or at improving the concept of innovation and the informal economy through the study of ethnic informal entrepreneurship and innovative business activities.

More specifically, the book will focus on research dealing with the following issues:

- Evolution of ethnic entrepreneurship and informal business in the world;
- Ethnic entrepreneurship and informal business activity in developed and emerging economies;
- Innovation, creativity and ethnic entrepreneurship from an informal business practices;

- Understanding the diversity of ethnic entrepreneurial strategies;
- The economics of co-ethnic employment: incentives, welfare effects and policy options;
- Ethnic minority business and the employment of illegal immigrants.

The editors intend to bring with this book a significant value to informal ethnic entrepreneurship researchers, policy-makers and entrepreneurs.

2 Overview of Book Chapters

The book 'Informal ethnic entrepreneurship: Future research paradigms for creating innovative business activity' is consisted of 18 chapters. This first chapter was focused on providing an overview of informal ethnic entrepreneurship in general.

Steven J. Gold's chapter, 'Liabilities and benefits associated with the involvement of undocumented immigrants in informal entrepreneurship in the United States' where he discusses the impact of undocumented immigrants' growing involvement in informal entrepreneurship and reflects the extent to which self-employment provides income for these immigrants in general. The author, based on literature review, official statistics, journalism and own ethnographic research reviews the social, political and economic impact of undocumented immigrants' entrepreneurship on the whole economy and society. The author concludes that informal entrepreneurship is among the only way undocumented immigrants to survive, and policymakers should create more dynamic and more equitable economic conditions and include them into the (formal) economic life of the larger society.

Chapter 3, 'Entrepreneurial Practices in an age of super-diversity: A Study of Ukrainian Entrepreneurs in the UK' is written by Peter Rodgers and Colin C. Williams. This chapter contributes to on-going debates in informal ethnic entrepreneurship by outlining the heterogeneous nature of Ukrainian immigrants' entrepreneurial practices in the United Kingdom. In this chapter, the authors highlight the ways how Ukrainian entrepreneurs mobilise the needed capital in order to realise their informal entrepreneurial activities. The chapter ends with policy recommendations and future research directions.

Religion and culture play an important role in entrepreneurship (Dana 2009; Ramadani et al. 2015b). In Chap. 4 'The confluence of religion and ethnic entrepreneurship in the informal economy', Sanya Ojo illustrates how ethnic minorities create new entrepreneurial businesses at the margins of religion and cultural boundaries. The author has applied qualitative approach as to examine ethnic entrepreneurship within the contexts of religion, cultural hybridity, segregation, diasporic network and enterprise. The cases include three Nigerian religious-based entrepreneurs.

Shahamak Rezaei, Birte Hansen, Veland Ramadani and Léo-Paul Dana are authors of Chap. 5—'The resurgence of bazaar entrepreneurship: 'Ravabet-networking' and the case of the Persian carpet trade'. In this chapter discuss the bazaar-type

economy. The authors suggest that the bazaar-type economy provides interesting insights into features characterizing the new economy which is not captured by standard economic conceptualizations or the standard iconic markets, such as Wall Street. The chapter is built on empirical studies from the Iranian dominated Carpet bazaar in Hamburg, Germany. In this chapter also is compared the traditional and contemporary bazaar with modern markets, where a special attention is paid to networks.

Chapter 6, ‘A study of enterprise in Rankin Inlet, Nunavut: Where subsistence self-employment meets formal entrepreneurship’ authored by Aldene Meis Mason, Léo Paul Dana and Robert Brent Anderson treats entrepreneurial practices in Ranklin Inlet, Canada. This chapter combines a case study of the community. entrepreneurial activity takes place in the informal sector. The authors conclude that to supplement income, it is common to engage in subsistence self-employment such as hunting or fishing. The authors suggest that investments in infrastructure will increase the entrepreneurial activities and will reduce living costs in Rankin Inlet.

Ben Q. Honyenuga in Chap. 7, ‘Informal cross border women entrepreneurship in West Africa: Opportunities and challenges’, discuss opportunities and challenges of informal cross border women entrepreneurs along and across the borders of West Africa, respectively Benin, Ghana and Togo. The author provides some insights on these cross border entrepreneurial activities and implications for theory and practice of entrepreneurship and small businesses management. It contributes to the debate on women entrepreneurship in Africa, which is underrepresented in the literature.

Chapter 8, ‘Willing or survival? Informal ethnic entrepreneurship among Serbs in Kosovo’, authored by Nora Sadiku-Dushi provides some insight on informal ethnic entrepreneurial activities of Serbs living in Kosovo. Serb minority entrepreneurs were interviewed using in depth semi-structured, face to face, interviews. The chapter provides a picture on motives for self-employment, challenges of ethnic minority entrepreneurs and their attitudes towards informality.

Léo-Paul Dana is author of Chap. 9—‘Entrepreneurship in Bolivia: An ethnographic enquiry’. In this chapter he reports the findings of an exploratory study conducted in Bolivia, using ethnographic methods. The author suggests that in this country much entrepreneurship activity takes place outside the firm-type formal economy. The author compares the firm-type sector of the formal economy with the Bazaar and the Parallel Economy, which consists of informal, internal or covert economic activities. The author found that in Bolivia, Kirznerian entrepreneurship takes place in the Bazaar, while Cantillonian entrepreneurial activities occur in the Parallel Economy.

Chapter 10, ‘Ethnic enterprise informality and entrepreneurship in a minority-majority region in the United States: Latinos in South Texas’, authored by Michael J. Pisani, explores Latino informal entrepreneurship in South Texas with a focus on the rationale for business start-up and enterprise persistence. The author also discusses the changing border context in the “Age of Trump” and public policy implications.

In Chaps. 11 and 12 is discussed informal ethnic entrepreneurship in Nigeria. Uchenna Uzo in ‘Informal institutional domains and informal entrepreneurship: insights from the Nigerian movie industry’ exposes that organizations embedded in diverse institutional domains such as family, friendship, ethnicity and religious tend to exclusively hire members of the same socio-cultural group. His study was based on four movie production companies in Nigeria. Raimi Lukman and Behrouz Aslani in their chapter ‘Exploring the contributions of informal ethnic entrepreneurship to economic development in Nigeria’ discuss the contributions of informal ethnic entrepreneurship to economic development in Nigeria, focusing on three ethnic entrepreneurial groups—Igbo, Yoruba and Hausa-Fulani. In the end of the chapter, the authors recommend several interventions from governments and other relevant stakeholders.

Hristina Mikić authored Chap. 13—‘Creative entrepreneurship of young Roma women: an exploratory study from Zrenjanin and Novi Bečej, Serbia’. She focused her research on motives, driving forces, skills, conditions, problems and challenges of young Roma female creative entrepreneurs in Serbia, specifically in Zrenjanin and Novi Bečej.

Chapter 14, ‘Why do migrant women entrepreneurs enter the informal economy? Evidence from Israel’ is written by Sibylle Heilbrunn. The author, based on eight interviews with female migrant self-employed owners in Israel, explores and documents the intersection of gender, precarious forms of self-employment and migration status at several locations on the continuum of the formal and informal sector.

Salime Mehtap and Abdul Ghafoor Al-Saidi in Chap. 15, ‘Informal refugee entrepreneurship: Narratives of economic empowerment’ discuss the informal entrepreneurial efforts and activities of Syrian refugees in Jordan. The chapter highlights the motives and challenges they faced during the creation of home-based business in a patriarchal and conservative context.

Chapter 16, ‘Traditional fishing activity, customary exchanges and the vision of informality in New Caledonia’ is authored by Julie Mallet, Chantal Napoe, Raymond Tyuionon, Séverine Bouard and Catherine Sabinot. They present the different types of transactions, such as exchanges, customary works and sales realised by on-tribe fishers in New Caledonia.

In Chap. 17, ‘Explaining ethnic minority immigrant women’s motivation for informal entrepreneurship: An institutional incongruence perspective’, the author Anam Bashir, based on 25 face-to-face interviews with Pakistani and Bangladeshi women and representatives of local employment support organisations in Newham borough of London, evaluates the formal and informal institutional forces that influence women entrepreneurs to engage in informal entrepreneurship.

In the last Chap. 18, ‘Being an (in)formal Afro-descendant entrepreneur in Medellín, Colombia: A case study’, John Fernando Macias Prada, Diego René Gonzales Miranda and Sébastien Arcand analyse the entrepreneurship processes of the Afro-descendant population of the District 13 in Medellín, Colombia, concluding that these entrepreneurs move continuously their business activities between the formal and the informal economy.

3 Conclusion

In conclusion, the editors and the contributors of this book hope that this volume brings an attractive and significant contribution to the field of informal ethnic entrepreneurship, above all, in terms of revealing the constituents of these fields in specific economies and cultures. While ethnicity, informality and entrepreneurship are strategic areas, which have always been attentive and always changing over time, informal ethnic entrepreneurship being at the verge of research is becoming a subject undergoing intense study by scholars nowadays. We trust this volume will be very welcomed by regional and international academic colleagues, students and policy-makers, who are interested to know more about informal ethnic entrepreneurship in different context and countries.

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Liabilities and Benefits Associated with the Involvement of Undocumented Immigrants in Informal Entrepreneurship in the US



Steven J. Gold

Abstract The many undocumented immigrants present in the US, together with the growing popularity of entrepreneurship as a job-creation strategy, have enhanced both the number and acceptance of self-employed undocumented immigrants in US society.

This article draws upon multiple sources of data including literature review, official statistics, journalism and the author's own ethnographic research to assess the impact of undocumented immigrants' growing involvement in informal entrepreneurship. It considers the extent to which self-employment can provide income for undocumented immigrants generally and further seeks to determine rates of entrepreneurship in relation to migrants' demographic characteristics, socioeconomic status, gender, nationality, location, and realm of economic specialization. Finally, the paper reviews the social, political and economic impact of undocumented immigrants' entrepreneurship on the larger society.

Keywords Undocumented immigration · Ethnic entrepreneurship · Informal economy · Employment

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1 Introduction

Undocumented immigrants' entry into the United States is frequently motivated by their desire to obtain employment. Yet their lack of legal status stands as a major obstacle to finding work and makes them subject to abuse from employers who know that they have little recourse if they are exploited. Accordingly, to avoid difficult and risky interactions with employers, a considerable number of undocumented immigrants become self-employed. As the number of undocumented immigrants in the US has increased in recent decades, so has their self-employment in the informal economy.

Research demonstrates that informal economic activities are well suited to contemporary economic realities. For example, informal firms are efficient, keep costs down, permit innovation and allow owners to avoid restrictive regulations associated with legal status, wage levels, hours, environmental protection, occupational safety, benefits, taxes, zoning and the like (Castells and Portes 1989).

While it is difficult to collect accurate information about the informal economy, research shows that it is quite large and economically important. Popular stereotypes suggest that the informal economy is the province of very small businesses, unskilled and marginal workers, and low wages. However, systematic investigation reveals that this view is largely unfounded. Rather, the informal economy is more dynamic and more economically significant than many experts have assumed.

Further, while it is true that undocumented immigrants are among the groups active in the informal economy, its participants are not limited to marginal and unskilled personnel. It also involves persons with professional skills, legal status, and access to investment capital. These include engineers, entrepreneurs, skilled craftspeople and purveyors of luxury merchandise (Sassen 1988).

Whether those involved are immigrants or native-born, and living at the subsistence level or with middle class comforts, the behaviors of participants in the informal economy challenge widely held assumptions about "one man (person), one job." Instead, several reports indicate that those active in the informal economy generally engage in multiple ventures to maximize income and flexibility, try out new activities and participate in multiple social networks. In other words, they often "moonlight." "The fact that informal activities are not captured when conventional labor-force status items are used suggests that immigrants' economic activities are underreported in most national surveys." (Rajjman 2001: 48; Williams 2007).

Immigrants may combine employment in the formal economy with several forms of informal self-employment; they may receive government benefits while supplementing their income with informal activities to avoid jeopardizing their eligibility; or, like students, the retired or housewives, they may generate income but do not consider themselves to be employed.

Despite their informal status, such enterprises often contribute to public coffers, through the payment of fees and taxes via the use of an Individual Taxpayer Identification Number (ITIN)—often at higher rates than required for formal businesses or conventional W-2 employees. Informal entrepreneurs pay tax out of a sense of obligation to the larger society, in order to maintain eligibility for obtaining citizenship at a later date, or to avoid legal trouble (Associated Press 2008). Because

they seek to conceal themselves from public view, such businesses and their owners are much less likely to consume public services than is the case among merchants in the formal economy (Sassen 1988).

As noted by sociologists Müller and Arum (2004) and Rajiman (2001), growing numbers of persons in both the formal and informal sector are forced into informal self-employment by employers, even as they continue to perform the same duties. By making employees into independent contractors who are paid to perform specific services, large companies limit their responsibility for workers and reduce their culpability for violations of labor laws and other regulations. Since such persons continue to work for large corporations, sociologist Rebeca Rajiman refers to them as “disguised wage labor,” produced by the *demand side* of the informal economy. (Rajiman 2001: 48). At the same time, *supply side* motives for informal self-employment are associated with the growing number of workers who seek earnings in the informal sector, either because of particular advantages for doing so or because work in the formal economy is not available (more on this below).

Academics, policy makers, and law enforcement officials often blame immigrants, disadvantaged minorities and regulations-skirting entrepreneurs for the existence of the informal economy. However, a growing number of scholars and social activists acknowledge that while certain marginal populations are especially active in the informal economy, they cannot be held responsible for its existence. Rather, the informal economy endures and even flourishes because of social, financial and legal patterns reflected in contemporary economic conditions—including global competition, high rates of unemployment, costly and restrictive regulations and the inability of established firms to adapt to ever-changing environments—which make unregistered ways of doing business more rewarding, efficient, flexible and responsive than is possible among regulated endeavors.

Further, because of a lack of staff to assist clients along with difficult standards for compliance, governments sometimes compel (perhaps unintentionally) business owners to remain in the informal economy (Sinclair-Desgagne 2013). Finally, recent theorizing and research suggest that informal economic activities can meet the social, cultural, economic and practical needs of various entrepreneurs.

1.1 Current Perspectives on Informal Enterprise

Prior to the 1970s, social theorists noted the existence of the informal economy, but linked it to underdevelopment (Geertz 1962). They assumed that with the passage of time and with economic modernization, government planners and major enterprises would have enough skill in managing economic growth and extending its benefits throughout society, that small, community-based enterprises—including informal operations—would become both unprofitable and unnecessary (Cross and Morales 2007; Bonacich and Modell 1980).

After the economic shocks of the 1970s—which combined growing unemployment with escalating inflation and fiscal austerity—this view began to change. Scholars acknowledged that informal economic strategies based upon kinship and

community were not limited to preindustrial settings but were viable in postindustrial locations as well (Gaughan and Ferman 1987: 24). We now recognize the prevalence and importance of informal economies in locations epitomizing economic development, including New York, London, Los Angeles, Paris, Tokyo and Amsterdam.

Saskia Sassen sees the informal economy as vital to satisfying needs associated with groups at opposite ends of the urban economic hierarchy. In a series of activities associated with immigrant and minority communities identified as the *isolated sector*, it delivers basic consumables to marginal groups who cannot afford to fill their needs through established businesses. On the other hand, the *integrated sector* of the informal economy caters to the specific and just-in-time production demands of major corporations and cutting-edge firms and allocates the luxury goods and services prized by the high-income populations that work for them (Sassen 1994).

Economists and policy makers sometimes object to informal enterprises on moral grounds, viewing them as deviant, socially destructive and of limited economic impact. In recent years, however, many pragmatic scholars and bureaucrats have abandoned such judgments, and instead evaluated a firm's benefits and costs on an empirical basis (Portes and Haller 2005). Reflecting this perspective, a growing body of theorizing and research acknowledges the importance of informal entrepreneurship in the global economy. While earlier analyses assumed that the informal economy consisted of inconsequential enterprises like babysitting, selling matches or collecting scrap, theorists now realize that the informal economy performs essential tasks in allowing large scale and cutting-edge industries to function. Further, patterns of work associated with the informal economy, including its low cost, creativity and openness to non-orthodox ways of doing business, make it vital to many forms of innovation that benefit large-scale firms and stimulate economic growth. (Light 2004; Sassen 1991). For example, subcontractors, who are often members of immigrant or ethnic groups, permit major firms to rapidly and inexpensively manufacture products within global cities. The existence of such manufacturing schemes allows firms to combine the low cost and labor discipline of third world settings with the proximity and control of local production in centers of finance, media and culture (Bonacich and Appelbaum 2000). Informal businesses also provide a wide array of services such as cooking, cleaning, child care, delivery, moving, security, transport, remodeling, dog walking, plant care, sex work, clerical services, security and health care. They also staff hotels, restaurants, airports, industrial parks and other locations which are essential to cutting-edge corporate and governing processes.

1.2 Defining the Informal Economy

A major challenge confronting scholars and policy makers who are interested in examining the impact of informal entrepreneurship is definitional. How can one distinguish between benign forms of unregulated commerce, on one hand, and socially destructive criminal enterprises, on the other? While there are a variety of schemes for categorizing the informal economy, Castells and Portes (1989) provide

a simple distinction between formal, informal and illegal businesses. The *formal economy* includes enterprises that deliver goods and services in conformity with laws and regulations. The *informal economy* consists of unregulated and unrecorded economic activity that occurs off the books and pays no taxes. Finally, the *illegal economy* encompasses the production and distribution of legally prohibited goods and services, such as drugs, prostitution and illegal gambling.

Because of the stigma associated with the illegal economy, most analysts who emphasize the positive impact of informal entrepreneurship exclude such activities from their analyses (Losby et al. 2003: 20). Nevertheless, research by economist Robert Fairlie (2002) demonstrates that entrepreneurial skills (and investment funds) acquired in the illegal economy are applicable to the running of legitimate enterprises. Of course, there is significant overlap in these three subcategories.

Some scholars and policy makers narrowly assume that the sole purpose of a business is the generation of maximum profits. However, nearly all of those who run informal enterprises do so to fulfill multiple goals associated with family and community needs, personal preferences, the desire to associate with a defined group, mastery of specific skills, access to resources, conformity with religious precepts and for a variety of other reasons. Informal entrepreneurship provides those so involved with significant flexibility to accomplish such goals while also earning income. Finally, at least since the time of Durkheim, sociologists have realized that categories such as normal, deviant, criminal and illegal are socially defined and subject to change. (Light and Gold 2000; Becker 1963).

1.3 Measuring Informal Entrepreneurship

Measuring the size of the informal economy is difficult because its participants seek to conceal the income it creates. However, researchers who have developed various techniques for estimating its size generally conclude it to be considerable and to have important economic and social impacts. True, some fraction of those involved are members of marginal and disadvantaged groups, such as undocumented immigrants, racial and ethnic minorities, people with few skills or educational credentials, and ex-convicts. Conversely, well-educated persons from relatively high-status backgrounds, with significant education and skill, access to capital and those currently employed in the formal economy are also involved (Bracha and Burke 2014).

A census-based estimate found that informal employment and entrepreneurship accounted for 9.4% of the US economy in 1980 and 8.1% in 2000. A survey conducted by the Federal Reserve Bank of Boston in December 2013 to examine the effect of the Great Recession of 2007–2009 on informal economic activity found that “roughly 44% of respondents participated in some informal paid work activity during the past two years” (Bracha and Burke 2014: 1). A study by the United States Internal Revenue Service found that 47% of workers classified as independent contractors did not report any of their income for tax purposes (Portes and Haller 2005, Table 1). Hence, almost half of independent contractors can be considered informal entrepreneurs. (Molefsky 1981: 25 cited in Portes and Haller 2005: 413).

Another means of measuring of the size of informal entrepreneurship concerns concealed unemployment. Several economists have concluded that about 20% of those officially listed as unemployed in the US are actually active as workers or entrepreneurs in the informal economy. An estimate of involvement in the US informal economy, based upon data collected by the Survey Research Center of the University of Michigan, found that over \$72 billion was spent on informal purchases in 1985, an amount representing almost 15% of all expenditures that year. The same source found that 83% of all households made use of at least one informal supplier. Home repairs and improvements, food, child care, other personal and domestic services, and auto repairs were the leading areas of informal spending. (McCrohan et al. 1991: 37; cited in Portes and Haller 2005: 416.)

With respect to specific localities, the value of untaxed street corner sales in Los Angeles County was estimated to be \$250 million in 2002. (Barrett 2002). A 2002 study of informal employment in Los Angeles estimated that the region had 500,000 more employed residents than jobs reported by employers and that in Southern California, “self-employment has often been associated with the informal economic activity because it offers more flexibility and is typically less accountable than waged and salaried employment. In fact, a number of researchers have used self-employment as an estimate of the informal economy.” (Joassart and Flaming 2002: 6). Finally, Valenzuela (2001) counted between 20,000 and 22,000 day-laborers at 95 sites in Southern California in 1999.

In 1993, a *New York Times* article cited an estimate from the New York City Comptroller that the unreported economy was \$54 billion, or 20% of the city’s retail sales. The same article estimated that street vending in New York—which included some 10,000 unlicensed vendors—was a \$300 million-a-year industry, that illegal industrial homework, involving garment work and the assembling of goods in private homes, generated one billion dollars’ worth of business annually, and that there were some 5000 informally-run apparel sweatshops in New York’s five boroughs (Sontag 1993).

1.4 Earnings of Informal Entrepreneurs

Individual earnings from informal self-employment vary considerably and are not always small. A study of informal economic activities among 20 documented and 18 undocumented Latinos in New Jersey, Edgcomb and Armington (2003: 7, 24–25) found that earnings ranged between \$27 and \$4600 each month, with the average revenue being just under \$800 a month. These 38 respondents owned a total of 51 businesses. Sixteen respondents claimed that their economic activities in the informal sector were necessary for survival rather than being the result of personal choice.

Among Southern California day laborers, the mean yearly income was slightly above the poverty threshold for a single family in 1999. The mean hourly wage of \$6.91 was about \$1.75 higher than the federal minimum wage and about \$1.15 higher than the California State minimum wage. At this rate, full-time, year-round

employment would earn a day laborer about \$14,400, almost 175% above the federal poverty threshold for a single person in 1999. However, because day labor is unstable, workers are likely to earn less than that amount. That being said, being a day laborer in Southern California “is certainly comparable to other types of low-skill and low-paying jobs in the formal market, and the mean yearly income is about \$200 above the federal poverty threshold.” (Valenzuela 2001: 347–348).

1.5 The Appeal of Informal Entrepreneurship

Researchers offer several reasons as to why workers become involved in informal self-employment. Perhaps the most commonly cited reason is that other sources of income—including work and public assistance—if available at all, are so small that they must be supplemented to insure recipients’ survival (Edgcomb and Armington 2003: 21). According to sociologist Rogers Brubaker (1989), undocumented immigrants’ concentration in the informal economy is generally a consequence of their low level of skill and not because of their lack of legal status.

Since the loss of well-paid, unionized manufacturing jobs in the 1970s and 1980s, positions available to less-skilled immigrants have been characterized by undesirable features: “Noncitizens are overrepresented in jobs that are dirty, dangerous, exhausting, menial, unpleasant, strenuous, monotonous, insecure, badly paid, low status or low skilled.” (Brubaker 1989: 154). As such, other means of earning a living are actively sought. Some employers seek out and even recruit the undocumented because of their desire to minimize wages and augment control over labor (Gold 1994; Delgado 1993; Krissman 2000). Historian Mae Ngai (2004) demonstrates that representatives of big business and big agriculture have traditionally favored the easy entry of immigrants for this purpose.

In contrast, several studies point to supply-side explanations for migrants’ involvement in the informal economy. Such findings suggest that some fraction of undocumented immigrants intentionally seek positions in it without being compelled to do so. For example, a study of undocumented immigrants’ participation in ethnic restaurants found that “owners insisted that there was no conscious and purposeful targeting of illegal immigrants [as workers] per se, rather they simply turn up fortuitously in the course of general recruitment procedure.” (Jones et al. 2004: 106).

As sociologists Daniel Bell (1960) and Robert Merton (1957) have argued, there is generally a demand for various goods and services that are illegal or excessively expensive to obtain legally. Accordingly, ambitious persons lacking the resources required to earn a living in the formal economy will often accept the risk involved in filling such demand. Informal enterprises provide a mobility ladder for those with high aspirations but limited ability to obtain legitimate income.

Due to their origins in cultural contexts different from those of the mainstream US, members of immigrant and ethnic groups often desire goods and services, ranging from cockfights to Peking duck (which is prepared under conditions that violate established food safety regulations), that cannot be legally sold in the US

(Nation's Restaurant News 2000). Accordingly, if they are to acquire these commodities, they must do so via unregulated sources.

Lacking the assets needed to open businesses—including investment capital, business experience, education, familiarity with the mainstream culture, language skills and legal status, but immersed in family and community networks—impoverished immigrants and minority group members find the informal economy particularly well-suited to their economic needs and resources.

Immigrant workers often draw on pre-migration experience when seeking income in the US. Research suggests that many migrants' countries of origin have much higher rates of self-employment (often in the informal sector) than is the case in the US. Fairlie and Woodruff (2007) and Lara (2012) claim this with regard to Mexico, the major source of undocumented immigrants to the US. Accordingly, when faced with economic problems, immigrants from countries with high rates of informal self-employment are likely to turn to these activities to fulfill economic needs. They may be unaware of various regulations associated with working in the host society, may be unable to comply with such regulations, and may expect to work under nonchalant conditions associated with personal agreements. For these reasons, Valenzuela (2001) attributes the motives of informal business owners to both disadvantage (they lack other viable means of earning a living) and values (they enjoy independence and acquire benefits from being self-employed that would be unavailable under other work conditions).

Sociologists Marta Tienda and Rebeca Raijman (2000) discovered that in Chicago's Little Village neighborhood, undocumented Mexican men and especially women are extensively entrepreneurial. Describing these patterns of work as "quasi employment," these scholars observed that Little Village residents combined multiple forms of entrepreneurship (such as child care, food preparation, street corner sales and home repair) with regular and informal employment, bartered exchange of domestic services (like sharing food and taking in boarders) and, occasionally, collecting government benefits. Such diverse forms of income generation enhance earnings and levels of consumption, help group members cope with a slack economy, allow customers to acquire basic services at a low price, and assist budding entrepreneurs in amassing both the skills and the investment capital required to transform informal businesses into formal ones.

Similarly, Bliesner and Bussell's (2013) community-based research demonstrates how informal economic activities (which they label "gap entrepreneurship") created economic opportunities and allowed for the satisfaction of consumer needs and walkability in a low-income San Diego neighborhood settled by migrants from South America, Asia, and East Africa.

1.6 The Community Context of Informal Businesses

Undocumented immigrants often have skills and resources that allow them to fulfill coethnic consumer needs in low income communities that members of other

populations cannot satisfy. Social and economic relations within such communities follow distinct norms, sometimes clearly unlike those predominant in other segments of society. In many cases, resources are based upon family or communal relationships, location of residence or other factors and are difficult for outsiders to access. In contrast, living close to customers and maintaining relatively small stocks of goods, coethnic vendors can gauge shifts in demand and adjust their inventories accordingly and thus respond to changing conditions faster than established firms. (Austin 1994: 2119).

Within such environments, norms regarding cooperation that have developed to insure mutual survival can also allow individuals to make use of one another's resources in ways that downplay economic individualism and encourage the distribution of money and other goods collectively (Levitt 1995).

Research by Small and McDermott (2006: 1716) suggests that low income, non-immigrant black neighborhoods with shrinking populations in poor cities of the Northeastern and Midwestern US are associated with few local enterprises. In contrast, densely populated, low income immigrant neighborhoods in more affluent cities of the South and West are likely to have more small-sized businesses, but relatively few large ones.

1.7 Consumer Markets and the Color Line in Informal Entrepreneurship

At least since the late nineteenth century, discriminatory practices have prevented African American entrepreneurs from providing goods and services to white customers. (Gold 2010; Woodard 1997). In contrast, nonblack ethnic groups have had greater access to majority consumers (Butler 1991). This pattern is evident within the informal economy. Nonblack immigrants often direct enterprises (formal and informal alike) towards other ethnic populations and whites, as well as coethnics. For example, in their study of Latino informal entrepreneurs in New Jersey, Edgcomb and Armington (2003) found that cleaning and remodeling work were most often targeted towards the mainstream market. Similarly, Hondagneu Sotelo (2001) and Valenzuela (2001) describe Latino immigrants as providing numerous services to other ethnic and racial groups.

There is some evidence that this pattern varies by locality. For example, Kaufman's (2000) research on child care finds that in Philadelphia, African American women are active in providing this service to middle class whites. In New York City and Los Angeles, however, which have much larger foreign-born populations, immigrant women generally dominate this niche (Hondagneu-Sotelo 2001). Several factors may be involved in these differing patterns, including the wage levels sought by workers, customer preferences, and the means by which employers and workers contact each other.

2 Relations Between Formal and Informal Businesses

Existing in the same market, formal and informal businesses often compete for customers, locations and other economic advantages. Such competition can be destructive. However, in many instances, the worst-case scenario of violent discord between formal and informal enterprises is not realized.

Because of their distinct resources, disparate goals, and their contrasting relations with the institutions of the larger society, informal and formal businesses often maintain complementary relations, such that each benefits—at least partly—from the existence of the other (Lee 2002). Many forms of collaboration are spontaneous and don't involve an actual agreement between formal and informal entrepreneurs. In some cases, however, informal entrepreneurs and legitimate merchants do develop cooperative and mutually beneficial arrangements.

As part of a campaign to establish community control and ethnic self-determination, residents of minority communities often oppose shops owned by out-group members. Austin (1994: 2121) describes the legal context of such conflicts. “On one side are the vendors, their loyal customers and those who are interested in the welfare of recent immigrants or the marginally employed. On the other side are city authorities concerned about taxes, congestion, sanitation, aesthetics, and property values; fixed location merchants, who must compete with vendors whose only overhead concern is the weather; producers and distributors who want to know how their wares wind up on vendors’ tables; and middle class residents who prefer streets marked by order and decorum. . . . Naturally, the interests of these contending forces are balanced differently in every instance, the outcome being determined according to the relative political clout of opposing parties.”

2.1 *Direct Competition*

When legal and informal enterprises compete for customers, established firms offer free-standing premises, name-brand goods and loans. In contrast, informal enterprises frequently provide consumers with greater convenience by doing business in their homes or other accessible locations. They are generally familiar with customers’ life patterns, work routines, tastes and language. This contrasts with outgroup entrepreneurs who may have “very little understanding of the social context of . . . business practices, especially the ways through which inner city merchants interact with their environment and the role of informal, underground and illegal economies in the lives of these businesses.” (Venkatesh 2006: 98).

Studies of Latino immigrants’ involvement in the underground economy show how entrepreneurs satisfy coethnic needs in a familiar and intimate manner that outgroup members would be incapable of duplicating. In the course of his fieldwork,

anthropologist Christian Zolniski (2006: 80–83) met Laura, an undocumented Mexican woman who lived in an apartment complex with her husband and daughter in a largely Latino neighborhood in Silicon Valley. When her husband was unable to find stable employment, Laura (who had been involved in informal entrepreneurship prior to migrating) learned from a relative how to prepare traditional Mexican food like corn on the cob and *chicharrones* (pork rinds) and became a street vendor.

Unfamiliar with the city, fearful that she might be caught, and initially ashamed of what she felt was a lowly occupation, Laura nevertheless had ambitious plans. She expanded her inventory to include a broader menu as well as soft drinks and candy, matched her work schedule with that of her husband Alberto, to care for their daughter, and became a successful entrepreneur. She further enlarged her business by feeding single men in her home and offering customers amenities including water for hand washing and bags for their purchases. By becoming involved in the parents' association of the local elementary school, Laura became well-known in the neighborhood. Consequently, she was able to sell treats after school to neighborhood children on credit, confident that she would be repaid by their parents with whom she was well-acquainted. This increased the volume of her operation.

As Laura's business expanded, Alberto took on tasks related to both the business and housekeeping that Laura had originally done herself. What began as a short-term solution to Alberto's unstable employment became a permanent, albeit informal, income-generating strategy for the family. In terms of conflict with legitimate firms, Laura's business does probably drain customers from established restaurants and food stores. However, she also creates additional income for grocery stores through her purchases of meat, produce, soft drinks and candy for resale.

While informal entrepreneurship commonly involves activities such as food preparation, domestic service and residential construction, skilled workers and even professionals also conduct their careers in this manner. Zolniski (2006) describes the case of an immigrant dentist from Latin America who maintained a practice among a community of undocumented workers in a garage jury-rigged with a dentist's chair. Unable to acquire the necessary credentials to work legally in the US, he provides dental care for those who cannot afford to buy it from the established system.

Chung Han (2013) documents the experience of another form of informal enterprise created by persons with relatively high levels of education and skill, that being bloggers. These proprietors initially developed an on-line presence to engage in chats about electronic gadgets. They realized the profit-making potential of their activities as they began to receive payments for reviews and endorsements of the items they discussed. Given that their web sites were started for recreational purposes and the fact that earnings were relatively small, few proprietors were willing to expend the effort necessary to formalize their enterprises. The author concludes that by providing convenient and user-friendly means of formalizing such activities, government could encourage their being conducted in the formal sector.

2.2 The Vulnerability of Informal Enterprises.

Seeking to avoid profit-draining competition, legal enterprises use a variety of resources and techniques to impede rivals in the informal sector. Historically, legitimate business owners have demanded the passage of ordinances to ban the sales of goods and services by those without a permanent store location (Saloutos 1964). The public assembly of day laborers seeking employment often provokes complaints from neighbors, law enforcement officials and local merchants that yield crack-downs. (Valenzuela 2003: 322). In addition, food safety regulations, requirements for licenses and fees, and mandates that firms withhold sales and payroll taxes are commonly used to justify the closing of informal businesses. Consequently, relatively powerless groups engaged in the informal economy often find their activities subject to legal restrictions.

In contrast, when established businesses face legal constraints, sociologist Donald Light (2004: 710) notes that they employ lobbyists and contribute funds to the candidacy of political officials who support the easing of environmental or health regulations and push for the legalization of formerly banned goods and services. Accordingly, influential entrepreneurs and powerful trade associations arrange to “move the goal posts,” and have laws changed, “as major industries do so that they can openly enjoy today what were illicit means yesterday.”

Despite such confrontations with laws intended to prevent their existence, informal entrepreneurs fight back by appealing to customers, avoiding opponents, and through sheer tenacity. Most informal entrepreneurs pursue their trades because they must in order to survive. Consequently, they resist regulation. Because their premises involve minimal investment, they can be easily re-established even if police or toughs confiscate or destroy their assets (which may consist of little more than a blanket to sit on and a basket of sandwiches).

Legal scholar Regina Austin (1994: 2131) asserts that by patronizing coethnic informal business, disadvantaged groups make a political statement about self-support and solidarity. In so doing, they refuse to cooperate with an alien legal system that has played a significant role in their oppression. “The lesson of economic advancement through economic cooperation must be taught with words and deeds and delivered at every level . . . There is no better place for the instruction to begin than in the streets. . . . [It] presents an opportunity and a site where ordinary, everyday black people, whether sellers or consumers, can engage in the political struggle to build a more viable black public sphere and actually experience firsthand the results of their labor.”

2.3 Cooperation Between Formal and Informal Enterprises

While informal and formal businesses in ghettos, immigrant neighborhoods and other disadvantaged locations are involved in economic competition, these entities

often engage in various forms of cooperation as well. A prevalent form of cooperation between informal entrepreneurs and formal business owners involves day laborers and the sellers of construction materials. It has become common practice for male day laborers to congregate near stores that trade in supplies associated with labor-intensive jobs like painting, landscaping, moving and home improvement, where they offer their services to contractors and home owners. In this way, job seekers are brought together with those in need of their skills, while store owners are able to increase sales to customers who can readily locate inexpensive workers to assist them (Malpica 2002). While privately-owned stores may welcome day laborers, so do sites sponsored by municipalities and non-profit organizations. These locations generally provide amenities like shelter, bathrooms, tool rental, dispute resolution and some regulation of wages (Valenzuela 2003).

Not all workers who frequent these sites are uneducated, unskilled and recently arrived single men desperately seeking employment, however. Some are skilled, educated, and have many years of residence in the US. They exchange business cards, mobile phone numbers and e-mail addresses with employers and fellow workers to advertise their skills and access to tools and vehicles. While most are Mexican, Central Americans, whites, African Americans and other nationalities also seek employment this way.

Another pattern of cooperation between formal and informal coethnic businesses includes the ubiquitous displays in ethnic shops of advertisements for services ranging from child care and dance lessons to livery services and translation. In poor neighborhoods, local residents often agree to watch over parked automobiles for a fee. This provides the merchant and customer alike with assurance that the customer's car will remain safe, thus permitting the patronage of a business in an otherwise risky location.

Finally, several studies suggest that immigrant entrepreneurs straddle formal and informal sectors (Rajzman 2001; Williams 2007). Sociologist Sudhir Venkatesh (2006: 94–95) observed that when formal businesses on Chicago's South Side confront hard times, they may become active in the informal economy. "When they patronize a loan shark or pay for cheap labor under the table, they participate in a common system of exchange that integrates state-regulated entrepreneurship and off-the-books commerce . . . irrespective of their commercial acumen, the shady economy lends them flexibility and quick access to resources, thereby enabling them to develop and sustain . . . ventures in an entrepreneurial landscape that changes quickly and unexpectedly."

Similarly, formal businesses may supplement their income by selling home-made foods, individual cigarettes or drug paraphernalia; legitimate building contractors may employ undocumented workers or provide cash-only services on evenings and weekends; and licensed cab drivers may turn off their meters and offer customers transportation for a fixed price (Williams 2007). Several reports suggest that inner city merchants sell outdated food products (Moore 2004; Sturdivant and Wilhelm 1969). Similarly, skilled workers, including cooks, artists, computer engineers, musicians, photographers, furniture makers and the like, often make arrangements through contacts established in "legitimate" jobs to perform after-hours services directly to customers (Sassen 1988).

In these situations, both formal and informal enterprises rely on extralegal tricks to reduce business costs and increase earnings. While profits can be enhanced through these practices, they involve risks as well, including fines and legal action. Hence, while combining formal and informal activities may keep a business alive, it may also prevent it from growing. In either case, the mixing of legitimate and unregulated business practices by the same operator shows that the distinction between formal and informal entrepreneurship is not a hard and fast one.

2.4 Benefits from Informal Businesses

Theorists and policy makers have come to realize that informal businesses can provide economic benefits. They support poor people, provide employment, and fill needs that are not satisfied through formal enterprises. Informal enterprises can be created for a low cost and meet the needs and resources of large numbers of people. Their flexibility makes them compatible with the requirements and resources of numerous social groups and settings.

By ignoring zoning laws, informal enterprises permit certain services—such as manufacturing—to be done much closer to the location of end use, saving on transport costs and leading to the economic development of otherwise neglected neighborhoods. Several observers note that informal enterprises are well suited for dealing with times and places of economic transition. For example, informal subcontractors have been extensively involved in the movement of manufacturing activities from inner city areas to outlying regions in New York, San Francisco, Detroit and Los Angeles (Sassen 1988).

Such activities, which are embedded in communal relationships, group values and specific neighborhoods, build social capital. As Valenzuela (2001: 339) asserts, “where street vendors, day laborers, domestic workers and food cart merchants abound . . . survivalist entrepreneurs produce goods and services that enhance . . . their community’s wealth.”

By providing a means of earning a living, distributing goods and services and encouraging street traffic, informal enterprises can improve neighborhood conditions. They create performance space for public discussions, spiritual communion and the pleasure of shopping. “Street vendors lend the flavor of an African marketplace to otherwise drab stretches of empty stores and barred facades.” They provide public safety for customers and legitimate merchants. Informal businesses also increase the number and influence of coethnic businesses in minority neighborhoods, thus lending community control to populations lacking a viable business class (Austin 1994: 2124–6).

“The growth of the day labor market in Los Angeles and Orange County is related to the recent increase in small immigrant businesses that have developed in the area . . . Most of these businesses do not have the necessary resources to support a large employee base but can hire cheap temporary labor when labor shortages occur or when extra workers are needed. To adjust to business cycles and an unstable

workforce, small businesses use the day labor pool” (Valenzuela 2001: 342). In addition, informal enterprises offer local residents the goods, services and equipment required to take jobs in the formal economy. These include clothes washing, cosmetology, food preparation, transport, work attire, tools, child care, and language and skill training.

Proponents of informal entrepreneurship point out that street vendors can deliver needed products and yield economic growth and neighborhood revitalization when formal sector businesses fail to do so, and public funds are too scarce to accomplish the goal. Accordingly, they have fostered the implementation of public policies to establish sidewalk vending areas, farmers markets, urban enterprise and empowerment zones, and abatements on taxes and regulations, as well as programs that offer technical assistance and microloans for informal enterprises in a manner nearly identical to that of enterprise and empowerment zone policies. All of these seek to encourage the growth and normalization of informal entrepreneurship (Woodard 1997; Greenhouse 1992; Hebert et al. 2001; Cross and Morales 2007).

Realizing the potential value of informal enterprises, policymakers and foundations have commissioned a number of studies that seek to assist, expand and legalize such endeavors (Edgcomb and Armington 2003; Bliesner and Bussell 2013). Some pundits may object to the lack of regulation of street vendors, home remodelers and garment assemblers in the informal economy. Paradoxically, however, by allowing disadvantaged people to support themselves, informal entrepreneurship entails a market-based solution to economic needs and allows governments to minimize welfare expenditures in a manner that is encouraged by neo-liberal economics (Portes and Haller 2005: 420; Harvey 2007).

Informal activities have the ability to absorb and engage inefficient workers to a far greater degree than is the case within formal enterprises (Light 2013). In fact, committed to free market economics, seeking to encourage job creation and economic growth, and lacking personnel and funds sufficient to enforce existing regulations, many local governments are reluctant to discourage the growth of local economic activities even if they are known to be in the informal sector (Raes et al. 2002).

Further, it is important to point out that very large-scale enterprises, such as hedge funds—secretive, high risk, investment instruments that cater to the very rich—are also partly free from audits, taxation and other forms of regulation. Moreover, a number of regulatory policies, involving worker safety, pollution control, and homeland security—which apply to some of the largest corporations in the US—are also voluntary (Wayne 1998). If a lack of regulation is seen as an acceptable incentive for some of the largest and most profitable businesses in the country, why shouldn’t it also work as an inducement for small enterprises run by immigrants?

2.5 Informal Entrepreneurship Is Not Without Drawbacks

Despite the many positive attributes of informal businesses, such firms are not free of liabilities. They deny local governments tax revenues. In addition, they exclude

businesses, workers and consumers from a host of regulations associated with the legitimate economy. These include consumer protection, and public health and food safety requirements. Accordingly, such firms may exploit workers and/or owners who are economically desperate—yielding a Dickensian work environment. Finally, informal enterprises are often associated with illegal activities. Second-hand sales can easily function as fencing operations for stolen goods. Unregistered business owners who seek to avoid detection are unable to call the police when robbed or harassed. Hence, they are prone to victimization. Finally, the informal economy is often associated with bribes, pay-offs and intimidation (Light 2013: xv).

Because proponents of informal businesses sometimes become unrealistically optimistic about the potential of market-based economic development programs, they may fail to appreciate the difficulties involved in running informal businesses and assume that such enterprises can solve economic problems that lie beyond the capability of even large, established and resource-rich formal enterprises. Moreover, as Gregg Kettles (2007) points out, programs which regulate informal vendors by permitting their operation only in restricted locations tend to be both costly and ineffective.

Finally, because informal enterprises are often created because of their non-economic attributes—their flexibility, convenience and compatibility with a variety of social, cultural or personal needs and expectations—their income-generating potential is often over-estimated. Accordingly, some informal businesses should not be understood as forms of innovative, skill-generating entrepreneurship, but rather as safety nets and survival strategies for their impecunious and often disadvantaged proprietors (Hipsher 2013: 57).

As a consequence of their enthusiasm about the potential benefits of informal entrepreneurship, policy makers sometimes try to develop schemes through which the benefits of such activities can be realized while discouraging negative impacts. Such programs can be helpful, especially when they provide informal entrepreneurs with technical assistance, loans and recognition. However, efforts to turn informal businesses into conventional firms can also undermine the social and economic basis which allows them to be successful. In the introduction to their book on street entrepreneurs, Cross and Morales warn that policy makers must attend to “the features that make markets and merchants successful—the spirit of survival and flexibility that attracted scholars to this activity in the first place.” (Cross and Morales 2007: 9).

3 Conclusions

By recognizing the extensive amount of informal entrepreneurship that exists and the unique ways that such activities function, we can better understand the ways that undocumented immigrants survive. In so doing, creative policymakers can work to develop approaches that capture the financial and social benefits of informal entrepreneurship, rather than producing and enforcing laws to curtail such practices.

The alternative—imposing ever more restrictions on the informal economy—will make life more difficult for disadvantaged groups who are without alternative means of survival. Such prohibition further alienates them from mainstream norms and gives them less of a stake in the economic and social system of the larger society (Anderson n.d.).

In addition to their being subject to low wages, poor working conditions and limited means of addressing exploitation or abuse, the proprietors of enterprises in the informal economy must often endure the moralistic judgments of members of the larger society who condemn their groups for supposedly being lazy and lacking initiative and a work ethic. As the many case studies that I have reviewed in this chapter demonstrate, rather than being non-entrepreneurs, marginal populations including undocumented immigrants are often highly entrepreneurial and rely on multiple business activities in order to survive in circumstances where earnings and jobs are hard to come by.

What distinguishes their entrepreneurship from that of classic immigrant merchants is not the propensity to run businesses, per se. Rather, it is the fact that informal businesses are not included in official enumerations. By acknowledging that informal entrepreneurship is among the only ways that undocumented immigrants and other disadvantaged groups' members are able to survive, and that such endeavors can provide significant social and economic benefits to the larger society, we can move towards the creation of economic conditions that are both more dynamic and more equitable than has previously been the case. In addition, rather than labeling undocumented immigrants and members of disadvantaged communities as lacking the potential to be part of the economic life of the larger society, we recognize that they are already demonstrating the possession of these very attributes.

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Entrepreneurial Practices in an Age of Super-Diversity: A Study of Ukrainian Entrepreneurs in the UK



Peter Rodgers and Colin C. Williams

Abstract Whilst entrepreneurship has traditionally been seen as solely an economic pursuit, increasingly a complementary view has emerged, viewing entrepreneurship as a contextualised ‘social practice’—recognising how forms of entrepreneurship, taking place in everyday life, are situated in specific social contexts in which entrepreneurs are embedded. This paper contributes to on-going debates in the sub-fields of informal and ethnic entrepreneurship by outlining the heterogeneous nature of entrepreneurial practices amongst Ukrainian immigrants in the UK. The chapter highlights how individuals mobilise different forms of capital in developing their informal entrepreneurial practices, often utilising capital acquired in Ukraine to facilitate entrepreneurial practices in the UK and vice-versa using capital acquired in the UK to assist business ventures in Ukraine. The paper’s findings contribute to on-going debates by highlighting that the motivations of such entrepreneurs are driven out of opportunity as much as necessity. The chapter concludes by reflecting on the ramifications for policy and directions for further research.

Keywords Informal ethnic entrepreneurship · Entrepreneurial practices · Ukrainian immigrants · United Kingdom

1 Introduction

Whilst entrepreneurship has traditionally been viewed primarily through the lens of the pursuit of economic gain (Baumol 1990), a widening of this lens beyond economic and managerial frames increasingly has been advocated (Steyaert and

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Katz 2004, 189). One of the underlying motivations of this paper is to contribute to a growing strand of academic literature, which recognises the social and cultural contexts in which entrepreneurial endeavours take place (Welter and Smallbone 2006). Within this ‘social turn’ in the study of entrepreneurship (McKeever et al. 2014) there is a recognition of the ‘everyday’ nature of many manifestations of entrepreneurial practices and the fact that the entrepreneurs themselves and the entrepreneurial processes and practices are not taking place in political, cultural or societal vacuums. On the contrary, such individuals, processes and practices are inherently socially situated (Gedajlovic et al. 2013). Welter (2011) pays attention to the embeddedness of entrepreneurial practices, involving an interaction between the entrepreneurs, the social communities they are socially embedded within and the wider society. Moreover, the empirical focus of this paper, responds to calls from Ram et al. (2008) for research on ethnic minority entrepreneurship to be located within its specific political and economic contexts. Whilst the findings outlined in this paper seek to contribute to existing and on-going debates in the sub-fields of informal entrepreneurship (De Soto 1989; Williams 2006; Jones and Spicer 2009), ethnic entrepreneurship (Fairlie and Meyer 1996; Ram et al. 2011; Koning and Verver 2013), one of the key findings of our study is that the Ukrainian immigrants engage in entrepreneurial practices whose objectives are not solely for individualised economic gain.

Moreover, our findings contribute to a growing literature that considers the ‘dualistic’ approach to understanding forms of informal entrepreneurship, which assumes that entrepreneurship is driven either by opportunity—pulled into this endeavour and doing so out of choice—or by necessity—pushed into entrepreneurship as a survival strategy in the absence of alternatives (Minniti et al. 2006), as limited. In contrast, there is a growing recognition of the co-existence of necessity- and opportunity-based motives (Aidis et al. 2007; Williams and Nadin 2011) and how these motives can change over time (Williams and Nadin 2011). Rejecting a ‘binary’ reading of ‘formal-informal’, this paper rejects ‘dualistic’ representations of economies, instead supporting more ‘diverse economies’ (Gibson-Graham 2006) understandings of such economic practices.

The paper is structured as follows. The next section will provide some context to the empirical findings by highlighting how Ukrainian immigrants form part of a new age of so-called ‘super-diversity’ (Vertovec 2007) of waves of ‘new’ migrants to the UK (Jones et al. 2014). Moreover, the section will provide an overview of the informal and ethnic entrepreneurship literatures. This section is followed by an outline of the methodological issues and approaches employed within the research process. Following this, the empirical findings are outlined before the paper concludes with some discussion and conclusions.

1.1 Informal Entrepreneurship

The informal economy, or what has been variously called the ‘off-the-books’, ‘underground’, ‘undeclared’, ‘shadow’, ‘cash-in-hand’ or ‘hidden’ economy or sector, is defined as ‘productive activities that are legitimate in all respects besides the

fact that they are unregistered by, or hidden from the state for tax and/or benefit purposes' (OECD 2002). The only illegitimate aspect of these transactions, therefore, is that they are unregistered and/or hidden from the state for tax purposes.

While informal entrepreneurship is a subject that transcends both the entrepreneurship and informal work literatures, the actual practice of informal entrepreneurs remains under-researched. Academic debate has tended to approach the study of informal work and enterprise from different theoretical approaches. Although now largely refuted, the work of modernisation theorists such as Lewis (1959) and Geertz (1963) portrayed informal economic activity as backward whereas formal enterprise was considered as progressive and developmental. Numerous studies have revealed that informal enterprises remain and are growing (Schneider 2008). Such a phenomenon is explained according to two broad viewpoints based on 'exclusion' or 'exit'. Structuralists argue that informal work occurs as a consequence of individuals being excluded from formal labour markets (Hudson 2005) and represents a survival strategy (Amin et al. 2002). Conversely, neo-liberals regard informal work as a consequence of individuals voluntarily exiting formal labour markets (Maloney 2004). This provides a means to circumvent state inefficiencies and market over-regulation (de Soto 1989), and thereby represent 'real' free markets. More recently several scholars have come to assume a post-structuralist approach, examining a variety of different reasons for engaging in informal economic activity rather than presuming a single logic (i.e. 'exclusion' or 'exit'). This growing literature that has come to recognise that informal work is not solely based around financial gain (Jensen and Slack 2010).

While there is a burgeoning literature on informal economies, there is comparatively less on 'informal entrepreneurship' per se. That said many ideas in the informal literature understandably resonate with the mainstream literature on (legitimate) entrepreneurship. This literature views the motives of (legitimate) entrepreneurs as either 'necessity-driven' (i.e. pushed into entrepreneurship as a survival strategy in the absence of alternatives) or 'opportunity-driven' (i.e. pulled into this endeavour and doing so out of choice). While Minniti et al. (2006: 21) contend that 'nearly all individuals can be sorted into one of the two categories'; other scholars have begun to argue that both rationales might co-exist in entrepreneurs' motives (Aidis et al. 2007). Moreover, there has been growing recognition in the literature not only of the co-existence of necessity- and opportunity-based motives, but also how an individual's motives can change over time.

For many decades informal entrepreneurship was presumed to be necessity-driven, regarded to represent a survival strategy for those outside of conventional labour markets when no other options are available (Portes 1994). However, with the instances of informal entrepreneurship growing this structuralist reading of informal entrepreneurship has been challenged, as opportunity-based entrepreneurship has become an equally valid motive. Recently it has been argued that informal entrepreneurship offer an alternative with the prospect of greater autonomy, flexibility and freedom (Maloney 2004). Indeed some entrepreneurs choose to operate informally in order to avoid the costs, time and effort of formal registration (de Soto 1989). Consequently, the standard depiction of informal entrepreneurs as universally

reluctant and necessity-driven has been challenged by a representation of them as willing and opportunity-driven. This paper moves beyond the perception of entrepreneurship as necessity- and/or opportunity-driven, and instead develops a more nuanced and textured understanding of informal entrepreneurship using Bourdieu's practice based approach.

1.2 Ethnic Entrepreneurship

The sub-field of ethnic entrepreneurship has developed gradually in response to numerous studies seeking to explain the large differentials between the propensity to start-up businesses and their consequent economic success (or not) among varied ethnic groups. Migrants arriving in a new country are often characterised by having a strong sense of self-sufficiency (Legrain 2007), which often leads to such individuals moving into forms of self-employment in order to develop a means of “getting by and getting on” (Anderson et al. 2010) within the new host society. Within the extant literature, there has been focus on the importance of a migrant's ethnic background as a key factor determining why immigrants seek to become entrepreneurs in the new host society (Fairlie and Meyer 1996). In a key study, Koning and Verver (2013) underline the importance of so-called ‘ethnic’ resources at the disposal of migrants, which include access to social capital amongst the network of migrants in the host society. As such, migrant entrepreneurs are able to quickly develop entrepreneurial activities within the new host society, utilizing access to social capital generated from migrant networks and also access to important economic capital to drive their entrepreneurial pursuits (Vershina et al. 2011). Whilst such explanations represent ‘agency’ based understandings, other scholars have focused on more ‘structuralist’ explanations to explain why immigrants engage in entrepreneurial activities within the host society. Gilad and Levine (1986) argue that immigrants, entering into the new society, meet labour market constraints, which push them into seeking to develop entrepreneurial pursuits as a survival strategy (Portes 1994), which very often means a reliance on the social capital cultivated from their ethnic group (Drori et al. 2009). Such constraints may include racism and discrimination from the host society's indigenous population as well as immigrants lacking key skills required in the host society such as language skills (Neville et al. 2014).

More recently, the mixed embeddedness approach (Kloosterman et al. 1999; Rath and Kloosterman 2000) has become to be extensively used as an approach within the sub-field of ethnic entrepreneurship (Ram et al. 2008). The ‘mixed embeddedness’ approach seeks to underline not only the importance of how ethnic entrepreneurs become embedded within co-ethnic networks within the society but also seeks to place such a phenomenon within the wider context of the social, political and economic contours of the host society (Ram et al. 2008), focusing also on how the wider context of the host society necessarily impacts on the lives of immigrants also. In short, the ‘ethnic’ ties and networks may remain important but need to be placed into the context of the broader social, political and regulatory spaces in which they

operate. As such, the mixed embeddedness approach argues for the need to focus not only on ethnic strategies but also personal strategies within specific opportunity structures, markets and regulatory environments. Indeed, Peters (2002) argues that the individual strategies and agency of immigrants, together with their historical context are crucial to seeking to explain ethnic entrepreneurship.

Social capital is often seen as a resource, enabling ethnic entrepreneurs to access co-ethnic social networks in order to gain finance (Vershina et al. 2011), reflecting the increased popularity of social capital approaches to understanding entrepreneurship (McKeever et al. 2014). However, in a recent study in London of new migrant entrepreneurs, Sepulveda et al. (2011) argue that the importance attributed to ethnic social capital as a means to facilitate ethnic entrepreneurial business operations is over-stated. Related to this point, Ram et al. (2008) and Jones et al. (2014) have emphasized the two-way nature of social capital amongst immigrant populations. Within their study of Somali immigrants in Leicester, Ram et al. (2008) found that the social capital, which these Somalis utilised within their business operations, was a two-way resource, on the one hand providing critical forms of economic capital to assist in the start-up of business ventures in Leicester. Yet, simultaneously, at the same time, the Somalis sent large amounts of monies back 'home' to family and friends in Somali also. The empirical focus of this paper, examining the heterogeneous nature of entrepreneurial practices amongst Ukrainian immigrants operating in the informal economy in the UK and their use of transnational ties within these practices, seeks to contribute to the literatures outlined above. Using such an empirical lens allows us as researchers to shift our focus beyond the mainstream and explore entrepreneurial practices at the 'margins' of everyday life. Before outlining the empirical findings, the paper now considers some of the methodological issues within the wider research project.

2 Methodological Approach

Over the past decade, waves of 'new' migrants have increasingly arrived in the UK. Such a phenomenon can in part be explained by a rise in migrants arriving in the UK, having fled as refugees or asylum seekers from war-torn countries across the globe, notably Afghanistan, Iraq and African countries. Secondly, large numbers of citizens of the former socialist spaces of Central and Eastern Europe have also chosen to move to the UK, after their countries gained accession to the European Union. Such a phenomenon has led to mean that Eastern European economic migration within the European continent increasingly has changed from being viewed as short-term and transient after the fall of the Berlin Wall, to become more widespread and longer-term since the accession of the A8 countries to the European Union in 2004. In addition to migration from the new EU member-states to the UK, there has been further migration from other European (although non-EU) countries such as Russia, Belarus, Moldova and Ukraine. Despite the growth of such 'new' migrant communities in the UK, forming part of what has been described as an

‘age of super-diversity’ (Vertovec 2007), Ram et al. (2008) highlight how such groups rarely figure in debates on self-employment and/or entrepreneurship. As such, our empirical focus on Ukrainian immigrants in the UK contributes to this literature by unpacking the heterogeneous practices of Ukrainian entrepreneurs.

We chose to examine the everyday practices of Ukrainian entrepreneurs operating in three UK cities. Twenty-three in-depth qualitative interviews lasting between a minimum of 45 min and a maximum of 90 min were undertaken with Ukrainian entrepreneurs, all of whom had arrived in the UK between 2007–2013. Thirteen interviewees were male and ten were female. All the interviewees were aged between 25 and 55 years old. While the authors do not claim that the sample is representative of the new Ukrainian population in the UK, we are confident that the diversity of the participants, according to gender, age and socio-economic profile, does allow us to explore in detail the multifarious practices of entrepreneurship our interviewees were engaged in. Prior to the interview the interviewer explained the general purpose of the research. As a result of the nature of some of the activities being researched, ethical concerns were addressed with the interviewees at the onset. Informed consent was sought from each of the participants. All participants were told that all data generated in the interviews would be anonymised, including names and location of interviews. Our sample of twenty-two Ukrainian entrepreneurs was developed through a variety of ways including contact with migrant groups, community organisations, and personal contacts in Ukraine and in the UK. Using such a process of ‘chain referral sampling’ (Penrod et al. 2003) was useful in eliminating the risks of over-reliance on a narrow set of social contacts and has been used recently in other studies of new migrant communities in the UK (Vershinina et al. 2011; Jones et al. 2014). The relationships with the interviewees also became an important means to recruit other participants. Snowballing as a methodology has been used in previous studies of examining illegal entrepreneurship among migrant communities (Ram et al. 2008). It is a particularly useful method when the ‘target’ population is difficult to locate, a situation which resonated for obvious reasons within this study. One of the key facets of the snowball method is that it relies on individuals ‘referring’ to additional contacts, who would otherwise have been difficult to locate (Atkinson and Flint 2001). A constant comparative approach to data analysis (Silverman 2005) was used in which final categories were developed iteratively, with descriptive themes emerging from the data being compared and then considered more conceptually in relation to the existing theoretical literature and finally explanatory themes emerged. Such an approach has been used previously in academic studies of entrepreneurship in context (McKeever et al. 2014), allowing the researchers to constantly reflect back and forth between theory and literature.

3 Findings and Discussion

A central aspect of explaining the entrepreneurial practices of the Ukrainians interviewed is to understand how they mobilised their capital resources. Given their status as migrants it is noteworthy that their capital resource from Ukraine is

Table 1 List of interviewees

Interviewee name	Visa status	Migrant status	Type of enterprise
Slava (M)	n/a—false documents	Illegal	Informal taxi
Natalia (F)	Partner of British citizen	Legal	Babywear export
Anatoliy (M)	Studying in the UK ¹	Legal	CD retail
Uliana (F)	Studying in the UK [overstayed]	Illegal	Clothes export
Lena (F)	Partner of British citizen	Legal	Nails technician
Zhennya (M)	High-value migrants (post-study work)	Legal	Home repairs
Ira (F)	Settlement	Legal	Cleaning
Yura (M)	General visitor	Legal	Plumbing
Stepan (M)	Skilled worker (intra-company transfer)	Legal	IT technician
Dima (M)	Studying in the UK ^a	Legal	Website design
Yuliya (F)	Partner of skilled worker	Legal	Tutoring and translation
Mikhail (M)	General visitor (overstayed)	Illegal	Car repair and sales
Vitaly (M)	Former partner of British settlement	Legal	Fixer—migrant advice
Mariya (F)	Settlement	Legal	Cleaning
Yevgeniy (M)	Partner of EU citizen	Legal	Fixer—documents
Svetlana (F)	Partner of a British citizen	Legal	Therapist
Sergey (M)	n/a—false documents	Illegal	Construction
Vlad (M)	Partner of a British citizen	Legal	Fixer—documents
Luba (F)	Studying in the UK	Legal	Tourism
Vika (F)	Studying in the UK (overstayed)	Illegal	Grocery store
Boris (M)	Partner of EU citizen	Legal	Bar/Restaurant

^aVisa stipulates that the holder must not take employment in the UK or engage in business, produce goods or provide services within the UK (including selling goods or services direct to members of the public)

not necessarily transferable or valued to the same degree in the UK. As outlined below, we demonstrate how these individuals differentiate between the forms of capital mobilised in the pursuit of entrepreneurial practice. As Table 1 demonstrates, individuals were engaged in a wide variety of entrepreneurial activities. As outlined in the findings below, different forms of capital were mobilised at different times, highlighting the ‘tool-kit’, or repertoire, possessed by the interviewees, and an example of the entrepreneurial habits, skills, and styles developed through practice itself (Drori et al. 2009).

Slava came to the UK several years ago. However, following the loss of his job as a hotel porter, he saw the potential use of his vehicle as a capital resource (economic capital), and started his unofficial taxi service:

Two years ago, I lost my job, as I did not have the right paperwork. . . I had nothing but the van I came to UK in. . . In Ukraine lots of people work as a taxi when they lost their jobs, so I decided to use my mini-van as a taxi and to move things. I have lots of work now in the city. . . our people like to use me as a service and they help me in other ways too. . . —Slava, aged in his 40s

Bernabè (2002) identifies how such “informal” undeclared entrepreneurial activities are a common example of survival work in post-socialist countries. Here, the decision to start a taxi operation highlights the dual disposition of Slava’s habitus. His entrepreneurial practice is premised on his ownership of his vehicle (economic capital) and experience of having seen others offering taxi services in Ukraine. This is an example of what Bourdieu describes as thinking and acting out of the dispositions that are embodied in the individual. Moreover, the use of his vehicle purchased in Ukraine and then utilised within the UK is an example of what Bourdieu describes as the use of economic capital as referring to money and materials, which hold economic value (Bourdieu 1986). In order to get to the UK, Slava, whilst living in Ukraine, had enlisted the help of his brother (social capital), who had lived in the UK for several years to gain him the necessary (forged) documents to enter the UK, highlighting how social capital enabled through active family networks (Vershina et al. 2011) can facilitate entrepreneurial practices. Finally, Slava’s story outlines how his knowledge of the entrepreneurial opportunities available as an informal driver/taxi driver back home in Ukraine (an embodied form of cultural capital) had led to this cultural capital being transformed into economic capital (income from his taxi-service) in the UK. Slava also described how when in the UK, his lack of English language skills (negative embodied cultural capital—knowledge) and his illegal status (negative symbolic capital)—had forced him into engaging in informal entrepreneurial practices.

In contrast to Slava, Natalia legally moved to the UK after marrying an Englishman but had been unable to secure a good job:

When I first came to the UK I wanted to work but my English wasn’t good enough and my experience didn’t matter. . . I decided I would rather not work than have a low skilled job.—Natalia, aged in her 30s

Given her limited grasp of the English language (lack of embodied cultural capital) coupled with the fact her university degree from Ukraine (institutionalized cultural capital) was not equally valued in the UK; Natalia became a housewife during which time she began to develop her entrepreneurial idea. Whilst living in the UK, based on her prior experience in retail, Natalia identified an opportunity to export baby-wear using the Internet to Ukraine. The opportunity started on an informal and ad hoc basis.

When I decided to set up my business my husband supported me with money and his computer skills. But I found it difficult to understand all the business rules. . . [So] I decided to set up my business quietly on the Internet. If it keeps growing I’ll probably try and make it official.—Natalia, aged in her 30s

While Natalia had insufficient capital to gain employment she had aspirations to be more than a low-level employee or housewife. Therefore, while her entrepreneurial pursuits were opportunity-based there was in fact a dearth of other options meaning Natalia could be viewed as pushed into entrepreneurial practice. Indeed, while it was the economic capital provided by Natalia’s husband that enabled the initial stock purchase it was her cultural capital (i.e. retail buying experience from Ukraine) that has been central to the subsequent success of her entrepreneurial

enterprise. Natalia spoke about how her husband had not only assisted her financially with start-up capital for the business (economic capital), but also by living in the UK with him, chatting and ‘getting to know’ how things work in the specific context of the UK, her husband had transformed Natalia’s social capital (being married to a UK citizen), interlinked with increased embodied cultural capital (knowledge of the UK business context) into economic capital (income from her business). Importantly, also, the fact that Natalia’s university degree from Ukraine (institutionalized cultural capital) was not recognised in the UK, highlights how forms of capital are heavily dependent on convertibility. In the case of Natalya, this example confirms the common barriers found within studies of migrants and ethnic entrepreneurship of individuals struggling to convert forms cultural capital (education obtained in the home country) into tangible capital in the newly found context of the host country. These two examples demonstrate how different forms of economic capital (i.e. assets and money) are mobilised in the emergence of pursuing entrepreneurial practice, whether it is necessity or opportunity driven. Interestingly while these examples both required economic capital in the first instance, akin to Bourdieu (1986), the economic capital subsequently saw other forms of capital developed, accessed and mobilised. As we discovered during the interview process economic capital is rarely sufficient on its own to secure entrepreneurial success in the field.

Whilst Natalya’s university degree was not recognised in the UK, Stepan’s example nevertheless highlights the importance of education as an embodied form of cultural capital (Bourdieu 1986). Stepan had previously worked for a large multinational IT company in Ukraine and was then invited to come to the UK to work on a large project. Stepan held engineering degrees in Ukraine (institutionalized cultural capital). Education has been noted as a critical element of an individual’s cultural capital (Allan 2006) and highly significant for immigrants in embedding themselves in their new host country (Vinogradov and Kolvereid 2007). In this instance its value is carried across the different fields as Stepan worked in a multinational firm. Stepan explained how his British firm had been extremely helpful in advising him of the need to send his education qualifications to a special government department in the UK, which could check their ‘transferability’ into a British context (embodied cultural capital—knowledge). While Stepan had been working in the UK, he also set up a small computer repair business with a work colleague. As outlined below, Stepan highlights how he previously had a similar business in Ukraine, demonstrating the experience of setting up a business helped him set this one up in UK.

With a colleague, we set up a small computer repair business a couple of years ago. I had a similar business in Ukraine, and so we thought we’d try and see if the business would work here in the UK. Things have been good—it makes us extra money.—Stepan, aged in his 40s.

In Stepan’s example, we see the use economic capital (assets from the Ukrainian business and income earned in the UK), merging with social capital (networks developed in UK) to set up a new business venture in the UK. Moreover, Stepan’s example represents an example of the interaction of forms of informal entrepreneurship and the formal economy. Here, Stepan has a well-paid job in the formal

economy but has chosen to undertake informal entrepreneurial practices to ‘top up’ his declared earnings. His actions can be explained by the so-called ‘complementary perspective’ (Williams 2006), which argues that the development of informal entrepreneurial activity is a direct result of one’s formal work situation. Whilst education was clearly extremely important, Stepan’s experience was also relevant. The role of experience has been recognised as relevant for successful entrepreneurship (Davidsson and Honig 2003).

As Bourdieu (1986) outlines, social capital can be understood as social ties and relationships. It is useful to delineate between social capital, embodied within individuals being part of a social network and family ties. As outlined in the examples of Slava and Natalya, social capital embodied in family ties was prevalent in many of the interviewees within our research process. Lena who set up a small informal business as a mobile nail artist explained how the entrepreneurial opportunity stemmed from her hobby in nail art initially only doing nails for her friends and family:

When I lived in Ukraine, I did nails for fun. . . it was not a business. But then my friends told their friends and people asked me how much I charge. I had never charged my friends, but they would bring me gifts to say thank you so I didn’t know what to say at first. . . when I came to the UK, I found it difficult to find a good job so I decided to try my nail thing as a business. . . My family back home sent me some cash across and it has developed since then. . .—Lena, aged late 20s

Central to Lena becoming an informal entrepreneur is the transferring of the start-up cash (economic capital) and social capital (friends) to Lena in the UK. This story is consistent with the journey of informal trading described by Llanes and Barbour (2007), who identify how ‘sporadic’ hobbies can develop to become more ‘regular’ businesses. Indeed as her business grew, Lena moved away from operating in terms of what Cheal (1988) described as a ‘gift economy’ towards the principles of an informal market economy. Lena described how her client base has changed over time as she become more knowledgeable and embedded in her new field, and typical of many female migrant entrepreneurs she was offering a ‘non-ethnic’ service to overwhelmingly ‘non-ethnic’ consumers. She continued:

I’m cheaper than the salons, but I’ve had to invest my own money and borrow some from my parents to buy equipment to grow. I’ve learnt a few things as well, like I need to be chatty, as the clients don’t just want to do their nails. As my English has improved I think it’s helped my business.—Lena, aged late 20s

Whilst the merging of economic and social capital (developed in Ukraine and transferred to the UK context) was the most critical in setting up the business, as the above quotation demonstrates over time Lena acquired the necessary cultural capital in the UK (improved English language and general ‘know-how’) to build her business. As Lena’s everyday knowledgeability has increased the congruence between her habitus and the field has improved as she learns the logics of practice in the UK field. Lena’s entrepreneurial journey is an example of the role of social capital to enable entrepreneurs to become embedded within their business field and more widely, seen as legitimate business operators by the wider population (Shaw

et al. 2008; De Clercq and Voronov 2009). Whilst Lena had decided to set up her informal business straightaway in the UK, our next example, Ira's entrepreneurial practices had developed over time after working in the UK in the formal work environment:

We all work as cleaners in a hotel. We wanted to earn more money and set up a small cleaning business. We put adverts on the Internet and in shop windows. The response has been good.—Ira, aged in her 40s

In this case, we see the process of how the informal business practice developed as a result of conversations, taking place within the formal work sphere of the hotel—where Ira worked. Such an example, relating back to theoretical considerations on informal entrepreneurship highlights the difficulties of explaining informal entrepreneurship with competing, mutually exclusive theorisations. We can witness how structural factors such as the low-paid and difficult nature of her formal employment on the one hand, it can be argued, may have pushed her into seeking entrepreneurial pursuits. Yet, simultaneously, her interaction with work colleagues in the formal work sphere had generated social capital, seeing an opportunity to mobilise the entrepreneurial practice, which was now complementing Ira's formal work employment.

Similarly, Yura had previously completed university in Ukraine (institutionalised cultural capital) and told how he had done some plumbing work cash in hand. Eventually, he had decided to take up the offer of some assistance in setting up a business in the UK.

My friend and I have been working as plumbers here for a couple of years now. We started working cash-in-hand and set up business with help of some relatives of my mother. People got to know us slowly.—Yura, aged in his 20s.

It was the social capital enacted from the 'foot through the door' enabled by Yura's mother's friends (social capital) already established in the UK which enabled the business practice to develop. Yura explained how previously, he and his friend had worked as plumbers in Ukraine (but had felt that they did not have the necessary skills and 'knowledgeability' at their disposal in order to set up a business in UK. Prior to the friends of the mother helping Yura, he respondent did have plumbing experience (embodied cultural capital) and a desire to develop a business in UK but did not know how to begin the process. The use and enactment of the social capital acted as the trigger to enable the business practice to develop. Moreover, he explains how he has gradually developed a set of British clients and friends, who sometimes 'help me out with bits of paperwork'—an example of new forms of social capital emerging. However, Yura continued to explain that whilst he had previously had grandiose plans to further develop the business in the UK, he was now obliged to send monies home to Ukraine regularly in order to support his mother and the wider family there.

I'm really happy now in the UK and the business is flying to be honest. I'd have liked to have further developed my business here, taking on more staff etc and growing things but I need to help my family back home in Ukraine. . .it works like that for me. . .she helped me get here and now it's my time to help her back.

These examples all highlight the importance of social capital as a catalyst to entrepreneurial practice among those interviewed, and in particular the significance of what Ram et al. (2008) identify as co-ethnic networks is noteworthy. Often, the immediate social networks mobilised were often associated with family members and other co-ethnic actors who then served as a gateway to the wider current host field, i.e. moving beyond what De Bruin and Dupuis (2003) refer to as 'community entrepreneurship'. This also highlights a complementarity with cultural capital, as both are necessary if the informal migrant entrepreneurs are to embed themselves within the wider social, economic and political structures of the field. This was certainly the case in Svetlana's case. Svetlana had previously worked as a therapist in Ukraine for many years, however described her disappointment initially that her qualifications had not been recognised in the UK (negative institutionalised cultural capital). However, she explained that through the financial support of her British husband (economic capital), she managed to enrol onto a training course where she not only managed to get the necessary qualifications to start her therapy business (institutionalised cultural capital), but also during the training programme, she had met many individuals who had become her friends and had 'pointed her in the right directions' in terms of the market for therapists in the UK (social capital—non-family networks). Svetlana described how her business was going 'from strength to strength' and now she was sending money back home to pay for the university education of her son in Ukraine (institutionalised cultural capital). Such an example again highlights how her experience and skills-set, developed in Ukraine had been facilitated within the UK context and also how the profits from Svetlana's UK business, rather than being re-invested into the business, were being transferred abroad to fund her child's higher education. In Svetlana's case, it certainly wasn't the case that she had been pushed into her informal business activities as a result of structural factors (being excluded from formal labour markets). Rather, she witnessed an opportunity in the UK to utilise her existing specific skills—set in order to develop her entrepreneurial ambitions. Svetlana's willingness, along with the other females in this study to take up the challenge and start up a small informal business represent examples of a new phenomenon, 'migrant female entrepreneurship' (Baycan-Levent et al. 2006; Pearce 2005). These studies have sought to examine the specifics of migrant females in labour markets. Such added interest in migrant female entrepreneurship has emerged as a result of the sharp growth of females, developing as business owners in a recent survey in the USA (Pearce 2005), which argues that the large amount of women engaged in service industries can be partly explained by women starting businesses in business areas in which they have already relevant experience. Here, three out of the four interviewed women, Yuliya, Lena and Ira entered services in which they had experience.

4 Conclusions

As Williams (2006) and Jones and Spicer (2009) explain, representations of the entrepreneur that tarnish the image of the entrepreneur as a super-hero, have tended to be marginalised and portrayed as beyond the domain of mainstream entrepreneurship research. This paper challenges the dominant representations of entrepreneurship by acknowledging the multiplicity of different ways in which entrepreneurial practices manifest occur and exploring and engaging with the ‘everyday’ nature of entrepreneurial practices. This paper contributes to on-going debates in the sub-fields of informal, ethnic and transnational entrepreneurship by outlining the heterogeneous nature of entrepreneurial practices amongst Ukrainian immigrants in the UK.

In keeping with Kloosterman et al. (1999) our findings highlight how entrepreneurial practices come to manifest themselves as the migrants become more accustomed with, and embedded within the social, political and economic institutional frameworks of the UK as the host field. In this respect knowledgeability is integral to mobilising the necessary capital to engage in entrepreneurial practice. Furthermore, the study suggests that the greater the awareness and embeddedness of an individual within the field the greater the value of their capital. As such, the paper highlights the need for capital to be understood not solely within the narrow remits of national borders. Forms of migration, whilst on the one hand disrupt the accumulation of capital. Yet, conversely, processes of migration—and the improved forms of transnational communication—enable migrants to strategically capital resources in new fields, enabling forms of capital to be converted and transformed within new national contexts. Within our increasingly globalised and interconnected world, capital is increasingly transnational in its nature.

Whilst much literature within the field of ethnic entrepreneurship, has focused on the crucial role of family networks as ‘strong ties’ in assisting small business development, our findings also demonstrate the pervasive ‘strength of weak ties’ impacting upon forms of small business development. As several examples outlined above demonstrate, the embeddedness of these individuals within informal networks, created in Ukraine still strongly impact upon the entrepreneurial practices of these individuals. Such findings demonstrate the importance of taking into account not only the ‘context’ of an entrepreneur living in the host country, but also how economic and social practices, learnt previously in the home country (in our case in Ukraine) -and sustained today often through the internet, Skype etc—continue to impact upon an individual’s entrepreneurial practices.

The findings have implications for policy making. The findings indicate that the Ukrainian entrepreneurs engaged in informal practices as much out of opportunity as necessity. Consequently, there is a need for policy to be more nuanced, and not simply seek to deter and punish informal entrepreneurship—instead policy needs to nurture informal entrepreneurs into the realms of formal economic activity (Williams 2006). Our findings indicate that one way to achieve this is by promoting the knowledgeability about formal enterprise among migrant communities thereby

making it more accessible. In terms of limitations, the study is localized geographically within several cities within the UK and involved a relatively small number of entrepreneurs. Further research could expand the study geographically and also in terms of the sample to differentiate entrepreneurs by age, gender experience and business sector. Whilst the views of the interviewees cannot be considered to be representative of all such transnational entrepreneurs in the UK, which limits the generalizability of the findings, the value of the research lies in the rich contextual insights it provides. If this paper encourages a more critical approach towards understanding the contextualised practices of individuals engaging in forms of entrepreneurship, taking into account the heterogeneous and transnational nature of such practices, then it will have achieved one of its overarching aims. If this paper also encourages a reappraisal of the ways and approaches available for public policy to respond to such forms of entrepreneurship, then it will have achieved an overarching objective.

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The Confluence of Religion and Ethnic Entrepreneurship in the Informal Economy



Sanya Ojo

Abstract This chapter draws on religions' narratives to illustrate how ethnic minorities create new entrepreneurial ventures at the margins of religion and cultural boundaries. Employed as boundary-setters are three mainstream Africans' individual religion identities, which allow religious norms and cultural values create space for entrepreneurship and interrogate the diaspora nostalgia of 'home'. Respondents' ascriptions are explored to illustrate enterprise in the informal and religion/faith contexts and demonstrate how socio-cultural engagements direct and shape ethnic entrepreneurship. Findings point to immigrants' entrepreneurial adaptation through traditional and dogmatic interpretations of religious beliefs in the informal sector.

Keywords Religion · Culture · Ethnic entrepreneurship · Black Africans · Informal economy

1 Introduction

This chapter appraises entrepreneurial organising in the informal sector by immigrants who are exploiting entrepreneurial opportunities for economic gains. This is done within the background of Shane and Venkataraman (2000: 218) contention that the entrepreneurship field “involves the nexus of two phenomena: the presence of lucrative entrepreneurial opportunities and the presence of enterprising individuals”. Since opportunities only become real when perceived by actors (Dorado 2005); three enterprising individuals were identified utilising religion/faith and cultural opportunities to create new income generating ventures. Even though some aspects of these venture types are not unknown in the literature, many of their facets are dominated by variations that are barely researched.

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Essentially, this study looks at the specificity of religion and culture to explore concealed sites of entrepreneurship in the formation of new ethnic ventures in the UK. To do this requires bridging the informal economy, religion/faith/cultural entrepreneurship, and ethnic entrepreneurship literatures in order to unfold the areas of complementarity between these literatures. For instance, the convergence of opinions in each of them seeks to explain disparity in entrepreneurship patterns by exploring differences in the resources of distinct ethnic groups (e.g. capital & ethnic networks). In addition, prominent arguments in those literatures interpret entrepreneurship as the immigrants' response to limited opportunity structures in the country of residence's formal or informal economy sector (Dana 2000). It is generally acknowledged that immigrants/ethnic minorities experience restrictions in the labour market as a form of blocked opportunity in the country of residence (Nwankwo 2005). Exposure to ethnic penalties informs their transition to self-employment dealings. This transition is a social process which bestows a sociological benefit in the form of internal ethnic cohesiveness and collectivity that seem conducive for doing business (Cohen 1997). In this manner, ethnic groups overcome their limitations.

The continuous evolution of multicultural societies in the developed world, influenced by the globalising dynamics, attracts broad range of economic activities within the immigrants/ethnic communities in those societies (Rezaei et al. 2013). Consistently, urban locations in multi-ethnic societies are transformed into spaces of 'radical entrepreneurship' where dominant socio-cultural and economic discourses are challenged and alternative discourses of citizenship engagements are articulated. Essentially, ethnic entrepreneurs draw on cultural forms and discourses they considered appropriate and even alternative to mainstream cultures to empower themselves (e.g. Dana 2000). In other words, ethnic entrepreneurs could be said to engage in a broader "socio-cultural project" greatly associated with the notions of culture-driven regeneration (e.g. Latham 2003: 1717).

Given this background, several questions become germane, but only a few are prioritised, these include: (a) how has the resurgence of ethnic socio-cultural entrepreneurship in the UK affected enterprise practices (including venture creation), and to what extent has the ethnic enclave economy been reconfigured by ethnic socio-cultural and religious events? (b) What etiological assumptions and therapeutic praxes do religion/faith entrepreneurs working in prophetic traditions bring to ethnic entrepreneurship field?

In order to facilitate clear and logical exploration, the paper is organised into seven sections including; theoretical framework, contextual framing—Africans faith and religions, methodology, findings and analysis, discussion, summary and implications.

2 Theoretical Framework

The literature on religion, belief, culture and entrepreneurship is overwhelming. For instance, studies (such as Hoogendoorn et al. 2016; Galbraith and Galbraith 2007) have empirically proved the positive relationship between religiosity and entrepreneurial activity, and to some extent, with economic development as well as business performance. Likewise, Dana (2010) argues that religions are reservoirs of wisdom and values; interwoven with cultural values to shape various forms of entrepreneurship. Hence, religious beliefs are said to affect a broad range of behavioural outcomes (Henley 2017), and religious activity could influence economic enactment at the level of the individual, group, or country (Noland 2005). Invariably, Banks et al. (2003) suggest that different opportunity structures in the country of residence could be exploited to provide self-employment to immigrants through participation in religion and socio-cultural production and consumption. Accordingly, specific ethno-cultural opportunities become part of the broader creative environment incorporating social and networking activities.

Research on black Africans entrepreneurship in the UK is increasingly gaining momentum, thanks to the efforts of research works of authors such as Nwankwo (2005), Ekwulugo (2006), Ojo (2012) and others. Collectively, these authors analyse the characteristics and the changing nature of black Africans entrepreneurship in the UK. Against this backdrop, this chapter explores inter-subjective discourses and situated practices with a view to unravelling hidden sites of socio-cultural and religion dimensions of entrepreneurship among black Africans in the UK using the Nigerian ethnic group, the most populous black-Africans in the UK (Change Institute 2009) as template. Fortuitously, prior works on black Africans in the UK covering topics in marketing (e.g. Madichie 2007), religion (e.g. Nwankwo et al. 2012), and informal economy (e.g. Ojo et al. 2013), diaspora engagements (e.g. Ojo 2012) provide valuable reference points.

3 Contextual Framing—Africans' Faith and Religions

This research contextual boundary is within the African religion and belief framework. Religion is said to saturate the entire texture of individual and commercial life in Africa, and the African is a pervasive believer and a deeply religious person (Tshibangu et al. 1993; Ellis and Ter Haar 2004). To an African, religion goes beyond just a set of beliefs but a way of life, the basis of culture, identity and moral values. In essence, religion is an important part of the tradition that facilitates both social stability and creative innovation (Tshibangu et al. 1993). As a caveat, religion and spirituality are used interchangeably in this study, not because they are the same, but because they both examine the same reality in a different light (De Blot 2011). According to De Blot (2011), whilst religion speaks about the meaning of human life as a religious belief system activated by obeying the will of God or gods, spirituality

is a multiform search for a transcendent meaning of life based on the reflection of our human experience on the level of being. In addition, ethnic minorities and immigrants are terms that will be used in this chapter even though their specific meaning is not always the same (e.g. Hirschman 1982).

The main religions practised by the majority of Africans are Christianity, Islam, and Africa traditional religion (Christian Aid 2015). However, Tshibangu et al. (1993: 502) suggest that “periodic movements of reform and religious purification produced a continuum from situations where Islam and Christianity were interpreted in traditional African cosmology to those in which Islam and Christianity provided the cosmology, but which was indigenized within African social thought”. Thus, plurality of religion became an essential feature of African societies, which is manifested in Nkrumah’s (1964: 23) articulation of the concept of philosophical consciencism: “. . .African experience of Islamic and Euro-Christian presence as well as the experience of traditional African society. . .” It is then understandable that Africans religious beliefs are often characterised by syncretism with local traditions (Awolalu 1976).

For instance, people with variety of afflictions and misfortunes (spiritual, financial, mental, etc.) often resort to multiple remedial options. Such fact is illustrated by Marsland (2007) to the effect that seriously ill persons have often been ‘hedging their bets’ by applying both traditional and conventional types of medicine when suffering from illness. Then again, the debate surrounding the intersection between multiple therapeutic frameworks unfolds in the assertion that chronically ill people often go to hospitals when traditional methods have failed (Pilkington et al. 2004). Yet, studies (e.g. Murray and Rubel 1992) have shown that indisposed people consult traditional healers for chronic diseases when biomedical interventions have failed. Usually, indigenous people do not see contradictions between Christianity and local curing practices, in the same way that Euro-Americans do not see contradictions between Christianity, Judaism, or Islam and acupuncture or psychiatry (Meisch 2002).

At this point, it is imperative to briefly explore prominent entrepreneurial narratives around the three main religions practised by black Africans. Religion being totally enmeshed in their consciousness, diaspora Africans often take and practise their religions and faiths in country of residence, as Cohen (1997: 189) admits: “religions can provide additional cement to bind a diasporic consciousness”.

3.1 Christianity

Contextually, contemporary situation has thrown up examples of how the new Christian geography in Sub-Saharan Africa not only concern theology and dogmatic change, but is also the story about entrepreneurship and the creation of new sites of economic activities among African immigrants in Western societies. Studies (e.g. Meyer 2007) have recorded instances of mega African churches headed by very wealthy Overseers and their globalising expansion to other parts of the world.

The African Pentecostal Movements amply exemplified Christian religion alignments with entrepreneurship in Western society such as the UK. For example, the complementary role of Pentecostal churches as enterprise incubation centres in the African communities in the UK has been established in studies (e.g. Nwankwo et al. 2012; Ojo 2015, 2017).

Pentecostalism appeal seems to develop from compatibility with its environment and its “embrace of ecstatic emotionalism and principles of radical equality” that disregards and straddles social and geographic boundaries (Lewison 2011: 32). The missionary aspirations and migratory trend of members contribute in large part to its rapid growth around the world, especially thriving in Britain and parts of North America (Burgess 2008). This expansion is also linked to the socio-economic deprivation prevalent in the society (Meagher 2009). For instance, Hunt (2000) contends that the fast expansion of Nigerian Pentecostal church movement in Nigeria and Britain is as a result of acute economic and political difficulties in Nigeria and an adjustment to a secondary range of social conditions in Britain. He further stresses that, generally, African Pentecostalism offers an innovative platform for new strategies of survival and the restructuring of personal and collective relationships in an economically tough environment.

3.2 *Islam*

The linkage between Islam and entrepreneurship is copiously described in the history and records of great transnational trade routes and links. Muslims and the empires of the Middle-East built colossal and profitable trade networks over land and sea. Trade channels such as trans-Saharan route, trade (gold, salt, and spice) between South-East Asia and the Middle-East, and the Silk Road linking Constantinople to China were created even before some of the European trade/commerce adventure (Williams 2000).

Islam, currently the world’s second largest religion (BBC 2017), is described in the Quran as the submission to the will of Allah. Islam, like all global religions, is practiced differently across time and place, and it has meant different things to particular Muslim communities at different points in their histories (Fallers 1974). For instance, it has entailed different meanings and different practices for Arabs, Persians, Southeast Asians, and Africans. Even within the same country it has been practiced differently by various segments of society. It is then expected that heterogeneous praxes (entrepreneurial or otherwise) induced by socio-cultural variations will be rife.

Islamic history is replete with Muslim scholars’ writings on the economic teachings of Islam and its application to entrepreneurial activity (Khan 1994). From its early roots Islam was tied in with entrepreneurship, for instance, the first wife of the Prophet Muhammad (Khadija bint Khuwaylid) was a successful entrepreneur (Katz and Green 2009). Studies on Islam and entrepreneurship consensually submit that Islamic doctrine works to support enterprise and enterprise formations. For example,

Gümüşay (2015) argues that Islam may be considered an entrepreneurial religion in the sense that it enables and encourages entrepreneurial activity. Likewise, Ghoul's (2011) review of Islam and entrepreneurship provides a rich detail that explains how Islam impacts on entrepreneurship, and Ratten et al. (2017) highlight how the context of Islamic business is an important driver of entrepreneurial activity.

Furthermore, there is a general understanding among adherents that engagement in economic activities is an obligation (Yousef 2000), and prosperity would be fostered through the appropriate use of the resources given by God. Such resources are seen as important in the provision of basic survival and physical needs as well as accumulation of legitimate wealth. Work/enterprise is then seen as liberating and the means to achieve a fulfilled (economic and spiritual) life. Kriger and Seng (2005) argue that for Muslims, economic life is regarded as means to spiritual ends, where prosperity signifies living a virtuous life. Hence, the Quran expresses support for free trade and legitimate profit so long as it shuns exploitation of others and is harmonious with Islamic ethics (Yousef 2000; Ludwig 2001). Given this perspective, Vargas-Hernández et al. (2010) rationalised that entrepreneurship is a part of Islam and Islamic culture and urge all Muslims to be entrepreneurs.

3.3 *Traditional Religion*

The representation of entrepreneurship in traditional religion through the activities of traditional healers who invoke and situate their practices in its tenets and precepts are focused here. Narratives in many academic and non-academic literatures (including popular Press) on non-conventional medicine and treatment attract peoples' attention at regular intervals. As such, the visibility and appreciation of traditional healers are in the ascendancy, especially in the context of the application of alternative medicine and therapy. The supply and consumption of supplements and other natural/herbal products are growing. For example, studies have shown that the number of visits to complementary and alternative medicine providers exceeded the number of visits to conventional medical doctors in the US (Pesek et al. 2006). In this paper, traditional (or alternative) medicine denotes therapeutic approaches employed instead of conventional (Western) treatments. Traditional medicine is part of a broad church of therapies collectively known as complementary and alternative medicine (CAM). For instance, according to Barnes et al. (2004) and US National Institutes of Health (2007), CAM consists of prayer, herbalism, breathing meditation, meditation, chiropractic medicine, mega-vitamin therapy, and visualisation.

Anthropologists have been exploring how the knowledge and power of the so-called traditional healers in Africa are "inextricably bound up with their transgressions of boundaries between categories such as "indigenous", "scientific", "traditional", and "modern" (West 2006: 24). Traditional healers' incorporation is succinctly expressed by Good (1988: 100) who described them as "both subjects and agents of change: they participate in an on-going, essentially unsystematic process in which they variously 'borrow', reinterpret, and apply selected biomedical ideas and

practices—including the use of mass-produced drugs—in everyday contacts with patients”. Natural substances are also employed to produce remedies for those suffering from various ailments (Maroyi 2013). Generally, traditional medication and treatment are cheaper than conventional medicine (e.g. Lu and Lu 2014) and traditional healers use natural materials for medicinal purposes. These healers are consulted because of the confidence people have in them and not because they are cheaper than biomedicine (Meisch 2002; White 2015). However, the dangers and possible benefits of many complementary and alternative treatments remain unproved (Tabish 2008).

4 Methodology

This paper applied qualitative approach as an analytical tool to examine ethnic entrepreneurship within the contexts of religion, cultural hybridity, segregation, diasporic network and enterprise. This approach helps in analysing the fluidity of the ethnic economic empowerment process (e.g. new venture creation) underscored by the tension between the micro-culture and the dominant culture. According to Rezaei et al. (2014), the objective of interviews is to reveal the views of people, unbiased by evaluative responses on the researcher’s part. Moreover, McKelvey (1982) suggests that researchers should find a framework to methodically determine and evaluate the similarities and dissimilarities among new organisations when variation and complexity are identified. In essence, qualitative approach facilitates inductive reasoning to prevail and the discovering of the conceptual lenses that respondents use to see and interpret their experiences. The interviews, conducted face-to-face at mutually arranged venues in London, have two categories:

(A) In-depth Interviews Three Nigerian men who are religious-based practitioner-entrepreneurs, are selected through referral and close acquaintances. Selection is purposive and intentional as it allows the use of personal judgment in picking respondents with the pertinent experience and knowledge that met the objectives of the study. This group of respondents consist of one Traditional healer (Herbalist), one Islamic cleric (Imam), and one Pentecostal minister (Pastor). The all-male gender bias is not unconnected to the fact that the authority and governance of the main Nigerian religious categories are male dominated (e.g. Hendriks et al. 2012). The herbalist claimed to help people suffering from a range of illnesses; Sorcery, Spirit possession, high blood pressure, asthma, haemorrhoids, liver disease, asthma, rheumatism, erectile dysfunction, low sex drive, fibroid, infertility, menstrual cramps, indigestion, etc. Although, he was not specific, he conceded to charging clients according to the severity of their afflictions. The Imam, who is recognised within the Nigerian community as an expert in Islamic prophetic medicine, offers supplications and consultations to clients tackling physical and spiritual afflictions. He admitted taking payments from consultees, but often according to their capacity and ability to pay. The Pastor leads a Pentecostal congregation of about

Table 1 Religion/cultural entrepreneurs—respondents data

Respondent & time in the UK	Age	Income earning activities	Years in present vocation	Trainings	Qualification	Diasporic links
Herbalist (12 years)	56	1. Divination 2. Consultation 3. Talismans 4. Traditional treatment	10	20 years Tutelage under his herbalist father in Nigeria	GCSE	Frequent travels to Nigeria 6–8 times a year
Imam (17 years)	57	1. Ceremonies' officiating 2. Prayers 3. Amulets sales 4. Consultation	14	Attended Quranic School and coaching from itinerant Islamic scholar uncle in Nigeria as a kid for 10 years	Bachelor of Arts degree	Regular visits to Nigeria 3–4 times a year
Pastor (20 years)	45	1. Guest preaching 2. Publishing prayers and Sermons Books 3. Organising business seminars 4. Consultation	9	Attended Bible school for 3 years in the UK before ordained as pastor	Master degree	Moderate visits Nigeria twice or thrice a year

Source: Research fieldwork

250 worshippers. He also consults and offers prayers on behalf of afflicted congregants when consulted. Whilst emphatically denying demanding payments for services, he acknowledged receiving monetary gifts (not fees or payment) from 'grateful' consultees only after the manifestation of the efficacy of his prayers' intercessions. The three men emphasised that they did not set out to create entrepreneurial ventures from their curative knowledge and expertise, but fortuitously seized income earning opportunities that evolved in their environments. Respondents also conceded not to have any other means of livelihood outside the entrepreneurial activities and engagements listed in Table 1.

Each respondent was interviewed twice (1 hour each time) and the interview questions were planned in advance to pursue specific themes, aims and objectives. They were also intended to track involvement and enactment of entrepreneurship in the activities of the three individuals and assisted in developing an overview of their international and national contexts. These comprise the make-up of diaspora communities, key issues concerning religion in entrepreneurship and entrepreneurship in religion including perceptions, experiences, and activities. Questions covered a range of topics including:

an informal sector of Western economies. The study is also a reminiscent of how cultural values have helped a very ancient bazaar economy survive in Egypt to this day (Dana 2000). Consequently, entrepreneurial tactics, such as manoeuvring between spheres (e.g. diaspora links), exploiting social capital currency, etc. “co-exists with ‘moral’ skills, in persuasiveness, the manipulation of norms, and recognition of culturally specific opportunities” (Stewart 1990: 143) to create a dialectic of customs and beliefs variations that influence outcomes.

The implication of religion/cultural enterprising is indicated in the ethnic individuals’ navigation of the informal sector of the economy using specific ethnic experience and strategies within the borders of religion and faith to achieve entrepreneurial advantages. These may be regarded as survival strategies often involved in the emergence of entrepreneurs in the parallel economy (Dana 2013). The entrepreneurial ‘sting’ has brought out the impulse to benefit from the re-interpretations of religious and cultural artefacts, practices and praxes among black African migrants in the UK. Some competing tensions, ambiguities and dilemmas are revealed in these re-interpretations. For example, on the one hand ethnic entrepreneurship is diffusing into the mainstream along the dimensions of integration and multicultural conceptualisation especially given the context of the evolving notion of ‘super-diversity’ (Vertovec 2007). On the other hand, the outcome of this study indicates a distinct ethnic market and market space separated from the mainstream. Again, the various constructions and deconstructions of customs, beliefs, and scriptural texts/practices apparent in the study make definitive categorical deductions impossible. But then contemporary patterns are shrouded in ambiguity since current issues are masked by uncertainty (Ojo 2013). Furthermore, the significance of culture to entrepreneurship drawn from the study’s inference is underlined, thereby giving weight to Bourdieu’s (1977: 177) argument for “extending economic calculation to all the goods, material and symbolic”.

Lastly, the imagined and enacted networks inside the ethnic religion enclaves accentuate connections between like-minded believers, and valorises the power of distance in the creation of landscapes of religious/cultural entrepreneurship agency whose power is illustrated through such tropes as ‘nostalgia’, ‘mobility’, ‘heritage’ and ‘empowerment’. In essence, new enterprise categories are challenging old explanations of ethnic entrepreneurship. These new forms of ethnic enterprises are competing for space in global cities in countries around the world.

The explanatory nature of this paper signposts the need for further research in the interface between ethnic entrepreneurship, religion, and the informal economy, especially by interrogating some pertinent questions. Such questions should include: How do black Africans in the UK evaluate different therapies provided by religion-practitioners they consult? (2) What significant contributions do this type of entrepreneurship have on the African communities and the British society at large?

mainly on the interpretations by and about the respondents' ability to generate incomes from spiritual vocations in seemingly unorthodox spaces and contexts. The first-order reporting takes the form of a narrative account of the justification, strategy, and processes. This narrative integrates the interpretations and experiences of the respondents and the researcher.

The second-order analysis tackles a more theoretical level, in which the data and first-order findings are appraised for underlying explanatory dimensions. This mode of analysis seeks to confer additional insights that might be relevant for areas beyond the immediate enquiry. As part of this analysis the researcher assessed the data from a theoretical perspective in the attempt to establish deeper patterns and scope of awareness. Such patterns are not necessarily apparent to the respondents, but are necessary if the study is to be of significance to other researchers and have meaning for broader understanding of ethnic entrepreneurship.

5.2 Findings

This study's findings, through the thematic analysis of respondents' talk, exposed how religion and cultural fundamentals are processed and transformed in creating and supporting entrepreneurial events. Two key themes underpinning religion and cultural entrepreneurial relationship among the group are (1) entrepreneurial deconstruction of religion and culture, (2) diaspora engagements, social capital and network.

Entrepreneurial Deconstruction of Religion and Culture Religion and cultural motifs seem to provide thriving ethnic markets as sources of economic independence for some black Africans in the UK. Contemporarily, these emerging ethnic informal spaces oscillate between functions; that is, as vanguards of custom on the one hand and, on the other, as conveyors of multiculturalism that seems to define contemporary global communities. Additionally, these sites act as purveyors of ethnic enterprise agency. The data reveal how the three respondents are exploiting religion/cultural spaces to generate income. The respondents firmly believed that entrepreneurship and earning a living from religio-cultural activities are not only acceptable; these are totally authenticated in the tenets of their faiths. For example, the Imam believes that:

Islam confirms business activities as part of "*ibadah*" (good deed) so long one rejects "*riba*" (usury) and conforms to the Al-Quran and *Hadith* (the collected literature on the pronouncements and actions of the Prophet Mohammed) injunctions. In Islam, to engage in business is to perform "*fardhu kifayah*" (an obligatory duty).

He further argues that Islam vigorously encourages adherents to be more involved in entrepreneurial development by quoting Quran verses: "*seek, using all resources available on earth and open up opportunities for the same cause*" (surah al-Najm (53):39, al-Nur (24):37).

On his part the Pastor sees nothing wrong for men/women of God to receive gifts and donations. He reinforces the argument by quoting from the Bible: “*Bring the whole tithe into the storehouse, that there may be food in my house. Test me in this,*” says the Lord Almighty, “*and see if I will not throw open the floodgates of heaven and pour out so much blessing that there will not be room enough to store it*” (Malachi 3: 10).

Ultimately, the three respondents embark on entrepreneurial voyage through the medium of religion and cultural practises. Among the major entrepreneurial activities of the herbalist is blending and selling various herbal concoctions for different ailments. He reiterated:

I have nothing against the white man’s medicine, but surely there are some ailments that are best treated using traditional herbs. The wisdom and the herbal knowledge passed to me by my forebears enable me to cure many medical and spiritual challenges confronting our people.

The herbalist (also practising as diviner and spiritual healer) demonstrates an exemplar of the growth oriented, risk-taking, profit-motivated and innovative iatric genre now gaining prevalence in the UK (e.g. Long 2013). He confirms substantial patronage from black Africans in general and particularly from Nigerians from all over the UK. He boastfully proclaimed that the potency of African traditional medicine and divination is the main reason black Africans of all background and religious beliefs come to him:

Three different groups of clients visit me: those who solely consult me for their primary health care, those who combined my services with other spiritual (religion) resources, and Pastors, Priests, and Imams who seek assistance in their own line of work. You see, even many of the so-called African Pastors and Imams seek spiritual and trado-medical assistance from me; though they tend to visit clandestinely at night or very early in the morning.

Essentially, and as gathered from the data, the practice of traditional herbalists’ healing is an age-old African tradition, and consulting herbalists in the UK appears to be a normal rehearse for people who are so inclined. Hence, one could observe some overlap of cultural symbolism in the practice. Yet, the role of innovation in orthodox medicine saving and extending lives seems to be discounted by the herbalist.

Even though the Imam could not disclose his total income, he declares that a key source of his livelihood are the donations collected at social events and ritualised occasions among Nigerian Muslims at various social gatherings. The researcher’s observations at two Muslim social events (*Nikah*—wedding ceremony and *Fidau*—funeral ceremony) in London confirm that substantial income accrued to officiating Imams during prayer requests at ceremonies. The Imam justified his income from donations as:

Individuals give money to an Imam out of their own volition and piousness. There is no harm in giving and accepting gifts. However, it would not be permissible if the Imam is being given this money as *Ujrah* (cost) for officiating at ceremonies.

In Islamic parlance, Ujrah is a generic term for a fee, especially one charged for a service (Farlex 2012). It then appears that the Imam's enterprise takes the form of a social enterprise pursuing an explicitly not-for-profit strategy.

The Pastor respondent, on his part, admits to generating some income from recording and selling Christian music, sermons and prayer books to members of his congregation. Other income sources include circuit (i.e. invitation) preaching, organising business seminars and conferences. The Pastor also admitted to receiving incomes from consultation sessions (prayers and spiritual guidance) he has with people:

People freely give me gifts (monetary and material) for prayer intercessions and spiritual support and counselling without been charged.

In all the three cases, the respondents seem to align their livelihoods and their individual lives with the teachings of their faiths. Congruence is found in Eisenstadt's (1968: 10) emphasise of the importance of the "transformative potential" of religion for economic motives and activities. By "transformative potential", he implies the "capacity to legitimize, in religious or ideological terms, the development of new motivations, activities, and institutions which were not encompassed in their original impulses and views".

In addition, a contradiction appears in this form of ethnic enterprise. On the one hand, some of the services performed (e.g. officiating at events or prayer support) by the religious men (the Pastor and Imam) are chores from which they derived regular income. On the other hand, the chores are obligations attached to their positions as men of God and meant to be delivered free of charge. It seems there is no clear demarcation of how earned incomes are perceived; as earnings or as gifts.

Furthermore, the data seem to depict religion as multidimensional, and its influence impacted on social, culture, philosophy and everydayness of the black Africans' lives in the UK. There is awareness that African traditional culture has evolved as it contains element of continuity as well as discontinuity, and some of its practices are discernible in Christianity and Islam praxes. Both the Islamic and Pentecostal clerics are prone to inculcate Afro-centric rituals and traditions to their religious routines as they are constantly adapting, expanding and redefining their entrepreneurial practices.

Diaspora Engagements, Social Capital and Network: The data reveal enduring association of respondents with Africa in one form or the other. There are occasions of transnational transactions reported and observed during the fieldwork. For instance, the diaspora/transnational engagements of the respondents are illustrated in the insights provided by each of them:

I have a need for going to Nigeria regularly to replenish my wares and to procure authentic herbs and other essential ingredients that are only available in Africa (Herbalist).

I regularly visit Nigeria for the Quranic recitation meetings in my home-town. It is important for me to renew and maintain acquaintances with my Nigerian *Jamaat* and counterparts (Imam).

Glory be to God, our branches in Nigeria, Ireland and Florida are growing exponentially, so I often travel out of the UK like six times a year (2 per branch) (Pastor).

Additionally, data analysis reveals the uniqueness of religion in fostering specific social milieu and particular cultural expressions within the respondents' enterprises. For instance, the respondents agreed that 99% of their clientele base is black Africans. This could mean that the combined forces of religion and ethnicity enhance the effects of dense social networks, trust, reciprocal expectations, shared values, and a common religio-cultural outlook in ways that amplify and boost the social capital of a group (Kraybill et al. 2010).

Essentially, the social capital and network perspective has provided important building blocks in theorising the process of ethnic venture formation in the religion/cultural axis. It has been advocated that ethnic entrepreneurship affords black African entrepreneurs the platform on which to respond to opportunities through different combinations of strategies based on personal, family, and group characteristics; social capital and social networks; discriminatory experiences; and societal attitudes (Nwankwo 2005). The importance of the environments and contexts, and interaction between entrepreneurs and their environments/contexts is emphasised (Ojo 2012).

6 Discussion, Summary and Implications

This paper shows how cultural factors, economic considerations, scriptural exegeses, ethnic network, and diasporic actions converge for the formation of new entrepreneurial ventures within a black African group in the UK. Thus, in uncovering the dynamism in the group's social fabric, identity, and adaptive capacity, it appears their cultures have not remained frozen in a timeless ethnographic present, but have changed and adapted with the times. The respondents exhibit innovative entrepreneurship in creating new markets and customer relationships, coupled with their roles as social and institutional mediators in the face of change. They situated themselves at the margins between the traditional and the modern, between private enterprise and social enterprise, between the familiar and the foreign, between the local and the global, between culture and religion, and even between the spiritual and the physical. In actual fact, both traditional and spiritual interventions are more than attending to physiological aspects of health as they account for health in a broader context of livelihood, security and socio-economic aspects.

Studies into how ethnic entrepreneurs employ religion and cultural conventions to, not only create new ventures, but negotiate and respond to social and health issues that are linked to economic and spatial displacement are uncommon. In a novel approach, this study analyses how ethnic entrepreneurs draw upon entrepreneurial idiom and religious practices in an attempt to remain relevant in the profitable socio-cultural ethnic niche market. This is represented in the shift to marketing of healing (spiritual and physical) as a service within a money market economy. Apparently, the study corroborates Gershuny (1979) and Pugliese (1993) suggestions that new forms of creative entrepreneurship seem to be thriving particularly in

an informal sector of Western economies. The study is also a reminiscent of how cultural values have helped a very ancient bazaar economy survive in Egypt to this day (Dana 2000). Consequently, entrepreneurial tactics, such as manoeuvring between spheres (e.g. diaspora links), exploiting social capital currency, etc. “co-exists with ‘moral’ skills, in persuasiveness, the manipulation of norms, and recognition of culturally specific opportunities” (Stewart 1990: 143) to create a dialectic of customs and beliefs variations that influence outcomes.

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The Resurgence of Bazaar Entrepreneurship: ‘Ravabet-Networking’ and the Case of the Persian Carpet Trade



Shahamak Rezaei, Birte Hansen, Veland Ramadani, and Léo-Paul Dana

Abstract This paper contributes to a recent stream of research that analyses what the concept of the bazaar can offer in respect to our understanding of the new economy. It suggests that the bazaar-type economy provides interesting insights into features characterizing the new economy which is not captured by standard economic conceptualizations or the standard iconic markets, such as Wall Street. The paper builds on empirical studies from the Iranian dominated Carpet bazaar in Hamburg, Germany. Throughout the paper, the traditional and contemporary bazaar is compared to modern markets; with special attention paid to networks.

Keywords Bazaar · Diaspora · Transnational diaspora entrepreneurship · Transnational entrepreneurship · New economy · Modern market · Networks · Germany · Iranian diaspora · Informal networking · Ravabet-networking

1 Introduction

The perseverance of the bazaar-type economy in developing economies throughout the world is testament to the determination of the seemingly ageless economic organisation driving it. The traditional bazaar has previously lived in the shadows

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of the modern market, however recent interest from scholars and researchers have spurred new life and relevance to the bazaar, evaluating and comparing its significance to contemporary economies. Geertz (1963a, b) described the bazaar as a cultural and social system, operating not only as a forum for economic exchange, but also constituting a lifestyle for the actors involved. While the firm-type system of economic activity is focused on profit maximising transactions that are characterised as highly impersonal, the bazaar type economy place importance on the cultivation of personal relationships and favour transactions with customers leading to long-term reciprocal interactions (Dana and Dana 2003). Situated at opposite poles, the firm-type economy and bazaar-type economy follow different economic principles and values. The firm-type economy is formal, competition exists amongst sellers, and prices are determined by the market, while the bazaar-type economy thrives off haggling and price negotiation, placing pressure on both seller and buyer (Dana and Dana 2003). Emerging in close resemblance to the bazaar-type economy is the *new economy*, by which several academics have associated features to that of the bazaar-type economy (McMillan 2002; Raymond 2001; Dana et al. 2008a, b). For instance, Dana et al. (2008a, b) suggested a paradigm of symbiotic entrepreneurship to understand emerging trends within the new economy. Taking inspiration from the bazaar-type economies, Dana et al. (2008a, b) investigated patterns of collaboration between actors in the bazaar, comparing it to the twenty-first century new economy characterised by the opportunities provided by the web. In a similar strain of academic exploration, Dana (1998: 124) refers to a bazaar-type economy in the hotel and airline industries. Demil and Lecocq (2006: 1449) referred to the “bazaar governance” of the internet. These studies do not claim that enterprises operating on the internet, or that hotels and airline industries are bazaars; yet they recognize that there exist some similar features to that of the traditional bazaar. Specifically, these studies find that the new economy radically departs from the norms observed by the individual firm, towards that of an economic environment consisting of multi-polar networks (Dana et al. 2004).

It has been suggested that such analogous features merit exploration in the hope of obtaining insights as to how developments of the past are transferred to the present. Currently, considerable research has been dedicated to investigating entrepreneurial activities in bazaars in the developing context. Dana (2011) studied bazaars in Bolivia, where migrants and peddlers travel to the urban areas to sell their products in the parallel economy of informal, internal and often illegal activities. In similarity, Dana and Dana (2003) investigated various enterprise types emerging in the post-communist economies, discovering similar patterns of economic activity to that in Bolivia, unfolding in the parallel economy. Related articles exploring bazaars in all corners of the world are numerous, including developing and transitioning economies such as Indonesia (Geertz 1963a, b), Xinjiang, China (Dana 1998), Kyrgyz Republic (Dana 2000a, b), Egypt (Dana 2008) and the Balkans (Ramadani and Dana 2013).

Less effort has however been dedicated to study the bazaar economy in industrialised contexts such as Germany. Independent of standard economics, we only have a limited amount of knowledge about how contemporary bazaars operate

in real-life and in modern market situations. Through a qualitative research methodology, this paper is concerned with reducing this omission. The paper aims to explore why the concept of the bazaar is relevant for studies of the new economy and modern markets, and thus why the standard economic conceptualization of the market could benefit from being supplemented with a conceptualization of the market along the lines of the bazaar. Presenting an empirical study of the carpet bazaar in Hamburg, Germany, the paper aims to spur a discussion of how the bazaar in the new economy should be conceptualized. Throughout the paper, the traditional bazaar and contemporary bazaar is contrasted with modern markets, as it epitomizes the new economy. Special attention is paid to networks, as networks are a recognized feature characterizing both bazaars and the modern market.

Vast number of academic authorities have established the role of networks in entrepreneurship as vital, given that networks can provide access to resources, new knowledge, information and ground for innovation and entrepreneurship literature consistently associates social and business networks and venture creation with positive outcomes. Furthermore, academic authorities have established the particular importance of informal business networks for immigrants' business activities. (Aldrich and Zimmer 1986; Dana et al. 2008a, b; Greve and Salaff 2003; Pittaway et al. 2004; Rezaei 2010, 2011; Stuart and Sorensen 2007, Bu and Roy 2008; Schøtt et al. 2014; Rezaei 2009, 2010, 2011, 2014; Dana 2017; Dana et al. 1999a, b; Jensen et al. 2014; Rezaei et al., 2013, 2014; Schøtt et al. 2014). Nevertheless, informal business network should, above all, be understood as a product of the business structure of the global system, the country, and the region, that can provide a certain opportunity structure. It should be emphasized that the informal business network involves not only immigrants, but bind together all categories of individuals, be it nationals, natives and immigrants, operating within a specific dominant socioeconomic system. The actors within this network coexist in a symbiotic relationship bound by mutual economic and social interests. It is however important to acknowledge that within this network, activities are highly dependent on the opportunities offered by and in a specific country, which again depends on the status of each individual immigrant. The formality and informality characterising this system considering each individual immigrants level of social and human capital, gender, age and other factors, are in these terms evaluated within and from institutional environments. These institutional environments dominate the individual and the collective's immigrant's possibilities to participate in the economic activities available in the opportunity structure.

This article is structured as follows: The first section will introduce our chosen methodology. The second section is dedicated to introducing the traditional bazaar, exemplified through the Persian Carpet Trade. The history of the bazaar and Persian carpet trade will then be traced to a modern bazaar model, namely the Hamburg Free Harbour, which will provide illustrations of how bazaars operate in the new economy. The third section will introduce and compare operating features of the bazaar with modern markets, providing reflections as to associated similarities for the contemporary economy. The fourth section will explore the role of networks in the bazaar-type economy. Sections 5 and 6 will offer a discussion and concluding

remarks as to whether or not the structures of the contemporary bazaar are converging or diverging with the new economy. Suggestions for future study will be offered in section seven.

2 Methodology

A case study approach was selected as the study focuses on a complex contemporary phenomenon, where the authors seek to uncover underlying mechanisms and structures governing the bazaar-type economy. Qualitative research methods are advantageous in exploratory research as they allow the researcher to be susceptible to cultures, norms and values shaping entrepreneurial environments. Additionally, qualitative research methods include rich descriptive accounts and observations allowing the researchers to directly engage with the field in question (Dana and Dana 2005). Thus, qualitative methods are recognised as thorough sources of new information within emerging fields where theoretical paradigms have not yet been sufficiently developed and quantitative methods fall short. For this article, 21 open and semi-structured interviews were conducted with carpet traders, whereas four of the interviewees opted to remain anonymous. All interviews were conducted either in person or over the phone, and exhaustive notes were taken during the interviews. Hamburg was selected as the prime destination to conduct a study of this nature, as Hamburg is considered the world's largest "Free Harbour" for bazaars. It is within this Free Harbour where modern bazaaris have their stalls, and where our study takes place. In this article, we will focus on carpet traders, who occupy 11% of business activities in the Hamburg Free Harbour. Validity was ensured through making sure the respondents had understood the questions asked, and by assessing if the respondent had the needed information to answer the questions. Questions and answers were presented verbally, and rigorous notes were taken during the interviews. The names of non-anonymous interviews can be found in Appendix A.

3 The Traditional Bazaar—A Historical Account

The bazaar market is a concept and a phenomenon that has long reigned in the informal economy, calling forth thoughts of Persian, Egyptian, Chinese and Indian open market places, crawling with vendors offering various products and services, ranging from locally produced handicrafts and merchandise to spices and various sustenance. Tracing the culmination of the bazaar takes one back to the ancient civilizations, to a time where the products traded were articles of necessity, where carpets traded had the sole function of protecting nomads from the cold ground on which they placed their tents (Rezaei 2009). Today, the Persian carpet is a luxurious item bought to pride the houses of the people who can afford them, elucidating signs of wealth and riches. Persian carpets are famous for their design and illustrations,

illuminating tales of the past depicted onto the carpets, showing intricate skills and talents passed down through generations. Persian carpets have evolved from being purely an article used for furnishing, to a lavish piece of art adorning castles and government buildings throughout the world. Discovered by Cyrus the Great over 2500 years ago, the peak of the Persian Carpet trade was during the Sassanian dynasty, more specifically in the sixth century, when the Persian carpet had gained fame throughout the world and were in huge demand (Rezaei 2009). However, the Persian Carpet trade did not culminate into a national industry until Shah Abbas took the throne and transformed carpet weaving into a commercial industry. Shah Abbas founded the first royal carpet factory and hired craftsmen to weave and knot carpets for export. Yet, as with every peak, a plunge shortly follows, and for the Persian Carpet trade this decline emerged when the quality of the woven carpet was superseded by quantity, whereas the intricate craftsmanship faded away. The revival of the Persian Carpet trade came during the twenty-first century, when Reza Pahlavis overtook the throne and founded the *Iran Carpet Company* in 1935. Pahlavis aimed to nationalize and place the Persian carpet trade under state monopoly, however due to one private trader’s objection, Pahlavi agreed to let private merchants continue with their trade with international buyers (Rezaei 2009). The private trader was a member of the Galichi family, one of the first pioneering traders and exporters of Persian carpets. Acknowledged as the first family who traded with Istanbul, the Galichi family historical record begins in Iran and ends in Hamburg, where one decedent, namely Majid Ghalichi, founded a business in the Hamburg Free Harbour, along with many other Iranian carpet traders.

In the Hamburg Free Harbour, one discovers distinct ethnic divisions among the carpet traders, revealed in location patterns and the architecture of buildings. In order to understand these patterns, one needs to explore the history of the harbour. According to an interview with Mr. Hamid Shayesteh, the Kianiyan family is one the oldest Iranian trading families in Germany. The family’s trading records are also documented and published by “Farsh Iran” (pp. 15–18, No. 5, 1994), based on an exclusive interview with Mr. Hossein Kiyanian. It was Mr. Hossein Kiyanian’s father that established the Kiyanian Carpet Trading House in 1928 in Hamburg. At that time, Iranians were not able to trade freely in Germany, whereby regulations forced them to trade via a third country trader. Those few Iranians residing in Germany chose Russia as their trading partner, so the “. . . normal way of trading at that time was to sell Iranian merchandize to Russia who sold it in Germany and theIranians in Germany bought their German products from Russian businessmen in Germany and then sent them off to Iran”. (H. Kiyanian. in “Farsh Iran” pp. 15, No. 5, 1994.).

In 1929, on behalf of the Iranian Government, the Iranian ambassador to Berlin, Mr. Farzin, signed a trade treaty between Iran and Germany. The treaty allowed for both countries to develop a commercial relationship supporting mutual trade interests, permitting bilateral export and import of goods, with special quotas on dry fruits and carpets. According to the quotas, Iranians were allowed to export carpets up to a limit of approximately DM eight million per year. The treaty was in force both before and during WWII, with some parts of the treaty still in force today. (“Farsh

Iran” pp. 15, No. 5, 1994). At the end of WWII, when Germany was divided into French, American, British and Soviet zones, the foreign troops introduced “Personal Ausweis”, Personal Identification Documents, applicable both to Germans and immigrants residing in Germany. Hamburg was included in the “British Zone”, and therefore the British authorities issued “Personal Ausweis” in the Hamburg area with the special indication of “Britische Zone”.

Hossein Kiyanian, who has lived in Hamburg since 1936 and who was at that time 14 years old, explains that he left Hamburg for Iran during WWII. Shortly after WW I him and his family returned to Hamburg and realized that the Kiyanian Carpet Trade House and their residence was had been destroyed during bombing. H. Kiyanian describes the period of 1945–1949 as a tough economic period. “The British authorities in Hamburg only issued a six-weeks permission of stay in Hamburg to us, so in 1947 we tried to set a base up in Paris to start our business and start a sojourner business life between Hamburg and Paris, until the situation improved in 1948 and the “First International Fair” was held in Hannover consisting of four tent-halls and that was the beginning of better economic conditions” (H. Kiyanian in “Farsh Iran” p. 16, No. 5, 1994).

The “Economic Reform” of Germany began in 1949 with Professor Erhard in the lead with his belief in “free-trade” which led to changes in the import quota system with Iran that had been introduced in the 1929 German-Iranian treaty. Later on, in 1950 the quotas trade system between Iran and Germany was abolished (“Farsh Iran”, p. 17, No. 5, 1994). An increasing number of Iranian “Persian Carpet” traders established their businesses in Hamburg which had the consequence of undermining the role of London as the world’s leading centre for the “Persian Carpet” trade in favour of Hamburg.

According to the interview with H. Shayesteh and documentation produced by H. Shayesteh and published by “Farsh Iran” (p. 18, No. 1, 1994 and p. 25, No. 2, 1994), the number of named Iranian Persian carpet traders in Hamburg Free Harbour before 1960 was 59. According to H. Shayesteh, the majority of these 59 traders were either “Azari”, descending from Iranian Azarbaijan, or Iranian Jewish. According to interviews with more than 20 of the Iranian “Persian Carpet” traders in Hamburg Free Harbour and an interview with Mr. Heinz Oberlach, HHLA press officer and Mr. Nikandish, manager of V.I.T. “Verband Iranischer Teppichimporteure”, the number of traders increased during the 1960s and 1970s from around 60–70 traders to around 100–120. In the period following the Iranian revolution in 1979 until the present day, the number of traders has increased to around 200–230.

According to the interview with Mr. Rainer Albrecht,¹ special legal advisor in immigration issues for the “Senate of Hamburg”, the official name of the city of Hamburg is: “Freie und Hansestadt Hamburg” (Free and Trade City Hamburg) and, in fact, Hamburg has retained this status for several centuries. This might be one of the reasons why Iranian traders chose Hamburg as the place to establish their

¹Rainer Albrecht, Die Ausländerbeauftragte, Referent für Ausländerrecht, an den Senat, Hamburg.

businesses. The city of Hamburg has, due to its strategic position along the rivers of “Alster” and “Elb”, suffered from several damaging attacks and wars. Hamburg was founded as a result of battle in the year 804 when “Karl the Great” attacked from the eastern part of the “Alster” river and started to build the old city of Hamburg. In 845, Hamburg was once again attacked by Vikings who destroyed the city. As a consequence, only a few fishermen, some traders and blacksmiths remained in the city (Farsh Iran, p. 14, No. 10, March 1994). In 1188, the new city was rebuilt along the “Alster” river, and shipping facilities were constructed along the harbour. This marked the beginning of a wealthy and promising future for the city. The promising business opportunities presented to the harbour, made it possible for Hamburg to declare itself economically independent in the fifteenth century. From that time, Hamburg has become known as “Freie und Hansestadt Hamburg” (Farsh Iran, p. 14, No. 10, March 1994). An additional highlight in the history of Hamburg’s harbour can be traced back to USA’s proclamation of independence in 1776 and the opening of US harbours to foreign ships. This led to increasing levels of activity resulting in the declaration of Hamburg as the third biggest Harbour in the world after London and New York in 1913. But after WWII, due to excessive damage caused by bombing, almost nothing was left of Hamburg and the whole city was left in ruins. Soon after the war however, the city was re-built once again (Farsh Iran, p. 15, No. 10, March 1994).

According to an interview held with Mr. Heinz Oberlach, HHLA press officer, the Hamburg remains the largest “Free Harbour” of the world to this day. According to HHLA, the central parts of the city and harbour was rebuilt during 1885–1910, because of Hamburg’s participation in the German Costume Union in 1881. The HHLA has offices inside the Free Harbour in an area called “Speicherstadt”, “Warehouse City”—directly translated. HHLA has, in total, 359,000 m² of available space, divided into 322,000 m² warehouse facilities and 37,000 m² office facilities. HHLA only use 31,000 m² of the facilities and the rest is rented out to different tenants from various lines of trade. The percentage of the distribution of the tenants’ businesses and activities in HHLA’s buildings are as follows: Offices for personnel and warehouse handling agents 70%, Carpet trade 11%, Shipping agents and related 10%, Tea trade 1%, while other businesses comprise 8% of remaining tenants (Farsh Iran, p. 19, No. 10, March 1994).

Looking closely at the structure of the Hamburg Free Harbour and “Warehouse City”, it emerges as a ‘house divided’, whereas the harbour is distinctly divided into different sections, for example “Container” section or “Cool House” section and so forth. The same terminology is also used in the “Speicherstadt” (Warehouse City), such as Tea and Coffee section, Carpet section and so forth. It is in this area, “Speicherstadt”, where carpet traders have their “Trading Houses”. The photograph (see Fig. 1) illustrates a section of “Speicherstadt” where carpet trading houses are located. Figure 2 below illustrates the physical separation between “Am Sandtorkai” and the rear view of “Brooktorkai”—two of the trade house areas with a concentration in carpet trade. More specifically, the carpet trade is conducted from three different streets in the “Warehouse City”:



Fig. 1 Section of the carpet trade area in Hamburg Free Harbour. Source: Speicherstadt Museum, presentation leaflet

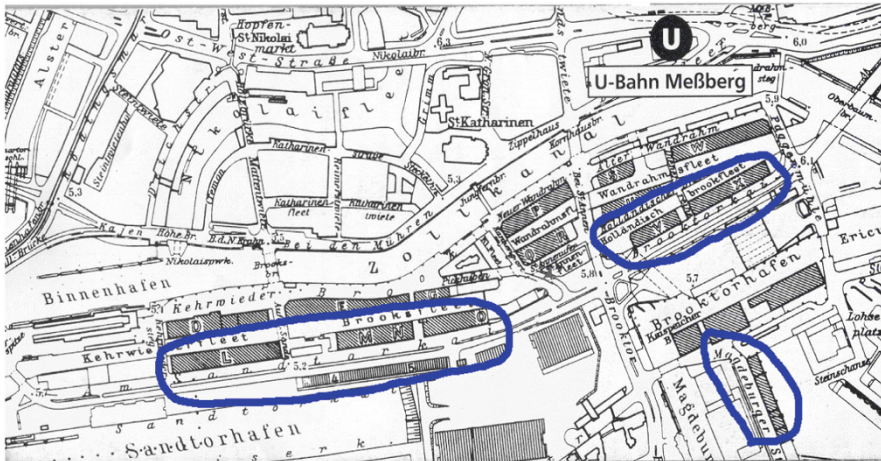


Fig. 2 Map of the three main carpet trade areas in Hamburg Free Harbour. Source: Speicherstadt Museum, presentation leaflet

1. Brooktorkai
2. Am Sandtorkai
3. Magdeburger Strasse.

By closely studying the carpet “Trading Houses” in these three streets, the concentration of Iranian Persian carpet trading houses can easily be identified in

all three areas. The trading houses are mainly located in six-storey high buildings and, normally, two different trading houses on each floor can be observed. Each trading house consists of approximately 300 m² of warehouse and office space with approximately 3.5 m distance between the floor and ceiling.

The other countries that produce handmade carpets, such as the Peoples Republic of China, India, Pakistan, Afghanistan, Turkey etc., can in contrast only be found on one street, namely, “Am Sandtorkai”. Here, approximately 50 trading houses from the other carpet producing countries are situated in adjacent locations. According to interviews with the traders and HHLA, “Am Sandtorkai” is less attractive, buildings are not renovated, there are no customer elevators. As these buildings are not in the same condition as other newer buildings in Warehouse City, HHLA demands less in rent. HHLA demands the highest level of rent from the tenants in “Magdeburger Strasse”, which is not an indication reflecting the higher business activity experiences in this particular street. These buildings are comparatively newer and the level of rent reflects the condition of the buildings and range of facilities. The oldest and the most attractive business area is “Brooktorkai” where the level of rent is somewhere between the two other areas and, where, according to the HHLA, the most powerful and demanding tenants have their trading houses. According to “Brooktorkai” traders, HHLA has always met their demands and requirements regarding building facilities and renovations. One important demand, made several decades ago, was for the installation of customer elevators.

4 Operating Features of the Bazaar

Discernibly, bazaars, in its traditional sense, cannot be compared to modern markets. In standard economics, the textbook version of a *market* is characterized by full access to information, where agents act in their own self-interest to maximise profits through impersonal transactions (Dana et al. 2004; Dana and Dana 2003). In such markets, products are assessed and sold at their real value as the agents can evaluate their marginal value and thus their price. Furthermore, entrepreneurs in such markets are in competition. Few would assume that all actors involved in a market exchange have full access to information regarding a product, or that the fixed price is an accurate representation of real value. The conditions governing standard economics then beckons questions as to whether or not this type of bazaar conceptualization can capture the core of how modern markets work. The following sections will illustrate that by identifying and analysing the market mechanisms governing the bazaar, some interesting insights can be acknowledged and identified contributing to a wider understanding of how the modern market operates.

First, bazaars, in their traditional sense, are local market places, standing in sharp contrast to linked international markets, such as Wall Street, the City of London, and the Tokyo Stock Exchange. In the current globalized world, much is owed to the digitalization of markets, whereas changing prices in Tokyo will immediately change prices in New York and London. However, because of their locality and

position, traditional bazaars were largely independent of international price movements. Thus, when leather was in short supply in Italy, bazaars in France sold shoes cheaper than bazaars in Italy. If a connection between the two markets had been established, then a shortage in leather in Italy would have raised the price of shoes in France, as well as in Italy. The isolated position of traditional bazaars was partly the result of technological constraints affecting travel and communication. However, isolated conditions also resulted from the fragmentation of political jurisdictions under feudalism, the low level of literacy in society and a strong community consciousness. For mundane goods, such as food and drink, experience provided traders with rules of thumb that predicted future supply and demand. But for long-distance goods, transported by ship or caravan, information regarding future supply lacked an externally verifiable source. Guesses were wild, and shocks were frequent. However, forecasting methods applied in modern markets are correspondingly faulty; market trends are difficult to predict and information can be inaccurate. One can argue that when it comes to innovative methods of predicting demands in cases of recession, the world is still characterized by a high degree of uncertainty in combination with possible herd behaviour. The latest—and often overlooked—dot.com crash is an attest to this hypothesis; wild guesses still dominate in the Silicon Valley, as well as in the United States real estate market.

Second, bazaar merchants often traded in unstandardized and heterogeneous products that originated as semi-commodities and non-commodities. In contrast, modern markets trade in standardized goods, often carrying brand names, and these goods are considered as *finished* commodities (Fanselow 1990: 253–254). Merchants in the traditional bazaar transported and traded unstandardized products and goods whose components were not commodified, or imperfectly commodified. In a fully commodified market, like Wall Street or the City of London, goods are classified into homogeneous categories, such as Triple-A bonds, then sold as is, uninspected by the buyer yet evaluated against ratings published by agencies such as Moody's or Standard and Poor's. Goods of the same quality command the same price as result. Such quality ratings are offered by private agencies and establish a sense of trust in the market, whereas buyers of pork on the Chicago commodity exchange routinely assume that they are buying pork, not horse meat (although recent scandals in the UK and in Italy beg to differ). The buyers themselves do not actually inspect the refrigerated cars transporting the pork. However, in a bazaar, where market oversight fails, merchants and customers must first establish the quality of the actual good being sold, and then agree on a price. Inspection is customary and required. Bazaar merchants might sell spoiled milk for the same price as fresh milk, if the customer does not sniff the jug before paying. Examples of such unfortunate trade deals do also exist in the modern economy however, which the famous example from the used car business (sale of 'lemons') can attest to.

Third, real market prices have less influence in traditional bazaars than they do on Wall Street, as market prices did not exist. When we say market price, we refer to a pre-assessed and agreed upon price, known to buyers and sellers alike, preventing either set of actors paying more or earning less than other merchants selling the same product. Polanyi (1977: 135) declares the lack of a unitary set price as the "essential

difference” between markets and bazaars. In modern markets, such as on Wall Street or the Tokyo Stock Exchange, a market price prevents actors from selling a product at a higher cost, or purchasing products for a lesser cost. Imagine a Middle Eastern bazaar in which Hussein and Ali are negotiating the sale of camel milk in the presence of Mehdi, who has announced that he buys the camel milk for one shekel a litre, and sells it for two. Under these circumstances, Hussain and Ali have no freedom in settling on the price of the camel milk. The sale, and purchase of the camel milk will be at the price Mehdi announces. Such is the case in modern markets. However, in real bazaars, there is no Mehdi. Ali and Hussain bargain in the absence of knowing the freshness of the milk, but also in the absence of any other external price schedule, such as Mehdi might have afforded. This absence profoundly alters the seller buyer relationship. But this is also frequently the case in the modern economy, when it comes to non-standardized goods.

Fourth, bazaars can take many shapes and sizes, a bazaar can be a permanent merchandising area, a local market place, or a street of shops where goods and services are exchanged or sold. The merchants in bazaars are referred to as *bazaaris*, and they own and operate their own stalls. Communication technologies and modes of transportation are pre-modern, slow and unreliable. Usually, *bazaaris* trading in similar goods are located on the same street, or near one another. Often, ethnic divisions of labor exist within various industries dominated by different ethno-religious groups (Dana 1998: 129–133), as witnessed in the description of the Hamburg Free Harbour in Sect. 2 of this article. The impersonal guidelines and systems that govern the sale and purchase of products and services in modern markets are not observed in bazaars. Bazaars are unique and stand in opposition to modern markets, in that they are established and grounded in personal relationships rather than abstract or legal contracts. According to Dana (2011), one of the most distinguishing features of the bazaar economy is the emphasis on personal relationships and the practice of negotiation that takes place between buyer and seller. The discrepancies in how the two types of markets are governed arise from the underlying dissimilarities between bazaars and markets. Yet, one can stipulate that the arguments presented provoke certain similarities to the contemporary innovation economy. Innovation equates with a high degree of uncertainty, which often demands collaboration based on relationships and trust as it is virtually impossible to work on the premise of detailed contracts in situations distinguished by high levels of uncertainty.

Because bazaars were local, not internationally linked, bazaar merchants and buyers enjoyed short-term insulation against large-scale supply disruptions, yet, acquiring knowledge of coming shocks was information of the utmost secrecy. Buyers and sellers alike were confronted with unequal access to information, whereby some merchants had information regarding a product which the buyer lacked, or vice versa. Thus, both parties bargained under the awareness that the other might know or not know something that they already knew. For instance, imagine that Ali knows that tomorrow, less silk will be delivered, and Ali knows that Hussain is unaware of tomorrow's deliveries. When negotiating over price, Hussain wonders whether Ali has more information than what he admits. Each participant in

the bargain seeks to acquire any information obtained by the opposite party, while attempting to infer the knowledge that the other actor did not make explicit. Both actors discuss the trade before a bargain is struck. Nonetheless, because of the predicament arising from the information gap between the actors, a shrewd Ali drives a different bargain with Hussain than what would have transpired had Hussain enjoyed equal access to information regarding the supply of silk, which in modern markets is made available and transparent to all. Does the situation present a different environment than what is faced by contemporary entrepreneurs in modern market environments? Not really. If one looks to J Barney, it is precisely the presence of unequal access to information, combined with the entrepreneur's unique foresight, that allow him/her to acquire goods below their market value.

Bazaars do not apply the strict guidelines adhered to in real markets; in the bazaar, buyers and sellers do not have access to the same knowledge which might have potential outcomes for price and quality of goods and services. In addition, bazaars operate in uncertain environments regarding consumer traffic. Bazaaris cannot rely on an infinite flow of traffic past their stall, nor can consumers rely on an infinite supply of open vendors. If there are only five consumers present in the marketplace, then the loss of one customer equals the loss of 20% of one's chance to make a sale that day. Buyer and seller coexist in a dependent relationship, a context which both actors are crucially aware of. If a buyer does not make a purchase in a selected stall, the bazaaris anticipates that another customer might not appear. Considering that a small gain is better than no gain, prices in bazaars are typically high during the morning hours, then lowered during the late afternoon. This presents yet another distinct feature of bazaars, whereas prices in real markets are stable for weeks or even months on end. Similar positions can be assumed to occur in the new economy and high tech industries, where the business-to-business market is often characterized as a separate 'small world'.

Fifth, haggling is another distinctive feature of the bazaar, which is considered a normal, even an integral part of 'doing business'. However, etiquette governs the haggling process, where the bazaaris typically initiates by suggesting a price, expecting a counter-offer. Prior to receiving the counter offer, bazaaris express and advocate their goodwill toward the buyer. This declaration proclaims the existence of a social relationship between the bazaaris and the buyer. A social relationship, founded on mutual trust and assurance converts the transaction between bazaaris and buyer to a friendly matter, as lacking information of price and quality would otherwise inspire mistrust. Establishing a genuine relationship of friendship and trust is cultivated through rituals such as drinking tea together, discussions of news, trade and through the sharing family information, whereas the business transaction can be conducted with confidence with the additional bonus of securing repeat business in the future (McMillan 2002: 43). In fact, founding and cultivating a relationship of trust is such a vital and customary ritual in bazaar markets, whereas unless a relationship is established, bazaaris and buyers simply cannot transact business (Zucker 1986; Kollock 1999). Thus, in a bazaar, all prices are negotiated by bazaaris and buyer. Even if the buyers obtained comparative prices, they had no guarantee that the price obtained would be valid in future transactions. Each

bazaaris-buyer dyad determined prices through bargaining in a context of limited information. Every transaction requires bargaining, a process in which it might result that one actor had more information than the other. Under such circumstances any credible displays of superior knowledge would affect the price. The requirement of bargaining imposed serious delays in the transaction process, reducing the number of exchanges parties could complete in 1 day. Imagine having to bargain for each item on your grocery list in the supermarket. Grocery shopping would in effect become an arduous and time consuming activity. However, imagine the role of Internet auctions in the IT industry, where subcontractors of ICT firms compete for orders. To limit the inconvenience of bargaining over every item in a context of limited and unequal information, buyers in bazaars sought to establish preferred relationships with individual bazaaris, who again reciprocated the advances of loyalty (Dana et al. 2009: 487).

5 Comparative Features of the Bazaar Type Economy

One emerging feature of the new economy that arguably shares distinct properties with the bazaar-type economy is networks. Currently, researchers are observing a trend where entrepreneurship is moving away from the firm-type economy characterised by independent competitive firms directed by rational decision making and profit maximisation, to an environment where relationships between firms are given more importance (Dana and Dana 2003; Dana et al. 2004; Ramadani and Dana 2013). Global alliances between firms indicate that trends of the past are re-emerging in the new economy, facilitated by the internet and new methods of value creation through symbiotic management (Dana et al. 2008a, b). In this so-called *new economy*, small and large firms are clustering together, establishing global networks of collaboration. Small firms specialise in certain customised services or niche markets, and outsource services to large firms. In return, large firms gain specialist services, while the smaller firms gain access to global markets through a multi-polar, symbiotic partnership (Dana et al. 2004).

Today, such global alliances can be detected amongst the Persian carpet traders in Hamburg and traders in Tehran. The global Tehran-Hamburg axis of Persian carpet trade is strongly concentrated, both in geographic and ethnic terms (Rezaei 2009, Light et al. 2013). Looking closely at the Tehran Carpet Bazaar, evidence shows a strong dominance of Iranians from the Azarbaijan province, mainly from Tabriz. The merchants at the Tehran carpet bazaar and the Hamburg Free Harbour practically enjoy monopoly in the Persian carpet trade (Light et al. 2013). Approximately 200 entrepreneurs, most of them from Iran, are currently trading from the Hamburg Free Harbour. Both domestic and export carpets are found in the Hamburg Free Harbour, usually in different trading houses depending on the main nature of business, and the owner's international network. It is however estimated that the Hamburg Free Harbour export Persian carpets to around 10,000 carpet traders throughout the world (Light et al. 2013). Almost all carpet traders in the Hamburg

Free Harbour are represented by a counterpart in the Tehran Carpet Bazaar, and the existence of a “dual loyalty” relationship is evident. The most common indication of this dual loyalty is the Hamburg trader’s business card which contains two addresses: one in Tehran and one in Hamburg. As such, we can find striking resemblances of global alliances working in multi-polar networks within the bazaar trade in Hamburg. Traders in the Hamburg Free Harbour work in symbiotic partnership with traders in Tehran, both gaining special benefits and value from the collaboration.

5.1 Ravabet and Zavabeth—Networks and Regulations Observed in the Bazaar

Bazaaris and customers in the bazaar are constantly engaged in social interactions through negotiations and bargaining, cultivating strong personal relationships in hope for future repetition and profitable sales. Characterized as social capital in the west and *guanxi* (relationships/interpersonal connections) in China, the Persian carpet traders have their own culturally embedded system of interpersonal connections between family and individuals referred to as *ravabet*. *Ravabet* translates to ‘connections’, meaning ties of personal relationships that can have their origin in familial ties, or be developed and nurtured between friends and colleagues—in similarity to *guanxi*. The concept of *ravabet* is complex and constitutes only one segment of the networked terminology employed in Iran and amongst the Iranian diaspora in Hamburg. The Persian system of networking is an intricate arrangement, with its own distinct set of values and norms anchored in the historic and cultural background, as with *guanxi* in China and social capital in the West. *Zavabet* represent the standards and the expectations endowed in a relationship, such as reciprocity and allegiance. While *ravabet* is a characteristic/representation of informal connections and networks, *zavabet* is observed in formal networks and therefore related to more formal methods of conducting business. As with *guanxi* in China, informal networks are vital in business, as cultivating large informal networks can afford access to information, and various formal networks by extension. Furthermore, as highlighted previously, informal relationships are a distinguishing characteristic of the bazaar, considering the importance of relationships and the uncertain environment featured in the bazaar. One example of *ravabet* practice in the bazaar was when bazaaris cultivated *ravabet* with potential customers and other bazaaris over tea, discussing trade and sharing family information, building trust in the process, and securing repeat business in the future. In practice, *ravabet* and *zavabet* are distinctive features of the networked informal and formal Persian economy—and the modern Iranian economy. Compared with Chinese *guanxi*, which is considered the *modus operandi* in Chinese business (Hussain et al. 2009), *ravabet* is leveraged by Iranians in a similar manner. Although considered an ancient configuration in Chinese relationship cultivation, *guanxi* is still of paramount importance and is

considered vital in overcoming institutional voids and in gaining access to customers, suppliers and financial resources, both in formal and informal business (Chen et al. 2013; Dana 2001). As *guanxi* is such an integral part of business in China, the practice is also observed in overseas Chinese communities, where business is constituted by *who* you know, not *what* you know. Academic literature provides rich accounts of how Chinese businesses brought their networks with them overseas, and how *guanxi* has remained valid practice in international business (Dana et al. 2008a, b). The same can be observed amongst the Iranian carpet traders located in the Hamburg Free Harbour, where good *ravabet* can provide access to resources, such as information and support from the immediate environment. The use of *zavabet* and *ravabet* to overcome obstacles in the global Persian carpet trade are numerous. For instance, in 1992, according to one interview, the former Iranian Minister of Trade, Mr. Vahadji, was invited to Germany by the Free Harbour Iranian traders association to discuss recent export obstacles imposed by the Iranian government regarding the export of Persian carpets. The Iranian traders leveraged *ravabet* in order to ease restrictions on the import and export of Iranian carpets, placing added emphasis on the importance of the trade. According to statistics, in 1992, Iran's export of carpets was 35% more of the total of Iran's oil exports (Rezaei 2009).

Bazaars are recognized for collective entrepreneurship rather than individual entrepreneurship, whereby vendors are organised around various ethno-religious diasporas present in one distinct bazaar (Light et al. 2013). It is the Iranian traders from the Azerbaijani region who control the Persian carpet trade, both in Teheran and in Hamburg. Iranians with stalls in Am Sandtorkai are ethnically classified as Persians, and both latecomers and newcomers can be found (latecomers are Iranians who came to Hamburg before the revolution in Iran in 1979, and newcomers refer to the traders who arrived after the revolution). Only some of the Persian newcomers are classified as Azari, born in the Azarbaijan province or as Iranian Jewish. The various ethnic-religious groups are clustered in the bazaar, and groupings depend on which ethnic diaspora one belongs too (Light 2007). The networked settlements of Persian traders in the Hamburg Free Harbour can be viewed as a vital intersection in the global network of traders and diaspora communities, whereas the Persian traders in Tehran comprise the original hub. One crucial note to make however is that even though bazaars attract merchants from various religious, ethnic and kinship groups, and while loyalty to one's own diaspora is essential, it is not unknown for entrepreneurs within bazaars to collaborate with other diasporas. Initiating relationships with other ethno-religious group that has access to global markets while one's own does not, can have certain advantages and can yield value and benefits in return.

Individual traders or associations of traders in Hamburg receive different treatment depending on historical record of trading or level of trust established between them, which again influenced by ethnicity, religious belief or kinship group. Depending on the relationship between the bazaaris in Hamburg and exporter in Tehran, the bazaaris receive various deals regarding price and how payment is to be settled, including after sale services. More often than not, bazaaris in Hamburg and exporters in Tehran sign residual agreements of cooperation, which are either

founded on kinship ties, or the establishment of transnational joint venture co-operations. Still, the core features instituting such trading agreements are characterised by trust. The network composing small businesses cooperation between traders in Hamburg and Tehran is however unique, as it builds on a background of shared ethnic origin, language, culture and historic trading records. Most of the trade between Tehran and Hamburg is built on kinship and builds on shared nationality. All Iranians in the Hamburg Free Harbour must apply their cultural competence in negotiations, and they only trade with merchants of their own nationality or religious belief. In fact, in the bazaar, depending on ethno-religious ties, one group might enjoy positional advantages relative other groups (Light et al. 2013; Rezaeizadeh et al. 2017; Rueda-Armengot and Peris-Ortiz 2012). In bazaars, collaboration exists on two levels whereas either networked ethnic groups compete against each other or they cooperate, again in transnational global alliances. If one looks closely at the sub divisions within the Hamburg Free Harbour, one finds that Iranian Carpet Traders are not dispersed due to lack of space, but rather because of their networking practices.

According to interviews with traders in Hamburg, Persians classified as non-Azari will only become accepted in business with Iranians when they learn how to speak Azari language. Only then can they be considered trustworthy, and as equal partners in trade. Language skills and cultural competency are given added value in business transactions, even more so than financial capacity. However, of importance here is the value gained from the symbiotic, transnational collaboration between traders in Hamburg and traders in Teheran through the cultivation of *ravabet*. By signing contracts of joint or collaborative ventures with traders in Hamburg, vendors in Teheran have access to European markets. As traders in Teheran seek alliances with the ethnic diaspora in Hamburg, they not only expand their business overseas; they also reduce risk by striking deals with experienced traders in Hamburg. The collaboration between Tehran and Hamburg is one of mutual benefit, as Tehran traders reduce transaction costs, search costs and risk, while the traders in Hamburg is ensured access and supply of Persian carpets of quality, from trusted partners in Iran. Furthermore, in terms of negotiating price, it has previously been stated that the merchants in the bazaar operate through cultural competence, whereas cultural familiarity and knowledge could provide access to information resulting in a better bargain. Furthermore, Iranians in Hamburg are experienced traders and have mastered the principles directing trade in the West. The Iranian traders in Hamburg have traded in Persian carpets for generations and through their long-term business experience, they have acquired a fluency and competence in western business procedures and practice, a fluency traders in Teheran might lack, and which would take them many years to learn.

6 Discussion

The Iranian dedication to personal relationships, as cultivated in bazaars amongst either the bazaaris-bazaaris dyad or bazaaris- customer dyad, signifies a core component within the bazaar-type economy, which stands in opposition to the firm-type economy. Expressed as ravabet in Iranian networking, connections within one's own diaspora can grant access to global markets, as witnessed in the Teheran-Hamburg Persian Carpet Trade axis. Informal networks within one's own diaspora therefore becomes vital for Teheran traders wishing to expand overseas, as they need to nurture and develop ravabet in effort to access formal networks consisting of established traders abroad. The Iranian settlements in Hamburg import carpets from partners belonging to the same ethnic diaspora in Tehran—creating a transnational multi-polar network of ethnic traders, each benefitting from the relationship. In similarity, the cultivation of personal long-term relationships in the new economy is making a comeback, whereas the contingencies observed in the new economy are strongly affected by relationship cultivation with consumers, in some instances resulting in preferential treatment of a few, loyal customers. As Dana et al. (2008a, b: 111) state, in the new economy “The price paid and the level of service provided is a function of status and relationship”.

Another similar feature emerging within the new economy, facilitated by the presence of the web is that of price negotiation, whereas various vendors negotiate prices online, based on a price suggested by the consumer. In similarity to the bazaar type economy discovered in the Hamburg Free Harbour, online markets such as Ebay provides consumers with access to various vendors offering products and services, where the tension arises between seller and buyer when negotiating price. In addition, in further contrast to the firm-type economy, the online vendors are motivated to establish long-term relationships with consumers. By developing a large customer base, the online vendor hopes to cultivate a loyal membership base for future transactions, and the customers in return receive preferential treatment. Furthermore, an increasing number of entrepreneurs and firms in the new economy are forming alliances, following suit with the entrepreneurs in the bazaar-type economy. Firms are clustering together in partnerships, establishing complex multi-polar networks of transnational collaboration. Such transnational networks are cultivated and managed through personal relationships, often facilitated by the web, allowing for greater efficiency.

While the new economy continues to embrace business practices of the past, the bazaar in the modern new economy seemingly never ceased to exist, as witnessed by the Hamburg-Teheran trading axis. While firms in the west have evolved from the ancient barter and trading arrangements of the past, to that of a competitive, impersonal economic system directed by economic profit and rational decision making, firms are now seemingly making a return to the values of the past, rediscovering a system the bazaaris have patiently never left.

7 Conclusion

Research so far on the bazaar-type economy has focused on the complex web of vendors and the cultural structures governing specific bazaar markets within developing countries. This article has moved beyond that of the single country bazaar and has presented relationships between bazaars at a global level—namely the bazaar in Hamburg and the bazaar in Tehran. This article has presented evidence of mutual benefits from the multi-polar networks established between traders in Tehran and in Hamburg. Furthermore, the article has contributed to literature investigating parallels between the bazaar-type economy and the new economy, exploring how the bazaar operates in a developed, modern context. As large and small firms recognise the potential benefits of mutual collaboration and become more interdependent in a complex web of global, multi-polar networks, as facilitated by internationalisation, the mechanisms of the bazaar-type economy are reappearing and are becoming more evident. Like the ancient bazaaris of the past, the entrepreneurs in the new economy are building tiered marketplaces where participants conduct business founded on relationships. Such relationships build on the same attributes as observed by bazaaris, and are mutually advantageous. Business conduct and terms of transactions depend to a large extent on prior relationships; friends and loyal customers receive better offers and terms in a business transaction than strangers. To some extent, the rationale for the network-dependent new economy could be argued to be an outcome stemming from similar origins as that of the bazaar; the origin being the assurance of self-survival through the establishment of trustworthy business relations, that yield good outcomes with minimal search cost.

8 Suggestions to Future Research

In addition to expanding research on bazaar economies, this study contributes to recent streams of inquiries in the fields of transnational diaspora entrepreneurship, transnational entrepreneurship and migration studies. Future studies should include more dedicated effort in studying the contributions of and the functionality of bazaars in developed economies, in comparison with advances and changes in the new economy. A study into how global multi-polar networks contribute to entrepreneurial activities in diasporic settlements abroad could contribute to enhancing our understanding of transnational entrepreneurship. We suggest that further qualitative and quantitative research is carried out, focusing on the economic incentives, cultural and social structures governing the new economy and the bazaar economy.

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A Study of Enterprise in Rankin Inlet, Nunavut: Where Subsistence Self-Employment Meets Formal Entrepreneurship



Aldene Meis Mason, Léo Paul Dana, and Robert Brent Anderson

Abstract In Rankin Inlet, where formal enterprises are few, considerable entrepreneurial activity takes place in the informal sector. To supplement income, it is common to engage in subsistence self-employment such as hunting or fishing; food derived therefrom is shared but not sold. A road linking Rankin Inlet with the rest of Canada would allow freight to be transported from Manitoba to Rankin Inlet all year long, thereby reducing living costs in Rankin Inlet, and might possibly reduce dependence on subsistence hunting and fishing.

Keywords Nunavut · Rankin Inlet · Kivalliq · Entrepreneurship · Self-employment · Caribou · Subsistence · Beadwork · Kivalliq Arctic Foods

1 Introduction

On the west coast of Hudson Bay (see Fig. 1), Rankin Inlet (see Fig. 2)—known as Kangliqiniq¹ (literally ‘deep inlet’) in Inuktitut—is the government (see Fig. 3), infrastructural (see Fig. 4) and business hub of Nunavut’s Kivalliq region (formerly known as the District of Keewatin, Northwest Territories). Rankin Inlet is the most recently established community in this region. Unlike most northern communities,

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¹Dailey and Dailey (1961) referred to it as Kangeklinak.

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Fig. 1 Aerial view of the Rankin Inlet area (see online version for colours). *Source:* Photo by Leo Paul Dana



Fig. 2 View of the hamlet (see online version for colours). *Source:* Photo by Leo Paul Dana



Fig. 3 Government plate (see online version for colours). *Source:* Photo by Leo Paul Dana



Fig. 4 Developed infrastructure (see online version for colours). *Source:* Photo by Leo Paul Dana

where water is delivered by truck, Rankin Inlet has running water. Houses are built on elevated pilings (see Fig. 5) to avoid heating the permafrost.

Unlike more homogeneous Arctic communities, Rankin Inlet, while being a predominantly Inuit community, is relatively multicultural, with more than 20% of the population being non-Inuit, including Asians from India and Iran. The hamlet is home to Anglicans, Catholics and Presbyterians.

Nunavut. Government cutbacks have gradually forced people to rely less on the state and seek other opportunities. The objective of this article is to give an overview of the enterprise sector in contemporary Rankin Inlet.

2 History

The fjord named Rankin Inlet (for Lieutenant John Rankin) was a venue for significant whale hunting until 1910. When the whale population was depleted, whalers stopped coming. Local people depended largely on fish, seal, walrus, and caribou for survival. Subsistence self-employment was the norm.

In 1928, R.G. Johnston discovered an ore body at Rankin Inlet. During the 1930s, the Knight Prospecting Syndicate and Nippising Mines drilled for diamonds in this area (Dailey and Dailey 1961).

The region was home to Caribou Inuit (Padlimiut), studied by Birket-Smith (1929). During the 1940s, these people experienced starvation. The federal government subsequently decided that a subsistence economy was no longer viable for the Inuit.

Increased use of nickel,² coupled with the high price of nickel during the Korean War and the discovery of nickel at Rankin Inlet, prompted the establishment of Rankin Inlet Nickel Mines. In 1954, the company's name was changed to North Rankin Nickel Mines. Dailey and Dailey (1961) wrote, "Although construction of the mine was begun in the year 1953, local Eskimo labour was not utilized in the development until the spring of 1956 (p. 4)."

In 1955, at the head of the inlet, a community was established with the same name—Rankin Inlet. Hughes reported, "In 1957–58 some 320 Eskimos from Eskimo Point³ and Chesterfield Inlet⁴ (on the west coast of Hudson Bay) moved to Rankin Inlet, where in 1959, 107 were working in the nickel mine (Hughes 1965, p. 16)." This introduced "an entirely new subsistence pattern based on wage work and with the development of industrial activities in the north (Hughes 1965, p. 16)". Thus, government and industry introduced wage employment to traditional hunters. Dailey and Dailey (1961) suggested, "The concepts of 'work' as a regimented activity and of labour as a commodity are largely foreign to the Eskimo (p. 78)." With regards to absenteeism from the mine, Dailey and Dailey (1961) wrote, "it is simply that the Eskimo does not as yet conceive of himself as a necessary part of this enterprise nor does he recognize the need for regimentation (p. 78)".

²The USA had been using nickel to produce coins since 1866, and Canada since 1922. The US nickel has been made from 75% copper and 25% nickel since 1866 except for a few years during WWII when 5 cents coins were silver. With the exception of a few years during which Canadian 5 cents coins were made from tombac (an alloy of zinc and copper), and later steel, Canadian nickels have been 100% nickel.

³Eskimo Point has since been renamed Arviat.

⁴Chesterfield Inlet is also known as Igluligaarjuk.



Fig. 7 *Inukshuk* (see online version for colours). *Source:* Photo by Leo Paul Dana

Williamson (1974) provided an account of the commercial-industrial boom and the economic decline that followed the mine's closure in 1962. Some workers moved south to work at other mines, such as Lynn Lake in Manitoba.

To remedy the economic downturn, a pig farm was established in Rankin Inlet in 1969. The pigs were fed fish, their meat was unpleasant and this venture came to an end. Another short-lived project was a cannery to preserve seal meat and other local food, for sale to southern communities.

In 1991, Joe Nattar built an *inukshuk* (see Fig. 7) that stands overlooking Williamson Lake. The word *inukshuk* means "likeness of a man" and the plural is *inuksuit*. These were traditionally used to mark good fishing sites, places where tools were stored and other places of significance.

3 Methodology

This paper combines a case study of the community (Eisenhardt 1989; Eisenhardt 1991; Ellram 1996; Jensen and Rodgers 2001; Leenders et al. 2001; Rowley 2002; Stake 1995; Yin 2003) with participatory observation (Jorgensen 1993).

Interviewees were identified by means of snowball sampling (Goodman 1961). As explained by Müller-Wille and Hukkinen (1999), "In snowball sampling of interviewees, those already interviewed identify who else they think should be interviewed (p. 47)." Supporting documentation came from newspaper stories, procedure and policy manuals, government documents, research studies, statistical data from Statistics Canada, Indian and Northern Affairs Canada, Human Resources and Skills Development, Health Canada, and archival records.

Methodology incorporated the guidelines, for research involving human subjects, from several different bodies including: the Association of Canadian Universities; the Northern Research Institute; the Inuit Tapiriit Kanatami; and the Indigenous Peoples Health Research Centre.

Input from Elders was ongoing. They were first asked about the need for the research, the appropriateness of the research questions and the research methods. The Elders, in turn, asked how the communities would benefit from participating in the research process and how the research results would be interpreted, used and disseminated. They indicated that all people were to be treated with respect and that oral communication must be available and information translated into their languages.

A Scientist's Research License was granted from the Nunavut Research Institute. To obtain this license, an online application form was completed and a 500-word project description and letters of consent and letters of support were provided in Inuktitut, the official language of Nunavut, using the local Kivalliq dialect and English. The Nunavut Research Institute screened the application and then circulated it to selected reviewers from the municipal council, land claims organisation, Inuit associations, territorial government departments, institutions of public government (*e.g.*, the Nunavut Impact Review Board, and the Nunavut Planning Commission) and others having an interest in the proposed research. This process usually requires about 45 days.

A notice was put in the regional newspaper, the *Kivalliq News*, two weeks before our arrival. This briefly described the project, the researchers, the timing and provided contact information. This resulted in the researchers being contacted by e-mail from several community members.

In-person interviews were conducted in Rankin Inlet. A local community interpreter was used for all interviews with Elders. Each participant reviewed the project description, asked questions and then signed a consent form. All interviews were digitally recorded and photographs were taken using digital cameras. After the interviews, the Elders were provided with the appropriate honorarium. Copies of the signed consent form, digital interviews and pictures, in digital and print format, were returned to each participant.

A project website was created to provide project information and updates, and to allow for ongoing communication. This information is provided in both English and Inuktitut. Several participants have continued to interact with the researchers through e-mail.

4 Findings

Rankin Inlet is home to several firms in the formal sector, including stores and hotels. Most families supplement their formal income with supplemental activities, such as subsistence fishing (see Fig. 8). As summarised in Table 1, subsistence activity consists of an economic gain but without any transaction.

In the formal sector, the Northern Store sells appliances, clothing, food, house wares, and outdoor products; it also provides services including catalogue ordering,



Fig. 8 Subsistence fishing vessel at Rankin Inlet (see online version for colours). *Source:* Photo by Leo Paul Dana

Table 1 Economic activities

Economic activity	Status	Examples
Formal enterprise	Legal transaction	General store, airline
Informal entrepreneurship	Not always ‘in the books’	Selling carvings
Subsistence self-employment	No commercial transaction	Subsistence hunting
Covert economic activity	Illegal transaction	Selling drugs

cheque cashing, money transfers and fast food. The Kissarvik Co-operative Association Ltd. provides accommodation, in addition to a grocery and retail store; as well, it sells artwork made by Inuit living in Rankin Inlet. The Red Top (Fig. 9) is a convenience shop. Sakku Drugs sells pharmaceuticals. A subsidiary of the Nunavut Development Corporation, Ivalu serves as a fashion centre. The Canadian Imperial Bank of Commerce and the Royal Bank provide banking services. The Bank of Montreal no longer operates here. Manuq Inn and the Siniktarvik Hotel cater to visitors and the latter also sells artwork by local Inuit.

Kivalliq Arctic Foods, in Rankin Inlet, purchases and processes caribou from the Coral Harbour (Salliq) harvest. Kivalliq Arctic Foods is a subsidiary of Nunavut Development Corporation. The company owns and operates Rankin Inlet’s only commercial meat processing plant. Brian Schindel was brought in from southern Canada to provide management expertise for Kivalliq Arctic Foods; he is General



Fig. 9 The Red Top (see online version for colours). *Source:* Photo by Leo Paul Dana

Manager of Kivalliq Arctic Foods. He and Brian Zadowski, Vice-President of Operations for the parent Nunavut Development Corporation, told the authors about numerous innovations taking place. Additional ovens have been purchased with double doors to speed processing and increase energy efficiency. By utilising hoses to apply the solutions, jerky making has sped up between four to five times. Visual identification of the Tundra Brand has been developed and is linked to arctic char, caribou and the musk ox products. Significant attention has been paid to maintaining, both, Canadian Food Inspection Agency and European Union certification. Policies and procedures continue to be upgraded to assure highest standards of food quality are maintained. Computerisation and monitoring systems are being introduced as technology costs come down.

Prior to 1995, Kivalliq Arctic Foods caribou was sold locally in the Northwest Territories. The company then received federal approval to sell throughout Canada. To sell to the US and European markets a veterinary inspector must be located on-site in Rankin Inlet to sign the documents. After establishing a network of distributors, Kivalliq Arctic Foods expanded into the USA and Europe. European Union certification must be renewed every two years and requires the processing facility to be reinspected.

In 1997, the original Kivalliq Arctic Foods processing plant was destroyed by fire. In 1999, the company worked with the Manitoba Food Development Centre to create and diversify its product base. This allowed the firm to develop plans, to troubleshoot and optimise the process, and to ensure appropriate nutritional labelling. A new facility was built with more efficient layout, new stainless steel equipment, large ovens and freezers. The processes meet international quality assurance and hygiene standards and received European Union Certification in 2001. Between five and 12 Inuit employees work in the processing facility.

Kivalliq Arctic Foods faces high transportation costs and a European Union tariff of up to 18% when competing in Europe where reindeer is sold duty-free. Conducting market research and participating in Canadian trade missions has enabled Kivalliq Arctic Foods to determine product specifications, product integrity and product comparable prices. Their caribou meat is cut and packaged specifically for targeted distributors to high end restaurants—chefs are the ultimate buyer. Careful attention is paid to skinning, cutting, and small controlled portion-sizes. Exported products include tenderloins, Denver and French racks. The product is quick frozen and vacuum sealed. Kivalliq Arctic Foods’s yellow labelling is distinctive and carries specific product information.

The company also makes jerky, sausage, smoked ribs, and *mikku* (a local dried caribou delicacy) developed as a customised product just for the Nunavut market. The products are sold through a retail and wholesale store and online. Value added processing has increased significantly since the 1990s.

The company uses traditional aboriginal branding. The corporate and product descriptions link to the Inuit culture and reinforce that the caribou are truly wild and eat only wild foods. The name was changed from Keewatin Meat & Fish to Kivalliq Arctic Foods. The logo now includes a North Star, *inukshuk* and igloo (see Fig. 10) that their customers associate with the Arctic and Nunavut. Kivalliq Arctic Foods was located in the Aboriginal First People’s Pavilion during Team Canada’s Trade Missions to Russia and Germany. Kivalliq employee, James Kannak wore traditional Inuit clothing as he discussed the Kivalliq Arctic Foods products with visitors to the booth.

Participating in various fairs, Kivalliq Arctic Foods caribou products have been featured by Aboriginal chefs. The company has provided product tasting events, sponsored dinners and receptions, and met with selected distributors. Kivalliq Arctic Foods has participated in the Western Canada Trade Mission to Texas and California, the states with the highest per capita income levels in the USA; caribou



Fig. 10 Kivalliq Arctic Foods (see online version for colours). *Source:* Photo by Leo Paul Dana

meat was provided at receptions and dinners. Kivalliq Arctic Foods is included in the *Directory of Aboriginal Exporters*. The company is also listed in the *World Information Network for Exports*. Trade commissioners globally use this to source products and services from Canada.

When bovine spongiform encephalopathy—also known as mad cow disease—broke out in 2003, the Canadian and Nunavut governments met with their counterparts in the USA and other countries to ensure that caribou was exempted from the ban. The Canadian Food Inspection Agency participated by presenting documentation and scientific studies. Thanks to the geographic isolation of the Southampton herd, the nature of the feed (diet of lichens and willow), and distinctive product status (wild game), the caribou were exempted. Since 2003, Canadian Food Inspection Agency regulations and guidelines have become much stricter to increase hygiene, quality assurance and food safety.

Food processing, including arctic char, caribou and musk ox, contributes an annual \$7.4 million to Nunavut's GDP. The Conference Board of Canada suggests this figure is understated as land-based activities are not generally captured.

Individual hunters of mammals such as caribou (see Fig. 11) or musk ox (see Fig. 12) may sometimes use by-products of a hunt for carving. Ollie Ittinuar, an elder and hunter of Rankin Inlet makes harpoons and traditional *ulus* (crescent shaped knives) from bone and from wood. In Rankin Inlet, carvings may be purchased from local artisans; Ivalu; Kissarvik Co-operative; the Matchbox Gallery; the Siniktarvik Hotel; and the Sugar Rush Café. The Nunavut Development Corporation also has online sales, featuring a variety of Inuit products including carvings made from antlers and caribou bones. Arctic Co-operatives Limited is a service federation for 35 cooperatives across northern Canada. It purchases the carvings from local cooperatives, including the Kissarvik Co-operative in Rankin Inlet. Arctic Co-operatives Limited then markets the products through its operating division, namely Canadian Arctic Producers.



Fig. 11 Caribou (see online version for colours). *Source:* Photo by Leo Paul Dana



Fig. 12 Musk ox (see online version for colours). *Source:* Photo by Leo Paul Dana

Elder Lizzie Naiktaa Ittinuar, a resident of Rankin Inlet, is noted for her detailed beadwork on ceremonial parkas. She began selling her clothing products in 1969 when her boys were small. She distinguished her products by making ceremonial parkas with beads. “I could sell them but they were not doing as well.” After seeing dolls on television, she experimented and started making traditional Inuit dolls with beaded details. She recently received a \$20,000 grant from the Canada Council. She created a map of Rankin Inlet, 48 inches by 84 inches, made from cloth, caribou skin and seal skin with extensive beading. The Canada Council purchased the rug for their Art Bank. With assistance from the Kivalliq Inuit Association to fill out the forms, she was approved for a contract to set up her own sewing group.

Barter also has its place. Rankin Inlet’s oldest citizen, Elder Ollie Ittinuar, and his wife, Lizzie, described receiving wooden sticks in exchange for their products. That was in former times and now transactions are more complex. Yet, the principle has remained the same. With regards to subsistence hunting and fishing, the traditional Inuit exchange of reciprocity of food still works within families and groups—a considerable activity.

5 Towards the Future

Rankin Inlet has grown significantly (see Fig. 13) since its creation half a century ago, and the hamlet is growing further (see Fig. 14). In some ways, traditional ways live on; for example, the *amauti* has changed little in centuries (Bird 2002). (This is a woman’s parka with a large hood and pouch in which to carry a child, as shown in



Fig. 13 Fifth division (see online version for colours). *Source:* Photo by Leo Paul Dana



Fig. 14 Construction (see online version for colours). *Source:* Photo by Leo Paul Dana



Fig. 15 Traditional *amauti* (see online version for colours). *Source:* Photo by Leo Paul Dana

Fig. 15. The large, loose shoulder enables the mother to bring the child around from her back for nursing.)

While some traditional ways survive, change is in the air. At the time of writing, in 2008, there were no road links and the community relied on air transport (see Fig. 16) and on barges for food shipments and other freight; the barges dock at Itivia (see Fig. 17). A road linking Rankin Inlet with the rest of Canada is in the works. It would allow freight to be transported from Manitoba to Rankin Inlet all year long, thereby reducing living costs in Rankin Inlet. However, motorways elsewhere in the north have caused countless accidents with caribou. What other impacts might a road have?

Also bound to cause change is a rich gold deposit on the Meliadine River, and the discovery of kimberlite 20 km from the hamlet; this volcanic rock often contains diamonds. Thus, there is an expected increase in extraction industry, and in the service sector that would cater to a high concentration of people. Would a mine boost



Fig. 16 Rankin Inlet Airport YRT (see online version for colours). *Source:* Photo by Leo Paul Dana



Fig. 17 Entrance for barges at Itivia (see online version for colours). *Source:* Photo by Leo Paul Dana

the economy? The mine might, but explorations may frighten caribou, and would certainly have a toll on many caribou, thereby having a negative impact on subsistence activities of the people once known as the Caribou Eskimos.

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Informal Cross Border Women Entrepreneurship (ICBWE) in West Africa: Opportunities and Challenges



Ben Q. Honyenuga

Abstract The partition of Africa resulted in the creation of borders which divided people who shared cultural and historical ties into different nation states. Attempts by regional bodies such as the Economic Community of West African States (ECOWAS) to promote free trade across these borders appear not to yield the desired goals. Despite these, the borders provide opportunities and challenges for doing business especially for women who reside along the borders. This paper examines opportunities and challenges of informal cross border women entrepreneurs along and across the borders of West Africa. Specifically, the paper covers the activities of these women in Benin, Ghana and Togo. Using a semi structured interview schedule combined with observation of actual business transactions, the paper addresses issues regarding the nature of business, survival strategies, and involvement of their husbands/boyfriends in the business, source of funding, factors that influence the choice of businesses, performance of the business regarding profitability over the period and the role of religion in the business. The findings provide insights into the activities of the cross-border women entrepreneurs in West Africa which has implication for theory and practice of entrepreneurship and small businesses management.

Keywords Cross-border trade · Informal businesses · Survival strategies · Small business · West Africa · Women entrepreneurs

1 Introduction

The Berlin conference of 1884/85 has gone down in history as the cause of most African borders as we see them today (www.blackpast.org). Since the curtain was drawn in 1884/85 and Africa was partitioned, artificial borders emerged between

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African countries which were otherwise neighbours who shared similar cultural and family ties. For a long time, the division resulted in these neighbours seeing themselves as rivals until the 1970s when Regional Bodies such as Economic Community of West African States (ECOWAS) emerged. The vision of ECOWAS since its establishment in May 1975 is to create a borderless region to enable its population have access to its resources and to exploit these resources in a sustainable way (www.ecowas.int). The emergence of regional bodies such as the ECOWAS with the aim among other things to break down these artificial borders and to promote free movement of goods and people has not yet achieved its desired goals. These artificial borders however provide opportunities and challenges to residents of the towns and cities along these borders. Figure 1 below shows women with goods across the Lome/Aflao border.

This paper examines informal cross border women entrepreneurs who ply their trade along and across the borders of West Africa. Specifically, it covers activities of these women in Benin, Ghana and Togo. The paper addresses questions which bother on the nature of business, survival strategies, and involvement of their husbands/boyfriends in the business, source of funding, factors that influence the choice of businesses, performance of the business regarding profitability over the period and the role of religion in the business.

The focus on women entrepreneurship is vital because women of Africa are said to be a powerful untapped economic force for the continent (Ernst and Young 2011). The estimated population of West Africa stand at 349 m people of which Women constitute 52% (Daily Graphic, August 29, 2017). However, forms of discrimination with respect to family issues and socio-cultural problems limit the ability of women in entrepreneurship (Fernandes and Mota-Rebeiro 2017; Modarresi et al. 2016) of which the West African sub region is of no exception. Attention therefore needs to



Fig. 1 ICBWE crossing the Togo/Ghana Border at Aflao © Ben Q. Honyenuga

be focused on women and what they do in the business world for survival and ultimately to gain economic empowerment. By the adoption of a gender perspective, the study focuses on the important role that women play in facilitating trade and business at the borders of West Africa. The study is based on the analysis of first-hand information collected through observations and interviews of women entrepreneurs along and across selected borders within the ECOWAS Sub-Region.

2 Literature Review

2.1 *Nature of Entrepreneurship*

The 1999 Global Entrepreneurship Monitor Project views entrepreneurship among other things as any attempt to create new business or venture such as self-employment (Reynolds et al. 1999). Though entrepreneurship is considered as a risk taking and innovative business, aimed at creating capital, indigenous people perceive it as self-employment which avoids risk of corporate life (Dana 1996). A special perspective that is associated with entrepreneurs is the ability to take risks beyond security and to push an idea into a reality (Kuratko 2011). At the centrepiece of entrepreneurship are entrepreneurs who are responsible for identifying opportunities and accumulating the factors of production for new ventures (Robson et al. 2008). Indeed Ramadani (2013) describes entrepreneurship and small businesses as the spinal cord of any economy. This view may also be emphasised to demonstrate the vital role that entrepreneurship and small businesses play in Africa in particular.

There abounds numerous micro and small businesses in West Africa whose owners are self-employed and describe themselves as entrepreneurs (Dana 2007). The proliferation of these micro businesses in West Africa appears to be a feature of the entire African Continent where small businesses in terms of size dominate its landscape and, in that region (Africa), there seems a thin line between small businesses and entrepreneurship (Naude and Havenga 2007). The paper therefore adopts the view of entrepreneurship by Dana (2005) as self-employment based on indigenous knowledge. This is consistent with Naude and Havenga (2007) that the concept of entrepreneurship in Africa is equated to self-employment.

The focus of this paper is Informal Cross Border Women Entrepreneurs who rely on knowledge in their environment to create small business opportunities along and across the borders of West Africa for self-employment. Referring to these women as entrepreneurs appears to be in line with Dana (2007, p. 171) that 'first world theories on entrepreneurship may not necessarily apply to indigenous peoples and policy on entrepreneurship cannot simply be transposed from an industrialised environment to a developing one'. In this regard the nature of entrepreneurship differs from one environment to the other.

2.2 *Women Entrepreneurship*

Women entrepreneurship has been found to be an untapped source of economic growth and development during the last decade (OECD 2004; Ramadani et al. 2013). However, low participation of women in entrepreneurship has been as a result of little research in the type of businesses that women generally involve in, which are mostly in the informal sector. In addition, women entrepreneurs are faced with the challenge of striking a balance between their businesses and family commitment as wives and mothers (Ramadani et al. 2015). This picture appears to be changing globally since there is an increase in the number of women business owners particularly in South Saharan Africa where 27% of the women population is in entrepreneurship (Ama et al. 2014). Ali and Shabir (2017) also report that there is a significant increase on the rate of women participation in businesses in India which is of interest to researchers and policy makers. In Ghana, it is reported that Ghanaian women are more entrepreneurial than men (see Quartey et al. 2018). The increase in the number of women entrepreneurship appear to be in line with the OECDs policy recommendation which among other things suggest that there is the need to facilitate the ability of women to participate in the labour force, listen to the voice of women entrepreneurs and promote women entrepreneur networks (OECD 2004).

Irrespective of type of economy, self-employment remains one of the most important sources of job opportunities for women especially in developing countries. In this regard, women entrepreneurs are normally found in retail, education and other service industries which are considered as less important to economic development (OECD 2004). This falls in line with the assertion of Ernst and Young (2011) that women entrepreneurship in Africa is a means of survival rather than economic empowerment. In spite of the low ranking of the retail activities of the women entrepreneurs, they earn income which translates to supporting their families especially the education and upkeep of their children. This also reflects the suggestion of Kuratko (2011) that entrepreneurial firms provide opportunities to people including women and minorities to pursue economic success. In Sub-Saharan Africa, vital economic activities of women which serve as a backbone to the economies of their nations unfortunately are neither measured nor reported by their governments (Amine and Staub 2009). Women entrepreneurs may be defined as women who independently undertake economic activities for the generation of income (Della-Giusta and Phillips 2006).

This chapter therefore operationalises informal women entrepreneurship as any business activity (including retail, services and supplies) embarked upon by women along and across the borders for income and self-employment. It is the view of this paper that when the activities of the Informal Women Entrepreneurs along the borders of West Africa are properly counted their contribution to trade and business along and across the borders of West Africa as well as economic development could be enormous. Since this study focuses on Benin, Ghana and Togo some basic information on the three countries is presented in Table 1.

Table 1 Basic information on Benin, Ghana and Togo

Country	Date of independence	Capital city	Colonial country	Population	Currency
Benin	1st August 1960	Cotonou	France	10 m	CFA franc
Ghana	6th March 1957	Accra	Britain	28.3	Ghana cedi
Togo	27th April 1960	Lome	France	7.1 m	CFA franc

Source: Based on www.nationsonline.org

3 Methodology

Qualitative inductive research approach was used to obtain data for the paper, given the informal nature of the businesses under investigation. In addition, there is the need to apply a qualitative phenomenology so as to give a voice to those who otherwise might not be heard (Chisha et al. 2016). Essentially, a qualitative inductive approach provides opportunity to learn from the subject matter and also reduces measurement errors which occur as a result of assumptions from survey studies (Dana and Dana 2005).

In order to obtain the data, direct and snowballing approaches were used (see Cresswell 2013; Birkinshaw et al. 2011; Acquah 2007). A purposive sampling approach was adopted to gather data from the informants. The Customs and Immigration Officials were contacted to allow the interviews to be conducted at the borders which are restricted areas and security zones. Using a semi structured interview schedule, the participants were asked to provide their backgrounds in terms of age, marital status, and number of children or dependants, nationality. Other questions cover the nature of business, form of registration, number of workers, number of years in the business, factors that influence the choice of business, role of husband in business, sources of funding, survival strategies, performance of the business in terms of profitability, payment of taxes, challenges encountered in the business and whether religion plays a role in the business.

The data was collected from the Informal Cross Border Women Entrepreneurs in Ghana, Togo and Benin. Specifically, at Aflao/Lome Border/Sanvee Condji/Hilla Condji borders. The data was collected between May to July 2017. Handwritten notes were taken during the interviews and transcribed shortly after the interviews. One unique feature of this paper is that the interviews were combined with participant observation of actual business transactions of the informants. Participant observation is important to understand the women entrepreneurs and their social context (Dana and Dana 2005). With the permission of the informants some photographs were taken during observations which are included in the paper. In all, 75 Informal Cross Border Women Entrepreneurs were interviewed. The data was organised along convergent themes that emerged from the interviews and content analysed in line with Miles and Huberman (1994) and Eisenhardt (1989). The Table 2 below presents the information on the participants of the research.

Table 2 Background of the informants

Age of the women	Category	No of informants
	15–25	15
	26–35	25
	36–45	18
	36–55	10
	56 and above	7
Country of residence	Benin	25
	Ghana	25
	Togo	25
Educational qualification	Never been to school	17
	Basic	52
	Secondary	4
	Vocational	2
	Tertiary	–
Marital status	Single	14
	Married	51
	Divorced	6
	Widowed	3
	Cohabiting	1
No of children	1–2	28
	3–4	41
	5 and above	6
Religious affiliation	Christian	49
	Moslem	10
	Traditional (Voodoo)	16
No of years in the business	1–5	13
	6–10	50
	11–20	17
	21 and above	5
No of workers (including the owners)	1–5	70
	6–10	5
	11 and above	–

4 Findings

4.1 *Types of Business*

The study revealed that the businesses operated by the Informal Cross Border Women Entrepreneurs were primarily retail. These include sale of food, cosmetics, cloth, and herbal medicine. There was an interesting feature of a type of business referred to as ‘deka deka’. Deka deka in the dominant Ewe language at the borders mean ‘one one’. This business strategy involved a significant number of women who

assist traders across the borders. They carry goods which otherwise would have been subject to scrutiny by the border officials across the borders and charge a fee for their services. The Deka Deka Women may be described as porters who haul goods across the borders and build trust to assure unsuspecting clients of safety of their goods. They ply the borders many times in the day in search of business. The account of a participant may be instructive here:

I have been in this deka deka business for the past 40 years and have used the proceeds from the business to educate my four children who are all graduates from the universities and are gainfully employed. I am now 65 years old but still do the business because it keeps me healthy. As you see me now am carrying six pieces of wax print for someone of which I collected Ghc2 (USD 0.50) per piece. Due to my age I work mostly on market days. My children have asked me to stop but as the leader of the Deka Group I want to work till am 70 years.

4.2 Form of Registration and Payment of Taxes

The Informal Cross Border Women Entrepreneurs operate as sole proprietors and are mostly roaming retailers on the borders therefore businesses are absolutely informal. They have no registered offices and so it is difficult to track them. As a result, they are not registered neither do they pay taxes to the state. The monies they pay rather go to some corrupt border officials. Occasionally, the Local Government officials get them to pay market tolls when they carry their goods into the markets beyond the borders. It is insightful; to read the comments of a participant on this:

We are not big-time business people to be asked to pay taxes. Ours is to find some little money at the borders to be able to look after our children. We may pay tax when our business becomes big one day. For now, they should allow us to operate and as we operate we also give some to the officials here. After all, one man no chop.

4.3 Factors that Influence the Choice of Business

From the interviews it was revealed that the women look for opportunities which have been created by the borders to earn income to support themselves and their families. This is what one informant said:

You know that the borders play host to thousands of people every day. I discovered that the travellers will need safe drinking water, so I got in touch with a supplier who supplies me bottled water and pay back the principal after the sale. In fact, I now have five workers in the water business and have also added some soft drinks which is yielding much profit for me.

Here is the view of another participant regarding the choice of business:

I started trading in hand sanitizers at the border when the Ebola broke out in some parts of West Africa. I saw that as an opportunity because traditionally those sanitizers were sold at the pharmacy or chemical stores but there were none close to the borders. Besides, Africans

like to shake hands. So, to avoid Ebola and other contaminants they buy the sanitizers which became a source of business for me. Sale is not booming as it used to be because the threat of Ebola has gone down. To boost my sale, I have added other cosmetics like hand creams to the business to ensure that I remain in the business.

The views of a third participant who is shown in Fig. 2 are presented below:

I saw the demand for fresh coconut juice at the border especially during the hot season, so I got in touch with the coconut plantation farmers along the beaches. Initially, I bought just a head pan full of coconut and started selling at the border to travellers, border officials and other workers. My passion for the business grew so I deepened my relationship with the supplies, so I could now buy the coconut on credit and paid back every other day. You know coconut business is not easy because of the bulky nature and I could only carry a few in the head pan at a time. To avoid delay in selling to my customers, I made arrangement with a shop owner at the border who permitted me to store the day's quantities with her. This affords me easy reach to the coconut to restock my head pan. I must say am able to make ends meet from this business and hope to fine innovative ways of carrying the coconut instead of on my head.

Fig. 2 ICBWE in action—
selling coconut © Ben
Q. Honyenuga



4.4 *Survival Strategies*

The main strategy that came out of the research is that the Informal Cross Border Women Entrepreneurs operate in at least two countries. Either Ghana/Togo or Togo/Benin and they are able to carry their goods across the borders. They take advantage of the two systems to improve their fortunes. Few of them operate in three countries. They identify what is in demand in the countries under investigation and develop a plan to enter that market as captured by a participant below:

I am from Benin and I noticed that fabrics for men usually called trouser material are relatively cheaper in Benin so I buy from Benin, sell some at the Benin/Togo border and bring some to Togo/Ghana. I stay in Benin for two days, Togo for two days and Ghana for two days. I am able to do this because I am not yet married and my boyfriend is currently abroad. I don't know what would happen if am fully married. Well, we will cross that bridge when we get there. For now, business is not that bad. It is tiring with travel and walks across the borders and various security checks.

4.5 *Source of Funding*

Largely, the women start with own funds and in a few cases with the support of their husbands. Others start with no funds but through an arrangement with wholesalers they collect goods based on their integrity, pay back the principal and keep a commission which is accumulated into savings and ploughed back into the business. This story of an informant may be insightful:

When I became a school dropout due to teenage pregnancy, my mother introduced me to a baker in Lome, Togo who supplied me with a special bread known as 'sakomi or bombe'. Every morning I go to Lome to collect about five hundred loaves of bread which I distribute to the Koko (porridge) sellers. By 12 noon I collect my money from the Koko sellers deducts my profit which is normally GHC50 (USD12). The next morning, I go back to the Baker, pay for the stipulated amount and collect fresh bread. Now, I have two additional workers who assist in selling the bread for a commission. I must say it is a good business because out of this I am able to pay my children's school fees and also maintain a decent life.

The testimony of an ICBWE from Togo is quoted as follows:

I started selling assorted goods from an initial capital of CFA 100,000 (USD179) which was loaned to me by my husband. Business initially was not the best and I nearly gave up but through determination I have been able to pay back the CFA 100,000 (USD214), ploughed back the profits and now have an operating capital of over CFA120,000. My business is six years old and has employed four girls who work for me. I am looking forward to a more exciting future for my business.

Another account of an informant shown in Fig. 3 is worth reading as well:

I began my business with my own funds which I accumulated through a previous employment. I started trading in oranges and other fruits at the Ghana/Togo Border. The business is not that lucrative, but I find joy in it because the business provides daily bread to me and my children. My plan is to become a wholesaler of the oranges and other fruits at the border.

Fig. 3 An ICBWE carrying her goods © Ben Q. Honyenuga



4.6 Role of Husband in Business

The majority that were married indicated that their husbands play no role their businesses. They acknowledged the important role of their husbands as heads of family but stated emphatically that they do not benefit from the financial support of their husbands.

The position of the women may be reflected in the quotation below:

I respect my husband very well and make sure I perform my role as the wife before setting out for my business and make sure I return on time to prepare the evening meal for my husband and the children. He does not give me money for the business, but his support is just a moral one because he does not prevent me from doing my business.

Here is one other informants account

Initially, my husband did not encourage me to do the business because he was jealous and thought that I might leave the marriage when I begin to make money. With the assurances

that I provided him and demonstrating it by the performance of my household chores as a woman, he is now settled. Sometimes he even asks me to give him money, which I do.

4.7 Performance of the Business in Terms of Profitability

The interviews reveal that the business is profitable most of the times. The least income earned by an ICBWE is GHC270 (USD64.3) per month i.e. GHC10 (USD2.4) per day multiplied by 27 days and the highest is GHC2, 295 (USD546.4) per month resulting from GHC85 USD (USD20.2) per X 27 days. This suggests that, the businesses of the Informal Cross Border Entrepreneurs are not doing badly considering the 2017 daily minimum wage income level in Ghana for example, which is GHC8.80 (USD 2.10) per day i.e. GHC236.6 (USD56.3) per month. The monthly minimum wage is calculated on the daily minimum wage multiplied by 27 days (www.mywage.org/Ghana).

Since I began this business I have never made profit less than Ten Ghana Cedis a day GHC10 (USD2.4). Out of this, I save 4 Ghana cedis everyday with the micro finance company and use the other GHC6 to take care of other needs. I won't say it is the best, but I thank God that I am able to sustain myself over the years through this business.

An ICBWE from Benin has this to say:

I make roughly CFA 10,000 (USD17.8) per day as my profit and I think it is good money from the business. I plough back half of that into the business to grow my capital and use the rest to keep myself and children. If we are given the free room to operate by the border officials I think I can make more money per day.

The views of a Togolese are captured here:

Things are not going so well at the Togo side of the border because people don't have money. I usually make more money in Ghana because things are better in Ghana than in Togo. Averagely, I make on daily basis about CFA8000 (USD14.3). During Christmas season I usually make about CFA 14,000 (USD25) on a good day.

4.8 The Role of Religion in the Business

The participants acknowledged the role of their faiths in the business. They indicated that, they commit the business into the hands of whatever god they believe in and by the close of day they acknowledge this god and on worship days they go to their respective places of worship, be it a Church, Mosque or Voodoo shrine.

One Voodoo worshiper who is a Yewesi (goddess) has this to say:

Before I began my business, I sought permission from the gods and pledge an annual sacrifice to the gods should they make the business profitable. I do not work on Fridays because on that day, the gods we are expected to visit the shrine to make sacrifices. I observe this religiously because I do not want to offend the gods. Indeed, am grateful to the gods for blessing my business out of which am able to look after my family.

Another ICBWE who is a member of one of the charismatic churches states that:

My day starts at 4 am with a prayer for my family and my business. I commit in a special way my daily business activity to God Almighty to ensure that I succeed. I pray especially that my goods are attracted to customers and also pray against any spirit of harassment that may come from the border officials. When I get to the border I then say a short silent prayer before I begin my business. My faith is therefore inseparable from my business.

4.9 Challenges Encountered by the Informal Women Entrepreneurs

By far the greatest challenge encountered by the Informal Cross Border Women Entrepreneurs is the harassment and frustration from the Custom and Immigration officials at the various border posts. The findings established that some of these officials hide behind bureaucracy to harass the women sometimes seizing their wares for the whole day before releasing them. In addition, some of the officials demand money from the Informal Cross Border Women Entrepreneurs before allowing them to operate. The quotation from an informant below sums up the frustration of the Informal Cross Border Women Entrepreneurs

On some occasions, overenthusiastic border officials seize our goods and by the time they yield to our plea to release them for us all our customers have closed. Such days are indeed described as 'bad days' for our business. We go home empty handed and some of the goods go bad so we throw them away. We do not understand why they do that sometimes because we have been in this business for a very long time and we cause no harm to anybody or state. We are only striving to survive with our business. We are one people only separated by the artificial borders.

Another challenge which emerged from the findings is the inability to raise capital for the businesses. Most of them began the business as commissioned agents of some wholesalers and are unable to accrue capital to increase the volume of the business even where there is demand.

Though the ECOWAS has as one of its cardinal objectives to achieve a Money Union within a reasonable time, this objective has not materialised. French speaking West Africa is fortunate to have the CFA which is common to all. But that cannot be said regarding the English-Speaking West Africa including Ghana and Nigeria. Lack of a single currency in the West Africa zone was therefore identified as one of the challenges facing ICBWE. This challenge faces ICBWE from Ghana who trade with Togo and Benin using the Ghana Cedi. Though the Ghana Cedi appears to be relatively stronger compared to the CFA it remains unstable. The instability of the currency therefore affects business. A Ghanaian ICBWE has this to say:

Last week I used GHC6.50 to obtain CFA1000. Today it's GHC7.50 to CFA1000.00. The instability affects my profitability because I have to pay the goods purchased on credit in CFA and not in Ghana Cedis. Sometimes we speculate and attempt to increase our prices to take care of the instability of the currency but too much increase in price also affects our customers

Another challenge is combining child birth with the business as stated by the woman in Fig. 4.

Anytime I am pregnant, I keep working till I deliver since the business is the only source of funds for my family. The trouble starts after delivery because I have to wait for the child to be about a year old before I can leave the child with my mother to resume business at the border. During the one year of not working, I consume virtually all my savings and capital and have to start afresh. It has not been easy, but we continue to persevere in the business.

One other challenge is when the borders are closed by one country due to their internal crises and as a result of fear of attack by the other country. The closure of borders was mainly between Ghana and Togo and when that happens the borders remain closed, and the ICBWE attempt to look for alternative but risky routes to play their trade.

In the 1980s and the 1990s Ghana Togo border was closed many times. I recalled I was at the Togo side of the border when it was closed. I got stranded and was traumatised because I left my one-year old baby who was still breastfeeding in Ghana. It took me three days before

Fig. 4 ICBWE carrying assorted fresh fruit © Ben Q. Honyenuga



I was taken through a risky route called Beat 9 to Ghana. Currently the border situation is much more stable and we do not anticipate any closures except during national elections of either side. We are even excited to witness that Ghana and Togo have agreed to open the Aflao Lome Border opened for 24 hour a day. This provides us with opportunity to do business till we are tired.

The activities of the cross-border criminals were identified as one of the challenges faced by the Cross-Border Women Entrepreneurs. These criminals per our findings operate across the borders and sometimes rob the ICBWE and in some cases, attempt to sexually harass them. The cross-border criminals get away with their activities due to the vulnerability of the borders and the hesitation of the border officials from engaging in expensive cross border investigations (Daily Graphic, August 29, 2017).

The experience of a victim is quoted below:

About two years ago on my way home from the border when I sensed that two young men were following me closely. They closed in on me and pulled knives from their pocket and demanded my daily sales. Out of fear I handed all the money to them. They were still not satisfied so they pushed me to the ground, put their hands in my bra and panties thinking that I had hidden some money there and when they did not find money one of them attempted to sexually assault me when God being so good a group of people were approaching the scene and they fled.

5 Conclusion

The paper examined the Cross-Border Women Entrepreneurship in West Africa. Relying on a qualitative inductive approach, data was obtained for the study regarding the nature of business, form of registration, no of workers, no of years in the business, factors that influence the choice of business, role of husband in business, sources of funding, survival strategies, performance of the business in terms profitability, payment of taxes, challenges encountered in the business and whether religion plays a role in the business.

Though the paper is limited in scope and covers Benin, Ghana and Togo, the findings are very insightful and illuminate the activities of the Informal Cross Border Women Entrepreneurs in West Africa. From a theoretical viewpoint, the paper contributes to research on women entrepreneurship in Africa which appears to be underrepresented in the literature (OECD 2004).

The practical implication of the study brings out the opportunities and challenges to women entrepreneurs along the borders of West Africa. In addition, the paper provides an aspect of the activities at the borders and the implication for the Economic Community of West African States on the free movement of goods and services. Finally, the study may be of interest to the Security Chiefs in West Africa with respect to implications for coexistence of business and security at the borders.

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Survival or Willing? Informal Ethnic Entrepreneurship Among Ethnic Serbs in Kosovo



Nora Sadiku-Dushi

Abstract After the 1999 Kosovo conflict, from approximately 200,000 ethnic Serbs that were living in Kosovo only half of them remained, concentrated primarily in several enclaves throughout Kosovo. According to the Office of Community Affairs in Kosovo, the unemployment rate within the Serbian community ranges between 40% and 100%, depending on the on their representation in municipalities. Therefore, the objective of this chapter is to provide an empirical insight on the motives of the Serb minority living in Kosovo towards informal ethnic entrepreneurship. Considering that the number of companies operated by Serbs in Kosovo is limited, as well as geographically disbursed a qualitative methodology, therefore, was utilized as the best suited approach to conduct this study. The research was conducted during January 2018, where five ethnic Serb minority entrepreneurs were interviewed using in depth semi-structured, face to face, interviews. The cases were identified and selected using the snowball sampling method. The study has analyzed their motives towards self-employment, challenges faced as ethnic minority entrepreneurs, as well as their attitudes towards informality.

Keywords Informal entrepreneurship · Ethnic minority entrepreneurship · Self-employment · Kosovo · Ethnic enclaves · Small business

1 Introduction

It is widely accepted that small and medium enterprises play a crucial role in economy. Because of their importance they are often referred as the economy generators, innovation drivers, job creators and significant contributors in the Gross Domestic Product (GDP) of every country. Numerically SME's are dominant in the world business stage. Although it's difficult to obtain precise data, estimates suggest that more than 95% of enterprises across the world are SMEs, which

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contribute with 60% of private sector employment (Ayyagari et al. 2011). In many countries a number of SME's is owned by different ethnic groups. Therefore, ethnic entrepreneurship has become a phenomenon that has ignited the curiosity of many researchers and has inspired considerable research and debate. In order to understand what ethnic entrepreneurship is, it is important to understand what the word "ethnic" represents. Explained in simple terms, "ethnic" refers to differences between categories of people. Therefore, ethnic groups may be defined as a category of people who share a common language, society, culture, or nation.

One of the main challenges that members of ethnic groups face, especially the members of ethnic minorities, is the social and economic exclusion. Being a member of an ethnic minority often represents a disadvantage in terms of labor market opportunities contrary to the majority population. These disadvantages are usually expressed in higher unemployment rates and lower incomes (Kahanec et al. 2011).

Living in such unfavorable economic situation these ethnic groups are very often oriented towards self-employment, by establishing their own businesses. The initiatives of these ethnic groups are defined in the literature as 'ethnic entrepreneurship'. There are numerous ethnic groups in every country worldwide. According to Pan and Pfeil (2003) there are 87 "peoples of Europe", of which 33 form the majority population in at least one sovereign state, while the remaining 54 constitute ethnic minorities within every state they inhabit.

Sometimes some ethnic groups may be subject to prejudicial attitudes and actions taken by the state or its citizens. This may lead to inter-ethnic conflicts which usually occur within multi-ethnic states. Such inter-ethnic conflict has happened also among ethnic Albanians and Serbs in Kosovo in 1999, which resulted in Serbs living in ethnic enclaves and therefore have less economic opportunities than the Albanians.

In this chapter we will try to portray the entrepreneurship of ethnic Serbs, living in Kosovo, by answering the three main research questions:

1. What are the motives of ethnic Serbs in Kosovo for self-employment? Do they turn toward self-employment in order to survive or because they have an entrepreneurial spirit?
2. What are the businesses challenges those ethnic entrepreneurs face?
3. Do they pay taxes, or they operate their businesses informally?

This chapter will give the theoretical background on ethnic entrepreneurship and its related term, followed by an overview on informality in entrepreneurship, on the motives for self-employment among ethnic entrepreneurs, and concluded by a case study on Serbian ethnic minority group entrepreneurial activities in Kosovo.

2 Literature Review

2.1 *Ethnicity and Entrepreneurship*

The best way to understand the 'ethnic entrepreneurship' is to, initially, separate these two terms and understand them independently. *Ethnicity* – has been one of the

main subjects in the social sciences for the past several decades and lately has become a cause of discussion in the field of political economy, where many researchers have examined the relationship between ethnicity and growth, institutions, civil war and violence using econometric tools (Green 2004).

The term 'ethnic' has derived from the Greek word *ethnos* meaning 'nations'. Word 'ethnic' is an adjective which is referred to differences among categories of people (Petersen et al. 1982). When the word 'ethnic' is linked to word 'group' it means that members are aware of being group members and having common origin and culture, or that others believe that they possess those attributes (Yinger 1985). Ethnicity may be defined as a group of people that share three core elements such as common descent, a common history, and a common homeland (Green 2006). The term entrepreneurship originates from the French word '*entreprendre*' which means to 'undertake' or to create something new. Even though the entrepreneurship is extensively studied and there were many attempts to find a widely accepted definition, there is still no unified definition of it (Hisrich and Ramadani 2017). According to Aldrich and Waldinger (1990) entrepreneurship can be explained as the combination of recourses in new ways in order to create something valuable. Morris and Paul (1987), on the other hand, define entrepreneurship as individual risk taking and innovation attempt in order to attain profitability within a new business enterprise. Another definition is provided by Gartner (1988) who defines entrepreneurship as the creation of organization. Ramadani et al. (2014) argue that entrepreneurship is the process of looking for innovative chances in unsure and risky circumstances, by combining the production factors in effectively and efficiently way in order to achieve profit and business growth.

A common concept that can be noticed from the above-mentioned definitions of entrepreneurship is "creation". However, nothing can be created by itself, thus the term entrepreneurship is strongly related to the term "entrepreneur", who is a person that undertakes something in risky circumstances, or an individual who buys goods by a known price, in order to sell them in the future for an unknown price (Hisrich et al. 2017). An entrepreneur can also be defined as someone who searches for innovative opportunities, undertakes risks and puts together the best possible combinations of production factors for realizing profit and business growth (Ramadani et al. 2014). In other words, an entrepreneur is an individual who creates and manages a business with the objective of generating profit and growth (Gartner 1988).

Therefore, when the word 'ethnic' is combined with word 'entrepreneurship', it creates a new concept known as 'ethnic entrepreneurship'. In literature, there are cases when the term 'ethnic entrepreneurship' is synonymously used with 'immigrant entrepreneurship' (Volery 2007) even though there is a difference between them. The term 'ethnic entrepreneur' refers to members of an ethnic minority who are self-employed and who use ethnicity as a foundation for starting their business, no matter where they are born, while 'immigrant entrepreneur' refers to migrants who have moved to some new country and subsequently have become self-employed, and who do not necessarily do business within their ethnic community (Abbasian 2003). In this chapter the term 'ethnic entrepreneurship' will be used for entrepreneurship activities undertaken by members of the ethnic minority.

2.2 *Ethnic Entrepreneurship*

A growing rate of ethnic minorities in the labor market and a significant increase in the number of businesses owned by ethnic minorities, have led to the appearance of a new notion known as ‘ethnic entrepreneurship’ (Baycan-Levent and Nijkamp 2007).

Ethnic entrepreneurship can be defined as a set of connections and regular patterns of interaction among people sharing a common national background or migration experiences (Aldrich and Waldinger 1990). In other words, ethnic entrepreneurship can be characterized as a process of identifying market opportunities, undertaking innovative, risky and dangerous activities by individuals who are a minority in a given country so they can guarantee prosperity for themselves, their families and the society (Ramadani et al. 2014). Ethnic business typically starts when an entrepreneur begins by serving other members of the ethnic community and satisfies their specific ethnic needs (Greene and Owen 2004).

The literature on ethnic entrepreneurship recognizes two main types of ethnic entrepreneurs: middleman minorities and enclave entrepreneurs. The former, namely the Middleman minorities are ethnic entrepreneurs who conduct business in between a society’s elite and the mass population (Zhou 2004). They usually were ‘sojourners’, who were interested in making a fast profit from their moveable and easily sold businesses and then reinvesting their cash somewhere else, usually in their homelands (Bonacich 1973). They would normally start their business in poor districts or immigrant ghettos in city zones commonly in service industries and retail, while today they could be found in more wealthy urban areas establishing not only businesses from secondary sector, but also those that are in the primary sector (Zhou 2004). The second group, or the Enclave entrepreneurs are those individuals who are surrounded by co-ethnic social structures and location (ibid.). Ethnic business enclaves are usually located where they can find the large co-ethnic population (Bonacich 1973; Waldinger 1994). In literature, enclave provides a number of motivations to become self-employed because it gives rise to a protected marketplace where ethnic groups are able to do business with one another in their preferred language (Clark and Drinkwater 2000). Therefore, it is assumed that individuals living in ethnic enclaves are more likely to become entrepreneurs (Constant and Zimmermann 2005).

Many researchers have addressed the opportunities and the barriers of ethnic entrepreneurship. It is found that ethnic enterprises have characteristics that distinct them from other enterprises, which can be summarized as follows (Dana and Morris 2007; Dana and Morris 2011; Fiti and Ramadani 2013):

- Most of the ethnic enterprises operate in the services sector.
- Most of the ethnic enterprises are small and relatively new.
- Most of the ethnic enterprises are family owned businesses.
- Most of the ethnic enterprises are founded with small start-up capital and create small income.
- Usually ethnic enterprises have a higher rate of failure comparing to other enterprises.

Those businesses usually deal with different challenges and barriers compared to other enterprises. The problems may arise from different administrative barriers, difficulties in access to financial resources, difficulties in establishing business network and other different ethnic barriers such as language, lack of education and lack of management skills (Ramadani et al. 2014).

Finding the financial recourses to establish the ethnic enterprise is considered one of the biggest challenges for those start-ups. Their location, limited know-how, the lack of a 'track record', language difficulties and sometimes discrimination, are often considered as difficult conditions for a bank loan (Blackburn and Smallbone 2014). In a study conducted by Ram and Jones (2008) it is found that most ethnic entrepreneurs accumulate their start-up capital through their own savings, some through arranged loans from relatives or within the ethnic community, whilst only a small number may acquire a bank loan. It is also found that ethnic entrepreneurs set up their businesses usually in the sector where the informal operations would give them an advantage and where other members of the ethnic group provide them with an opportunity of conducting the business in an informal manner (Baycan-Levent and Nijkamp 2007).

2.3 Motives for Self-employment

The motives for ethnic entrepreneurship are found to derive mainly from the less favorable position of members of different ethnic groups (Masurel et al. 2002). Factors such as social isolation, discrimination, lack of education, lack of skills, high levels of unemployment and other cultural factors are the reason for pushing the increasing number of individuals from different ethnic groups towards entrepreneurship. It is common for ethnic entrepreneurs to start business focusing on the clients of the same ethnic group, causing those enterprises to be initially internally oriented. This internal orientation and the shared trust within the ethnic group gives those businesses a protected market and suitable work force on the one hand (Kloosterman et al. 1998; Lee et al. 1997), while on the other hand, creates the high level of loyalty between ethnic enterprises and its costumers (Barrett et al. 1996).

Motivation toward self-employment can generally be classified based on necessity driven factors known also as 'push' factors, and opportunity driven features known as 'pull' factors. It is considered that entrepreneurs are 'pushed' into entrepreneurship driven by necessity when they have restricted access to employment (Acs 2006; Dawson and Henley 2012). The problems vary from discrimination at labor market, language barriers, or lack of necessary skills. Therefore, the need to make a living, and care and support the family, whilst faced with lack of job opportunities, are just some of the factors that push the individual towards entrepreneurship. Likewise, being equipped with adequate technical skills but being unable to sell those skills in the labor market can also push the individual toward self-employment. On the contrary, the detection of opportunities and the willingness to

explore new business occasions are the factors that 'pull' the individuals toward entrepreneurship (Ardichvili et al. 2003; Maritz 2004; Smallbone and Welter 2006). Consequently, those who have no opportunity of finding a job are 'pushed' into self-employment compared to those who are 'pulled' into self-employment because of the status, rewards and independence that it offers.

It is assumed that immigrants are more pushed than pulled into entrepreneurship (Dana and Morris 2007). Generally, the motives for immigrants to start their own business are different. Main 'push' factors are considered high unemployment (Acs 2006; Dawson and Henley 2012; Kloosterman et al. 1998), discrimination (Constant and Zimmermann 2005; Piperopoulos 2010), social and economical status and cultural factors (Rafiq 1992). The presence of these factors leaves immigrants with no other alternative but establishing their own businesses. Main 'pull' factors are considered the need for success and the aspiration to be own boss. The most attractive sectors for ethnic groups are found to be the sectors that have low entry barriers like retail or bars and restaurants.

2.4 Informal Entrepreneurship

Informal entrepreneurship is defined as a business that operates in production or trade of products and services that are legitimate in all aspects, except for the fact that they are unregistered or hidden from the state in order to avoid tax payments (Williams and Youssef 2014). This means that the only fraudulent thing that informal entrepreneurs do is not declaring their financial transaction or declaring them partially. Therefore, entrepreneurs can operate completely informally or conduct only a part of their business 'off-the-book', meaning there are two distinct groups of such entrepreneurs that can be identified as a result, those that are consecutive users of informal business, and those who partially perform informal activities.

The informal work is usually characterized by low levels of education, low managerial skills, uncomplicated technological equipment, and it is usually supported from the social networks from the same socio-economic group (van Delft et al. 2000).

Some authors argue that lower income populations tend to be more driven towards informal entrepreneurship (Acs 2006; Williams 2008). Another frequent assumption is that marginalized populations, namely individuals that are excluded from the economic, political and cultural life, are usually more driven to engage in informal entrepreneurships (Williams and Nadin 2010; Gurtoo and Williams 2009; Katungi et al. 2006). Therefore it can be assumed that informal entrepreneurs are widely portrayed as necessity-driven, pushed into self-employment due to their inability to find employment in the formal economy, and pursuing such work as a survival strategy (Castells and Portes 1989; Gallin 2001). Moreover, countries with a

large number of immigrants or ethnic minorities in the population tend to have more informal entrepreneurship because ethnic minorities show stronger tendency than others to start informal businesses (European Commission 2015).

2.5 Kosovo and Its Ethnic Groups

Kosovo is a small country with an area of 10,908 km², located in Southeast Europe, bordering Albania, Macedonia, Montenegro and Serbia. According to Kosovo Agency of Statistics the approximate population in Kosovo is 1.8 million (Kosovo Agency of Statistics 2017).

According to the 2011 census, the majority of the population in Kosovo are Albanians with 92.2% followed by Bosnians 1.6%, Serbs 1.5%, Turks 1.1%, Ashkali 0.9%, Egyptians 0.6%, Gorani 0.6%, Romani 0.5% and others or unspecified with 0.2% (The World Factbook- Kosovo 2018). But, European Centre for Minority Issues suggests that those figures may under represent Serbs and Romani minorities due to the boycott of the census from the Serb-majority living in Northern Kosovo and a partial boycott by Serb and Romani living in the other parts of Kosovo (ECMI 2018). Even though data of the 2011 puts Serbs in third place, the reality is that Serbs are the largest minority living in Kosovo. Religion wise, Kosovo Albanians are mainly Muslims and a small percentage Catholic, whereas Kosovo Serbs are Orthodox Christians with very strong ties to the Serbian Orthodox Church (OSCE 2010). Likewise, there are also differences language wise, with one ethnicity speaking Albanian whilst the other Serbian.

Serbian influence and the role of the Serbs in Kosovo society and economy has changed dramatically over the past 50 years from their very important role during the days of the Socialist Federal Republic of Yugoslavia and then through the provincial administration until now where their role is limited to a number of small municipalities in which they form the majority (OSCE 2010).

After the 1999 Kosovo conflict, from approximately 200,000 Serbs that were living in Kosovo, only half of them have remained. The ones that remained are concentrated in several enclaves (Independent International Commission on Kosovo 2000) that already had a majority Serbian population, or some have moved to the northern part of Kosovo which has been historically dominated by Serbian population (Elek 2013).

Today, Kosovo Serbs comprise the numerical majority in nine municipalities of Kosovo. Figure 1 shows the map of ethnic Serbs living in Kosovo. Before local elections in Kosovo in 2009, the ethnic Serbs were a majority in Shterpce, Leposaviq, Zubin Potok, Zvečan and the north of Mitrovica town. After the 2009 elections, four new Serb-majority municipalities were created: Ranillug, Klokot, Gracanice and Novobërdë. Additionally, the new municipality of Partesh was established in June 2010 (OSCE 2010).



Fig. 1 Map of Serbian ethnic group living in Kosovo (Source: OSCE 2010)

2.6 *The Economic State of the Serbian Ethnic Minority in Kosovo*

The citizens of Kosovo are poorest in Europe, second only to Moldova. The GDP per capita in 2016 (PPP) was \$9600. Kosovo has an unemployment rate of 33%, whereas, the youth unemployment rate, average of which is 26, is estimated at 60%. Such high unemployment rate leads to emigration and informal or unreported economy (The World Factbook- Kosovo 2018).

Immediately after the 1999 conflict, economic development practically started from zero. Through various development and assistance schemes there were more than 5 billion Euros invested in Kosovo by year 2005. But, according to Elek (2013) only the Albanian population has benefited from this assistance.

Before the conflict, lots of Kosovo Serbs were working in both the public sector and in socially owned enterprises. Currently, many of them remain unemployed, as the vast majority of these socially owned enterprises have ceased to exist, or they are informally employed. Those who are formally employed usually work for Serbian institutions or service providers, while others have turned mostly into self-employment commonly in farming or in running small businesses, such as restaurants and shops (OSCE 2010).

According to the Office of Community Affairs in Kosovo, the unemployment rate within the Serbian community ranges from 40% to 100% depending on their representation in municipalities, meaning that in municipalities where the Serb

community represent the majority the rate of unemployment ranges from 40% and 75%, while in the municipalities where Serbs are minority the unemployment rate ranges from 90% to 100% (Office for Community Affairs 2018).

Those high unemployment rates are attributed to factors such as:

- lack of qualifications,
- lack of information on employment opportunities,
- absence of private businesses and industry.
- language issues/obstacles,
- absence of investment in the development of small businesses and the agricultural sector,
- lack of employment opportunities, as well as information on existing opportunities.

According to the Private Sector Development Strategy 2013–2017 (Ministry of Trade and Industry 2013) the SME's contribution on total employment is considered 62.24%, and their contribution on GDP is 43.30% (Government of Republic of Kosovo 2012). However, those numbers are considered much higher since the informal economy is considered to be 34.4% of the GDP (Government of Republic of Kosovo 2014).

3 Methodology

Since the number of companies operated by the Serbs in Kosovo is limited and they are geographically concentrated in Serbian enclaves it was difficult to perform a quantitative study. Furthermore, considering that previous studies on this subject matter are extremely scarce and limited, a qualitative approach was the logical way to conduct this study. Such an approach is shown to be very appropriate because it offers the opportunity to gain knowledge from the direct contact with the subjects of the study, hence avoiding any potential inaccuracies and addressing the wrong issues (Dana and Dana 2005). In addition, the multiple case study approach was used in order to better understand the research subjects. According to Yin (2013) 'the case study method allows investigators to retain the holistic and meaningful characteristics of real-life events' (p. 4). For this reason, this approach, by employing a qualitative methodology, is the most suitable selection for studying these kinds of phenomena.

In view of the fact that the goal of this research is to enrich the knowledge about the informal ethnic entrepreneurship, a sample selection was purposeful and necessary. According to Polkinghorne (2005), the purpose sampling should be used in qualitative research because the quality of data is much more important than the number of subjects.

Considering logistical reasons, including time restraints, but also the remoteness from the researcher the small town of Shterpce is chosen for the study. The municipality of Shterpce is located in the south-eastern part of Kosovo. It covers a

region of approximately 247 km² and includes the town of Shterpce and 16 villages. Based on the 2011 census the total population is approximately 7000 whereas according to the municipal office for communities and returns, the total actual population is estimated at 13,630 out of which 9100 are Kosovo Serbs, 4500 Kosovo Albanians, and 30 Kosovo Roma.

After the 1999 conflict about 900 internally displaced Kosovo Serbs and refugees from Croatia came to Kosovo and settled in this municipality. 350 of them live in collective shelters in a nearby village while the rest live in private houses throughout the whole of municipality. The economy of the municipality of Shterpce is mostly based on agriculture, tourism, and small businesses (OSCE 2015). There are around 170 registered private businesses in the municipality, but there are no accurate data on the number of employees in the private sector in Shterpce municipality (Municipality of Shterpce 2018).

The study cases were identified using snowball sampling, which is a method of chain referrals made between people who know others and have characteristics that are of interest for the study (Biernacki and Waldorf 1981; Goodman 1961).

Considering that interviews are considered as the main source for data collection in qualitative studies (Yin 1994) the semi-structured in depth face to face interviews are used as the tool of choice. The wording was carefully chosen in order to avoid yes or no answers. The interviews were designed to answer the research questions even though the participants were free to express whatever they considered was important for research, which led to a number of follow-up questions making the findings even more interesting and enriching for the study. Necessary preparations were made before conducting the actual interviews, such as contacting the respondents to set the time and venues for interviews. It took 13 days from identification of the potential respondents to completing the interviews with the chosen sample. Interviews were conducted within the business premises of the selected respondents. The average of each interviews was 30 min, where the longest lasted 40 min and the shortest 20 min. The oldest respondent was a much respected 69 years old former school teacher, while the youngest was a 44 years old male. Because respondents felt uncomfortable recording the conversations, written notes were therefore taken during the interviews. Moreover, in order to create a more pleasant and friendly atmosphere, all interviews were conducted in Serbian language.

As suggested by Kaiser (2009) after the interview the participants signed the post-interview confidentiality form where they declared which of the data they provided can be used in the study. All of them confirmed that the data provided by them can be used for the study without any amendments.

Due to the unavailability to recorded the conversations, the notes taken at the time of the interview were rewritten, and analyzed using a general inductive approach as suggested by Thomas (2006). Based on this approach the raw data were grouped into summary and then all the unnecessary items were removed from the analysis. The answers were then organized in order to match the research questions, then the differences and similarities are found and finally the findings were presented.

4 Introducing the Cases

Given that informality is a sensitive topic, the participants were first asked general questions in order to create a more friendly and relaxing atmosphere. The fact that the interviews were conducted in respondents' native language was an added value. Respondents were free to choose whether they wanted to provide their real name or to use a nickname. The cases are presented below:

Case 1 (Nickname-Tina): 45 year-old male, married, and father of one child. He expressed his willingness to participate in the study, and was very excited to tell his story. Back in 1994, he and his wife were working in a state owned company, but unsatisfied with the low salaries they left their jobs and with their own savings they have established a small restaurant in the house where they were living. He admitted that they have faced a lot of challenges and problems, but they never gave up. Besides him and his wife there are three more employees. The employees are local Serbs. At the time of the interview the restaurant was full of costumers, and based on the observation the majority of the clients were of Albanian ethnicity.

Case 2 (Nickname-Kolja): 44 year-old male. His family has six members. He is in the retail business owning a small local shop. He started his business in 1991, due to his willingness of having his own business. He said that his entrepreneurial spirit and his will for success have pulled him into starting a business. Also, when he created his own family he wanted to become more financially independent from his parents. He founded the business from the family savings and family's financial support. According to him, the number of employees changes over time, depending on the season. But regardless their number the employees are always local Serbs.

Case 3 (Nickname-Sladjan): 50 year-old male. He is in the retail business since 2004. Need for support of his six-member family and the necessity for financial independence were the main reason he has chosen to turn to self-employment. He used the advantage of having the premises in his own house, and decided to start his own retail shop. He serves all clients regardless of their ethnicity. But, even though he serves the clients of all the ethnicities, his employees are local Serbs. He founded the business based on his own savings.

Case 4 (Nickname-Srdjan): 46 year-old male, married. He is a father of two children. He founded his retail business in 2015 based on his own savings and his family's financial support. The survival and the responsibility for his family was the main reason he chose to enter into business. Even though the business is small and there is a small number of customers, he and his family are able to have a decent life based on the incomes that the business creates. He has two employees who are local Serbs.

Case 5 (Nickname-Profa): Profa was the oldest participant in the study. He is 69 year-old retired school teacher. Owning enough land, he decided to start his business in agriculture back in 2002. With some own savings and pushed by the necessity he started cultivating raspberries and blueberries. The business is seasonal,

therefore the number of employees' changes based on the workload and the season. No matter of the number of employees needed, they are always of the Serbian ethnicity. His clients are mainly Albanian businesses that are in the business of processing fruits.

5 Findings

Based on the nature of research the responses were grouped in order to answer the research questions. Firstly, the objective of this research was to understand the motives for self-employment of ethnic Serbs living in Kosovo. The responses of the participant were split into two categories. Ones that were 'pushed' into entrepreneurship due to the necessity and the others that were 'pulled' into entrepreneurship based on their desire to become financially independent. A worth mentioning finding of the study was that whilst respondents that founded their businesses before the 1999 conflict did so because of pull factors, those who did so after the conflict were pushed into self employment, primarily because of the necessity to care for the family. Their motives are best explained in the following quotes:

My wife and I were employed in state owned companies. We were not satisfied with salaries, therefore in 1991 we decided to leave our jobs and convert a part of our house in a small restaurant. Shterpce has a great position because it is very close to the ski center Brezovica and our house has a great position for a restaurant. We had the will and we were sure we could live better if we had our own business. We never liked the idea of depending on a salary. (Tina)

When I finished the secondary school in 1991, I had the desire for funding my own business. My driving force was a very strong entrepreneurial spirit and the will for success. Moreover, when I created my own family my desire for financial independence was even bigger. (Kolja)

The motives for starting a business for the cases that engaged in the entrepreneurship after the 1999 conflict are somewhat different. This is evident from the quotes below:

The only motive for starting the business was financial security and the wellbeing of my family. (Srdjan)

The start of the business was initially for survival, and later on for family care and the desire to be financially independent. After some time, I had the willingness to develop the business further. But, I have to mention again, at the start it was purely a survival motive. (Profa)

Similarly, Sladjan had the same motive as Srdjan and Profa. He was also pushed into self-employment due to the lack of job opportunities, and the only way to survive was to start an own business. It is obvious from their responses that their motives vary based on the period of business establishment.

The second issue that this research aimed to reveal is to understand the businesses challenges that these ethnic entrepreneurs face.

Among the biggest difficulties and challenges that they face are the limited number of clients and the unfavourable conditions for obtaining a loan. Below are some of their comments on this issue:

The problem is that the shop is in a small place, where we all know each other, and that's why most people take commodities and pay later... very often I have difficulties in collecting those debts. Also, the number of costumers is very limited because this is a small town. (Sladjan)

There are many challenges that we face from a small number of customers to the climate. My business depends very much on the weather, and very often when the climate conditions are unfavourable the number of customers is very limited. (Tina)

Like every entrepreneur, I also have encountered many problems during my work, like unfavourable terms for obtaining loan from banks, non-financing of the trade by different donors that have operated in Kosovo and a limited market with a small number of consumers. (Kolja)

The last issue that was in focus of this study was to understand these entrepreneurs' attitude toward the informality. Being that informality is a very sensitive topic, and most of interviewed entrepreneurs hesitated to plainly talk about this issue it is suggested that their responses should be treated with a little reservation. The question on the informality was straightforward, which also resulted in their answers being short:

Since the foundation of my business I have always paid my taxes. Also after the 1999, I continued to pay my taxes to the Tax Administration of Kosovo. (Kolja)

The same short answer gave the other participant too:

Until now I have always paid all the taxes. (Profia)

Also, three other cases answered very shortly that they report every income and pay the taxes on a regularly basis.

As mentioned above, questions related to the informality are sensitive, and the topic in general is sensitive, therefore it was expected that such responses would be given. But, in three cases, based on the observation at their premises, it was noticed that when clients visited the shop during the interview, they did not offer them fiscal coupons (receipts) which clearly indicates that they perform their business partially in an informal manner, and they were reluctant to admit to this.

6 Conclusions

The main objective of this chapter was to present empirical insights on the informal ethnic entrepreneurship among ethnic Serb minority entrepreneurs living in Kosovo. The findings of the study, in general, confirm the findings from the previous studies in this field.

Motives of the ethnic Serbs toward self-employment are mainly necessity driven; they are usually pushed into entrepreneurship due to the lack of other opportunities, and in order to create prosperity for themselves and their families.

The main challenges that those entrepreneurs face are related to the limited number of costumers and the unfavorable loan terms. The other interesting fact is that even though they live in enclaves where they form the majority, they serve to the clients of all ethnicities. According to them “*everybody is welcomed as long as they pay, regardless of their ethnicity*”.

It is obvious that when it comes to serving clients they don't mind serving other ethnicities, but, when it comes to employment they exclusively employ only Serbian ethnicity employees. When asked about the reason for doing so, they replied that they have a moral obligation of employing their co ethnic neighbors.

As for informality, all the interviewed cases declared that they do their business formally, bur those responses should be taken with reserve, because based on a observation by the interviewer it was noticed that they do not provide the clients with fiscal coupons/receipts which indicates that their business is partly informal by hiding a part of incomes from the state.

In general, it can be concluded that the characteristic of those companies correspond to the findings of Dana and Morris (2011) and Fiti and Ramadani (2013) according to whom most of the ethnic enterprises operate in service sector, are relatively new, are family owned businesses and generate small incomes.

It is worth mentioning that even though there was an ethnic conflict in 1999 in Kosovo, the ethnic Serbs have found their way of turning into self-employment regardless of the challenges that they have faced.

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Entrepreneurship in Bolivia: An Ethnographic Enquiry



Léo Paul Dana

Abstract While entrepreneurship takes place around the world, its expression reflects the specific nature of the market in which it takes place. This paper reports the findings of an exploratory study conducted in Bolivia, using ethnographic methods. In this market, much entrepreneurship activity takes place outside the firm-type formal economy. This paper compares the firm-type sector of the formal economy with the Bazaar and the Parallel Economy, which consists of informal, internal or covert economic activities. The findings suggest that in Bolivia, Kirznerian entrepreneurship takes place in the Bazaar, while Cantillonian entrepreneurial activities occur in the Parallel Economy.

Keywords Business · Emerging markets · Bolivia · Entrepreneurship · Bazaar · Parallel economy

1 Introduction

Bolivia is a land rich in resources. The silver and tin ore deposits discovered in Bolivia are among the richest in the world. Yet, like a beggar on a golden throne, the paradox of this country is that its population has been living at the limits of poverty. To create an environment conducive to entrepreneurial activity, the state has been innovative in introducing a unique privatisation programme responsible for improving infrastructure. Urbanisation is taking place, and people are moving to urban areas with dreams of grandeur. Unsuccessful in their search for employment, most migrants end up being self-employed; they may be considered entrepreneurs in the

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Cantillonian sense, in that Cantillon (1755) described the entrepreneur as being the bearer of uncertainties, dealing with unknown returns in a market where prices and quantities were unknown. Cantillon's entrepreneurs never knew the extent of expenses, demand, or competition facing them in the market. In Bolivia, the extent of expenses, demand, and competition are in constant change and, therefore, difficult to predict with any certainty.

The objective of this paper is to explain the nature of entrepreneurship in Bolivia where (as is the case in many developing economies) entrepreneurial activities take place largely in the form of micro-enterprises, operating in the Parallel Economy. With the mandate to be inductive and contextually sensitive, the methodology for this exploratory study involved ethnographic fieldwork in Bolivia, using qualitative methods as discussed by Dana and Dana (2005).

An emic research design was deemed most appropriate, in order to understand the underlying structures of culture from within (Harris 1976). It was helpful to observe and interview simultaneously. The major techniques used for data collection included in-depth interviews with respondents from diverse backgrounds, and participant observation (Patton 1982, 1987, 1990). This was validated by triangulation, i.e., the obtaining of identical data from several independent sources, such as to test for internal coherence with key informants, as recommended by Denzin (1978).

The interview guide consisted of open-ended questions in order to capture what people wished to say, in their own words. As discussed by Patton (1982, 1987), social integration was a prerequisite to obtaining meaningful responses. As the author became accepted into the community, individuals became increasingly open. Data were verified for consistency and reliability, by recording details and using triangulation for verification. Constraints included poor hygiene, poor sanitation, and a variety of health hazards such as *apunamiento* or *soroche*, resulting from the lack of oxygen at high altitudes. Malaria is common in Bolivia, and yellow fever is endemic. Another challenge is the condition of the roads, most of which are gravel tracks with potholes. Even on the Pan American Highway, it can happen that an alpaca, a donkey or cattle stray across the motorway. Traffic is delayed not only by roadblocks but also by outlaws posing as police.

In this paper, entrepreneurship refers to economic undertaking; this is based on the classical definition of the word, which can be traced to the German *unternehmung* literally translated as undertaking. The agents of entrepreneurship are entrepreneurs, from the French *entrepreneurs*, literally meaning 'between takers'.

The entrepreneur described by Schumpeter (1912, 1928, 1934, 1939, 1942, 1947, 1949) is an innovator who causes disequilibrium in markets, and profits therefrom. In developing countries, however, there is little equilibrium to start off with. The following section will look at archetypes of economic systems: the formal economy that consists of the firm-type sector, the Bazaar, the controlled planned sector and the state-controlled sector; and the Parallel Economy, consisting of

- informal transactions
- internal economic activity, with no transactions
- covert transactions that are illegal.

1.1 Society, Culture, Politics and Economy in Bolivia

Prior to colonisation, indigenous people in this region practiced subsistence agriculture and bred llamas, animals that provided transport, wool, drink and meat. Llamas were also used in religious sacrifices. McIntyre noted, “In Inca days, use of coca—a pain-killer and stimulant—was restricted mainly to the royal family” (McIntyre 1973, p. 764).

During the 17th century, Potosi (with 160,000 people) was the largest city in the Americas and among the most prosperous. After nearly three centuries of Spanish rule, Bolivia declared its independence in 1825, at which time the nation was named after its liberator, a young aristocrat from Venezuela, General Simón y Ponte Bolívar. As noted by Hodgson, “Bolívar declared the equality of all citizens and did away with laws exploiting the country’s largely Indian population” (Hodgson 1994, p. 62).

Rich in natural resources, the new country became the envy of its neighbours. Argentina eyed the rich deposits of guano and nitrates in Bolivia’s Atacama region. This led to the War of the Pacific (1879–1883), during which Bolivia lost its coastal areas to Chile. In 1903, Brazil annexed 100,000 square kilometres of Bolivia, in order to obtain its rubber. During the 1930s, Bolivia lost another 225,000 square kilometres over an oil reserve dispute with Paraguay. Nevertheless, Bolivia continued to be the world’s chief source of silver (Pickles 1933). Although high copper prices stimulated the economy during World War II, by 1950 per capita income was down to \$82, the lowest in South America. A nationalist revolution took place in 1952, after which women were allowed to vote. In 1953, agrarian land reform led to an exodus of capital.

In 1969, Bolivia was a founding member of the Andean Pact. In time, Bolivian exporters also came to benefit from the Andean Trade Preference Act, allowing a tariff-free access to the USA. As well, the Generalised System of Preferences gave Bolivian goods duty-free status to the European Union.

When the international tin market collapsed in 1985, inflation in Bolivia escalated to 24,000%. Chaos in the government prevented the state from collecting taxes amounting to more than 1% of GDP. An economic stabilisation programme was implemented that year, to curb inflation and to open the economy. A tight economic policy resulted in 30,000 government employees losing their jobs; inflation dropped to an annual rate of 17% in 1989; 14.5% in 1991; and 10.5% in 1992.

A privatisation programme was launched in June 1992. While a classic privatisation programme involves selling state-owned enterprises to the highest bidder, Bolivia opted, instead, for an alternative means of divesting itself of state-owned firms. Known as *El Plan de Todos*, this capitalisation model involved Bolivia offering a controlling 50% holding to a strategic partner, i.e., a scrutinised investor who would be committed to injecting cash into a generally inefficient, existing business. This resulted in infrastructure improvements independent of government

expenditures. Thus, it was decided to reduce the economy's dependence on the state-controlled sector. In June 1995, the state electricity company, Ende, was taken over by Constellation Energy, Dominion Energy and Energy Initiatives (US-led consortia) offering advanced technology. In a September bid for Entel (the national telecommunications enterprise), Stet of Italy bid an amount exceeding three times the book value. Entel was granted the monopoly over basic national and international long-distance telephone services, on condition that the corporation undertook a range of expansion and modernisation obligations. One objective was to connect every village with a population exceeding 350 people to the public switched network. The Telecommunications Law passed in July opened up all non-basic services (including cellular) to open competition. In October 1995, Brazil's VASP took over 49% of Lloyd Aero Boliviano (LAB Airlines), contributing modern airplanes as well as cash. Thus, this concept of divestiture involving a strategic partner is turning out to be much more effective than predicted.

To curb the cultivation of coca, a raw material for the production of cocaine, President Hugo Banzer attempted to eradicate most of Bolivia's coca crop, but at a cost in jobs. In 2001, the incoming president, Jorge Fernando Quiroga Ramírez, a former employee of IBM, was faced with increased violence as indigenous people protested. He was succeeded, in 2002, by Gonzalo Sanchez de Lozada, who was overthrown by popular revolt in October 2003, after his troops shot indigenous demonstrators.

In 2006, Juan Evo Morales Ayma became the first indigenous president of Bolivia, since the Spanish conquest; he is also the leader the federation of coca leaf-growers who are resisting the efforts of the USA to eradicate the cultivation of coca.

Between 2006 and 2009, efforts were focused on a new constitution, reflecting the needs of the poorest and formerly excluded Bolivians, especially indigenous people and small-scale farmers. Government spending was up in 2009, including efforts on infrastructure improvements.

2 Economic Sectors in the Literature

It is useful to distinguish among very distinct sectors of economic activity, which co-exist. The firm-type sector, the Bazaar, and the state-controlled sector are components of the formal economy, some of the features of which are summarised in Table 1. In addition, the Parallel Economy includes informal economic activity; internal economic activity with no transaction; and covert economic activity. Livingstone (1991) suggested that, while the formal economy expands through the growth of individual firms, the informal grows through an increase in the number of players. Discussions of these will follow.

Table 1 Sectors of the formal economy

Firm-type sector	The Bazaar	State-controlled sector
Focus on impersonal transactions	Focus on personal relations	Focus on bureaucracy
Segmentation refers to the market	Segmentation refers to producers	Segmentation not considered
Competition is an activity which takes place among sellers	Competition refers to tension between buyer and seller	Competition is deemed unnecessary, as the state declares a monopoly
Prices are indicated by the vendor	Prices are negotiated	Prices are dictated by the state
Example: department store in La Paz	Example: market place	Airline sector

2.1 *The Firm-Type Sector*

The firm-type sector is central to the formal economy in advanced service-oriented societies and is in the process of developing in places like Bolivia. As discussed by Seglin (1990), market-orientation is linked to the maturity of the industrialisation process. The firm-type sector emerges as a market matures; this is an economic institution, which involves a mode of commercial activity such that industry and trade take place primarily within a set of impersonally defined institutions, grouping people according to organisation and specialisation. It is assumed that profit-maximising transactions will occur based on rational decision making, rather than the nature of personal relationships. The focus is transactions and these tend to be impersonal. Weber’s (1924) thesis applies here.

In this sector of the economy, the decision space is occupied by product attributes; the buyer and seller are secondary, if not trivial, to the transaction decision. The interaction between the buyer and the product is deemed more important than that between the buyer and the seller. Transactions are based on economic rationality and are, therefore, impersonal in nature. Competition is an activity that takes place between sellers who engage in segmentation in order to partition the market into like-groups of predictable consumers. Prices are tagged, reflecting market forces (Gronroos 1989).

2.2 *The Bazaar*

Geertz (1963) described the Bazaar as a social and cultural system, a way of life and a general mode of commercial activity, which has been in existence for millennia. In the Bazaar, economic transactions are *not* the focus of activities; instead, the focus is on personal relationships. In this scenario, consumers do not necessarily seek the lowest price or the best quality. An individual gives business to another with whom a relationship has been established, to ensure that this person will reciprocate.

Reciprocal preferential treatment reduces transaction costs (Williamson 1985, 1996). The multiplicity of small-scale transactions in the Bazaar results in a fractionalisation of risks and, therefore, of profit margins; the complex balance of credit relationships is carefully managed.

Prices in the Bazaar are negotiated, as opposed to being specified by the seller. In contrast to the firm-type sector, in which the primary competitive stress is among sellers, the sliding price system of the Bazaar results in the primary competitive stress being between buyer and seller (Parsons and Smelzer 1956). The lack of information results in an imperfect market and with few exceptions, such as basic food staples, retail prices are not indicated; rather, these are determined by negotiations. The customer tests price levels informally before bargaining begins. It is often the buyer who proposes a price, which is eventually raised. As discussed by Geertz, “the relatively high percentage of wholesale transactions (i.e., transactions in which goods are bought with the express intention to resell them) means that in most cases both buyer and seller are professional traders and the contest is one between experts.” (Geertz 1963, p. 33).

Once a mutually satisfactory transaction has taken place, the establishment of a long-term relationship makes future purchases more pleasurable and profitable. As noted by Webster (1992), building long-term relationships can be viewed as a social and economic process. Unlike Western relationship marketing, which is customer-centred, whereby a seller seeks long-term business relationships with clients (Evans and Laskin 1994; Zineldin 1998), the focus in the Bazaar is on the relationship itself. In the Bazaar, *both* the buyer and the seller seek a personal relationship. Firms in the Bazaar are not perceived as rivals of one another. There is minimal—if any—brand differentiation among merchants. Vendors do not necessarily seek to optimise monetary gain. Economic rationality is not always obvious.

In contrast to the firm-type sector, where segmentation refers to the market, in the Bazaar sector, segmentation refers to the clustering of producers and retailers; street-names reflect this. Long gave an account of his observations, “Street names are a guide to the shopper. Each bears the name of the product traditionally sold there—silk, tin, scales, spice, brass, paper, jewelry” (Long 1952, pp. 315, 316).

While the Schumpeterian entrepreneur is an innovator who causes disequilibrium to profit therefrom, the entrepreneur of the Bazaar may simply identify an opportunity for profit—rather than create one.

2.3 The State-Controlled Sector

Developing countries are often those in which barriers to trade, coupled with an import-substitution policy, traditionally minimised the impact of competition; the role of the state was one of interventionism. Dalgic (1998) reported on an empirical study, which found that state-owned firms had much less of a market orientation, than did private companies. The focus of the state-controlled sector is neither on transactions nor on relationships, but rather on the state bureaucracy. Prices are a

Table 2 Activities of the parallel economy

The parallel economy		
Category	Nature of transaction	Examples
Informal economic sector	Legal but not necessarily declared	Barter, street vending, unrecorded cash sales
Internal economic sector	No transfer of goods or services	Subsistence agriculture, hunting, fishing
Covert economic sector	Illegal business transaction	Prostitution, smuggling, trade in illegal drugs

function of the state bureaucracy. Where and when demand exceeds supply, marketing is not necessary and segmentation is not considered.

2.4 The Parallel Economy

Where there is a lack of developed market institutions, it is common to have a high proportion of underground activities. Bolivia is among the nations that have experienced rapid economic reform in recent years. Yet, educational levels have remained low. Such conditions make the Parallel Economy very popular, avoiding all forms of paperwork and taxation (Feige and Ott 1999). As illustrated in Table 2, the Parallel Economy may be informal; internal; or covert.

Hart (1973) was among the first to study small business operations in the informal sector. Stevenson (1984) suggested that firms in the informal sector eventually develop into formal enterprises. In contrast, Mhone (1990) claimed that informal forms of indigenous business do not formalise; he blamed the underdevelopment of the informal sector for the failure of developing countries to modernise. Informal economic activity can take the form of an impromptu stall or itinerant vending. Unrecorded cash sales circumvent taxation as well as regulation; the law is often bent, but authorities generally tolerate the sector. A relevant discussion is presented concisely by Chamard and Christie (1996). Johnson et al. (1998) elaborates on discretion in the sector. Others to examine entrepreneurship in the informal sector include De Soto (1989), Morris and Pitt (1995), Peattie (1987), Portes et al. (1989), Rosser et al. (2000), Sanders (1987), and Tokman (1978). At the World Economic Forum in Davos, Somavia (2006) argued that cultural barriers often hinder transition from the informal economy to the formal sector.

Internal economic activity is best described as internal, because *no external business transaction* takes place. Wealth is created, but nothing is sold for profit. That which is created is consumed or saved for personal use. In transitional economies, internal subsistence activity is often necessary, as a means to adapt to rapid reform. Examples of internal economic activity include subsistence agriculture, and subsistence fishing. Both are legal, but involve no market transaction external to the

producer. These are, therefore, forms of internal economic activity. While internal economic activity exists, as an activity of choice, even among the most advanced and industrialised backdrop (Dana 1995; Mason et al. 2009), for some people in developing economies, this is the only strategy for survival.

Covert economic activity involves business transactions, which are illegal, and therefore conducted in a covert way, in order to avoid punitive measures from law-enforcing authorities (Haskell and Yablonsky 1974; Henry 1978; Tacconi 2007). Prostitution, which Cantillon (1755) considered a form of entrepreneurship, often falls in this category. Covert activity promises fast cash. Glinkina (1999) predicted the growth of covert economic activity. Tacconi (2007) focused on the example of illegal logging. As discussed by Carruthers (2008) there remains a serious issue of environmental justice in Bolivia.

3 Observations and Other Findings

Tschopik commented about his observations in Bolivia, “Economic gain, clearly, is not the only motive for commerce” (Tschopik 1955, p. 136). Later, Penrose wrote, “The fact that businessmen, though interested in profits, have a variety of other ambitions as well, some of which seem to influence (or distort) their judgment about the ‘best’ way of making money, has often been discussed primarily in connection with the controversial subject of ‘profit maximisation’.” (Penrose 1959, p. 39).

The same is true in the twenty-first century. At a Bazaar, the author asked the price of a banana, and handed the vendor five times that amount, for five bananas. The vendor, with a total inventory of six bananas refused the transaction, explaining that it was too early in the day to be left with only one banana. Monetary profit maximisation was clearly not the merchant’s objective. The author found producers and vendors of the Bazaar clustered according to the nature of their wares, supporting existing literature about the Bazaar in Indonesia (Geertz 1963) and elsewhere. Merchants were largely focused on personal relations, as discussed in the literature of the Bazaar, and different consumers paid different prices, after a period of haggling. Interviews revealed that recent migrants from the countryside were unlikely to have a stall in the Bazaar; recent migrants were more likely to have impromptu stalls in the Parallel Economy.

Analysing the nature of entrepreneurship at the Bazaar, there is no evidence of innovation or Schumpeterian entrepreneurship. Interviewees merely identified opportunities, but caused no disequilibrium. In this sense, the entrepreneur of the Bazaar in Bolivia may be described as Kirznerian, in that he or she matches the description given by Kirzner (1973), i.e., an individual who identifies opportunities and acts thereon, as opposed to causing disequilibrium.

3.1 Primary Producers

A given village may engage in the cultivation of 100 varieties of potatoes, and an individual family may specialise in 50 varieties of potatoes. Here, too, the purpose is not profit maximisation. The reason different varieties are cultivated is because this serves as insurance should some varieties eventually be wiped out by pests. Bolivians, grow potatoes as part of a 6-year rotation: year one, potatoes; years two, three and four, other crops; years five and six, pasture; year one, potatoes, etc. Aware of inherent risks, these farmers seek to reduce uncertainty. An individual *campesino* (as Indian peasant farmers call themselves) may use three dozen plots of land simultaneously; this enables him to have each one at a different stage of growth, thus reducing vulnerability to frost or disease. Other cash crops include cotton, nuts, quinine bark and rubber. While nuts and rubber are native to the jungle, coffee, fruits and grain flourish in the valleys. A problem, however, is that population pressure on land is challenging the survival of viable farming communities.

Some *campesinos* relocate from the central highlands to the valleys and lowlands where they cultivate the coca plant—*Erythroxylum coca*. Seeds are planted in December and in January; this is done in *almacigas*, i.e., seedling nurseries sheltered from the sun. When the plants reach 2 feet in height, they are transferred to weed-free soil. This plant can reach almost 10 feet in height. Its leaves are thin, opaque green in colour, and oval in shape, with somewhat tapered edges. The first harvest is in March. When dried, the leaves are easily preserved, and they travel well.

Coca has symbolic significance and religious meaning to the indigenous people in Bolivia. Among the traditional beliefs here is the divinity of the coca leaf; the love goddess of the Incas was depicted holding coca leaves and according to the legend, the sun god's son brought the coca leaf to Lake Titicaca. Not only is coca used in religious rituals, but the Indians of the Andean altiplano (at an elevation exceeding 12,000 feet) suck on coca leaves, because its alkaloid juice reduces the discomforts of altitude, cold, fatigue, hunger, pain and thirst. It is said that this narcotic also creates indifference toward anxiety and hardship.

Some coca leaves are sold at the Bazaar, and some are commercially packaged in tea-bags and sold in the firm-type sector. The warm drink derived therefrom is referred to as *mate*. Lupi brand of coca, which is packaged by Enproalyva S.R.L., is specifically authorised by the Ministry of Public Health. After drinking the *mate*, it is common to suck on the leaves.

Some coca leaves are used by the growers (internal economic activity), some are bartered or sold informally (also in the Parallel Economy), and much is transformed into cocaine (smuggled as covert economic activity). It is estimated that such illegal exports exceed legal agricultural exports, and this causes major distortions, such as an overvalued exchange rate which, in turn, creates uncompetitive conditions for legitimate business; this stunts the development of the local leather and textile industries, as well as numerous small enterprises. Since 2001, when the Andean Counterdrug Initiative was launched to curb drug-production in Colombia, the demand for coca leaves increased in Bolivia.

When the state offered \$2000 to each peasant who was willing to destroy his coca plantation, many collected the money and simply replanted the lucrative crop, the price of which remains high.

According to United Nations statistics, in no country of Latin America does the proceeds of illegal drugs account for a greater percentage of GDP than in Bolivia. A major problem is that this serves as a disincentive for diversification, thus endangering import-substitution and export-oriented firms. Legitimate new ventures are being pushed out of the market.

In despair, *campesinos* make their way to a town, with the hope of finding employment. Instead, they often find themselves at the margins of the economy.

3.2 Ethnographic Findings in the Parallel Economy

The Parallel Economy in Bolivia absorbs a high rate of migration from rural to urban areas. Mobility from agriculture to informal enterprise is not problematic. There are, however, social barriers inhibiting the transition from the informal to the formal economy.

Although Bolivia has instituted its privatisation programme and infrastructural improvements, these are not cure-alls for the largely uneducated masses, for whom rationalisation translates into unemployment. At Huanuni, which is 150 miles north of La Paz, 50% of the miners have lost their jobs. Some pan in the contaminated water, hoping to find tin. Others try their luck at informal micro-enterprises.

Copacabana attracts people from neighbouring villages. The villagers bring roots and other produce for sale. They carry their cargoes on their backs. Locals and restaurant-owners will buy from them. A dog watches as they pass by a market stall where the butcher is cutting meat with a saw. At the town square, a 10 year-old sells juice. When the electricity is running, he uses an electric mixer. His micro-enterprise has five glasses, which he washes in a bucket. Orange juice sells for exactly double the price of banana or papaya juices. Others sell coca leaves which miners will offer, along with alcohol and cigarettes, to Tio the devil of the underground.

3.3 Ethnographic Findings in La Paz

Downtown La Paz is a bastion of informal, subsistence-level micro-enterprises. Countless migrants from rural areas come here and join the informal economy. Many do not have fixed premises and most do not keep accounts. Illiteracy is common. Vendors were interviewed as to the causal variables prompting them to become self-employed. Of 326 interviewees, none stated that they had entrepreneurial intentions before migrating to the city. The common answer was that in the absence of finding a job, self-employment became a means to survive.

Centrally located, at Plaza San Francisco, is a centre for informal enterprise. Several women squeeze fresh oranges, selling juice. Elderly men sell telephone tokens. Others have scales on which people can weigh themselves for a small fee. Numerous children push their way through the crowd looking for prospective clients with shoes to shine. On impromptu stalls, deceitful vendors display imitation sunglasses to which the name RayBan has been added.

On the sidewalk, along the main street of La Paz, one merchant has a stand from which she sells cosmetics. A few feet away, another sells glasses. On nearby stands are leather goods and confectionery, beyond which a book dealer displays paperbacks on the pavement, beside a man polishing shoes. Across the street one woman has photographic film baking in the sun. On the same sidewalk is one vendor selling pens and knives, and another displays hats, scarves and slippers.

On one street corner, pens and video-cassettes are being sold next to a display of suitcases on the sidewalk. Meandering along are ambulant peddlers trying to sell ice cream. A woman sits in front of a storefront and sells cheese. Sitting at tables are typists, with dusty typewriters, offering their services. Three individuals stand side by side trying to sell (respectively) ties, telephones and an assortment of cameras and glasses. Others sell audio-cassettes, batteries, cigarettes, nuts, tangerines and napkins. As well, one street vendor sells books out of his duffel-bag.

An old man walks amongst the crowd trying to sell a pair of alpaca gloves which his wife has knit. Women are selling sweaters made from alpaca and others made from llama wool; the asking price is 11 times that of the gloves. Amidst all this activity, there is little space left for pedestrians who wish to use the sidewalk for the purpose of walking rather than shopping. Unsuspecting by-passers purchase a broken alarm clock. A stale Cadbury chocolate imported from the USA has a sticker showing a price; the reason for the sticker is to cover the 'best before' date which has long passed.

Along the sidewalk of Avenida Simón Bolívar are numerous booths lined up side by side. Each is a money exchange office manned by one individual. In sharp contrast to the phase of monetary instability, which occurred during the 1980s, during the 1990s the Bolivian boliviano became one of the most stable currencies on the continent. While banks trade the US dollar at official rates, line-ups are long; identifying an opportunity, unofficial money-changers wait outside banks, and offer clients a poorer rate, but more rapid service.

Up the hill, one can buy a dehydrated llama foetus. A cousin of the camel, the llama is important to the economy. In addition to providing milk, transport (up to 100 lbs), wool and meat, the llama is the principal animal used in religious sacrifices.

Meanwhile, in Cochabamba, a dream of prosperity is shattered for a shoe-polisher. Not far away, children weave their way between cars to sell sticks of chewing gum to drivers. At one street corner, indigenous individual tries to sell watermelons, papayas and pineapples. If unsuccessful he will beg at a local restaurant where he might be given some left over cherry juice. Such persons may be considered entrepreneurs in the Cantillonian sense, in that Cantillon (1755) described the entrepreneur as being the bearer of uncertainties and dealing with unknown returns in a market where prices and quantities were unknown.

4 Toward the Future

Pressure on the land and false dreams about employment in urban areas have prompted Bolivians to urbanise. This involves parting with relatives and trying to adapt to unknown methods of labour. Urbanisation gives a new meaning to time and space; migrants even experience a radical change of diet and consumption patterns, putting more pressure on the economy. Rather than depending on the land, they become dependent on the consumption patterns of urban markets.

With few formal employment possibilities, informal self-employment is a principal source of income for the poor who identify opportunities in arbitrage and distribution. Inventory is limited; at the Potosi night market, for instance, an old man sits on the sidewalk with a limited inventory—a total of two chains for sale. A peddler boards departing buses to sell chewing gum and chocolates; another sells puffed rice and popped corn. Some passengers are carrying chickens, which may be sold or bartered in the Parallel Economy the next day.

In recent years, the Inter-American Development Bank approved several projects to assist small business in Bolivia. This includes support to small enterprises and to small-scale industry. The bank also approved a separate project for craft development. The author's findings, however, suggest that many potential applicants are unaware of such projects.

The lack of formal employment possibilities in Bolivia has pushed *campesinos* to self-employment outside the formal sector. While their activities correspond to Cantillon's entrepreneurship, this is self-employment as a last resort, rather than entrepreneurship as a dream.

In contrast to literature (Stevenson 1984) that suggests that informal entrepreneurs will shift their activities from the Parallel Economy to the formal economy, the findings suggest that informal forms of indigenous business in Bolivia do not formalise. This study thus supports Somavia (2006).

In Bolivia, the transition to a modern cash economy will require cognitive innovation. A prerequisite will be for people to internalise new notions of measurability. New elements of formality and impersonal structure will have to be introduced and internalised, before new institutions can function effectively.

5 Toward Future Research

It would be a fallacy to attempt to understand entrepreneurship in isolation; it is important to examine the broader picture. Classic theories cannot simply be taken and injected into developing markets, while neglecting the environment in which they are to be placed. Historical, socio-cultural and economic contexts appear to be important factors affecting the environment for business. While economic growth has been prescribed as the remedy for poverty, this study in Bolivia suggests that it is useful to look not only at the creation of wealth, but also at its distribution. Class

mobility, in such an environment, is often a function of access to bribes rather than productive creativity or economic innovation.

In each economy, the nature of entrepreneurship will evolve over time, but one should *not* expect entrepreneurship to converge across societies. There is no one formula for a 'best' policy. Culture is embedded in society, and this affects the nature of entrepreneurship.

To understand the global nature of entrepreneurship, we must move beyond a universal model or a Western model. In Bolivia, entrepreneurship must be understood in the context of national development and, importantly, policy makers should take note that to be relevant, policies must be culturally sensitive.

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Ethnic Enterprise Informality and Entrepreneurship in a Minority-Majority Region in the United States: Latinos in South Texas



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Abstract By choice and necessity, Latinos engaged in informal entrepreneurship abound in the “minority-majority” region of South Texas. By choice, some South Texans work “off the books” in order to supplement incomes, support families, and improve lifestyles through self-employment. By necessity, many self-employed South Texans scrape together informal work in order to survive. South Texas is an impoverished region populated primarily by Latinos (90%), many of whom are recent immigrants, both documented and undocumented. This chapter explores Latino informal entrepreneurship in the region with a focus on the rationale for business start-up and enterprise persistence. Additional emphases on the changing border context in the “Age of Trump” including public policy implications are discussed.

Keywords Latinos · Ethnic entrepreneurship · South Texas · Minority-majority region · Business start-up & innovation

1 Introduction

Easter is a traditional holiday widely celebrated in Latino communities across South Texas. As part of the festivities, *cascarones*, or colorful confetti-filled hollowed-out chicken eggs, are thrown to the ground or smashed over another’s head by children and adults alike. By the dozens, paper-filled *cascarones* are purchased to meet their demise in family celebrations of Easter. *Cascarones* are often bought “off the books” and on the street side; half the consumers in South Texas have done so (Pisani 2013a). Ubiquitously, *cascarones* are made and stored all year long by informal entrepreneurs, often using family labor to dye and fill eggs, who seek to make a little extra money during the Lenten season. This is but one example of an ethnic product

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created and produced by ethnic entrepreneurs exchanged in an informal marketplace primarily for co-ethnics.

Presently within the U.S., Latinos are the largest minority ethnic group with over 56 million people, nearly two-thirds of who are of Mexican origin (Flores 2017). In South Texas, the percentage of Hispanics of Mexican origin is much higher than the national average. South Texas is a Latino minority-majority region of more than a million people in the state of Texas that is situated on the U.S. side of the border between Texas and Mexico. More than 90% of the population is Hispanic,¹ nearly all of Mexican origin.

Informality is endemic in the region in part a response to high levels of poverty amid structural bias,² generally low levels of educational achievement, and a relatively high proportion of the presence of undocumented immigrants without formal work authorization. These conditions substantially contribute to the push toward economic informality as a household survival mechanism. Yet, there are also present many pull factors into informality such as tax and regulatory avoidance, high demand for “off the books” goods and services, abundant access to co-ethnic social networks, and generally lower operational costs.³ Notwithstanding the importance of pull forces, the push forces are very strong in this primarily Hispanic region.⁴

Central to the book’s purpose is the research question: “What are the factors influencing ethnic groups to start an informal business and how does this link to the creation of innovative business activity?” This chapter explores Hispanic informal business initiation and innovation within the borderlands context of South Texas. The remainder of the chapter is organized as follows; section two introduces the socioeconomic environment of informality in South Texas, section three focuses upon informal Latino enterprises in two sections: a) the rationale for informal business creation and start-up, and b) the innovative nature of Latino informal enterprises; and section four concludes the chapter with an emphasis on public policy implications in the changing political landscape ushered in by the Trump Administration.

¹In this chapter the terms Latino and Hispanic are used interchangeably.

²Richardson and Pisani (2012, p. 39) define structural bias as “a form of unintended harm resulting from imbalanced structural arrangements in which some groups have more power than others.”

³Richardson and Pisani (2012) expand on the push/pull dynamic and add a hold/repel dimension to the overall framework in their study of the informal and underground economy in South Texas.

⁴Dana and Morris (2007) also note the importance of push and pull factors as key variables in explaining entrepreneurship among immigrants groups globally.

2 The South Texas Socioeconomic Environment of Informality

In this chapter, the geographical outline of South Texas includes from west to east the border communities from Laredo to Brownsville and the five border counties of Webb, Zapata, Starr, Hidalgo, and Cameron and the four near border counties of Jim Hogg, Brooks, Kenedy, and Willacy.⁵ South Texas has been described as the most Mexican, and hence Latino, part of the United States (Hoy 2007). If South Texas and its more than 1.6 million people were its own state, it would rank as the poorest in the union (Richardson and Pisani 2012). The numbers are striking, 2016 per capita income for South Texas was \$15,243, and this amounted to just 54.8% of Texas per capita income and only 51.1% of US per capita income.⁶ In the region, one in two children is raised in households earning incomes below the poverty line. While poverty is not the sole cause of economic informality, poverty certainly facilitates economic actions in the pursuit of survival strategies.

Culture and cultural traditions play a strong role in the acceptance of informality in the region.⁷ As most of the population is of Mexican origin peoples with about one-fourth actually born in Mexico, Mexican ways of life significantly influences South Texas. Informality in Mexico is pervasive (ILO 2014) and permeates the history of the Texas-Mexico border region (Díaz 2015). Hence the negative social stigma associated with avoiding the law is not only universally absent for informal activities in the region, but also informal markets are often used as a strategy to stretch household consumption (Pisani 2013a). Additionally, not all residents of South Texas are fully documented to work in the region where appearance alone does not differentiate between the authorized from the unauthorized. This reality significantly increases the supply of labor working in the shadows of formality (Richardson and Pisani 2012).

Facilitating informality in South Texas are procedural transactions connected to economic exchanges undertaken with cash, the disposition of exchange paperwork, and the avoidance of state sales tax. Informal exchanges most often occur in cash as to avoid tracking the exchange. The exchange is primarily paperless, no sales receipt is typically provided and no sales are normally recorded in a bookkeeping ledger. And the state is often left out of the exchange where sales taxes are routinely uncollected.⁸ Complementing procedural elements are behavioral actions—these

⁵This geographical outline is in line with that proposed by Arreola (2002).

⁶These data are from the US Census Bureau, QuickFacts (<https://www.census.gov/quickfacts/>)

⁷Holguin et al. (2007) suggest that informality for some Hispanic entrepreneurs found more widely across the United States may be an enduring cultural artefact.

⁸Pisani (2013a) notes that 89.5% of informal transactions in South Texas are undertaken in cash, 78.5% of informal exchanges do not include a sales receipt, and 82.0% do not involve the collection of state sales taxes.

include the morality⁹ of purchasing goods and services informally, the opportunistic nature of engaging informal markets, and the mutual benefits transactions provide both buyer and seller.

Furthermore, South Texas abuts Mexico permitting the “arbitrage” of the border for enterprising informal economic actors (Richardson and Pisani 2012). In a region that serves as the primary conduit for NAFTA trade, the transnational or cross-border movement of small amounts of informal goods goes mostly unnoticed and unrecorded by government authorities (Pisani 2013b). This trade has been nicknamed the “*fayuca hormiga*” or ant trade (Gauthier 2012) because of the multitudes of small scale informal entrepreneurs engaged in actualizing Kirznerian market niches (Kirzner 1973). In essence, poverty, inequality, cultural legacies, the interplay of the border, and large numbers of unauthorized workers all interdependently may be considered an incubator for informality in South Texas. An informal sector that has been estimated to account for upwards of one-quarter of economic activity in South Texas (Richardson and Pisani 2012).

3 Informal Latino Enterprises

Information for this section draws upon several comprehensive and distinct surveys and interviews of informality in South Texas conducted between 2000 and 2010. Because of the illegal nature of the economic activities, the surveys were undertaken by the Borderlife project or through replication and extension of the Borderlife project utilizing embedded informants.¹⁰ Local informants utilized non-purposive snowball sampling methods to ascertain sensitive information (e.g., informal activities and immigration status) necessary to explore “off the books” ventures.¹¹ Only informal ventures undertaken by Latinos in South Texas are included.

⁹In a 2010 Borderlife survey, 16.9% believed buying “off the books” was completely wrong and 14.9% believed it was somewhat wrong (Pisani 2013a). The remainder believed that “off the books” purchases were neither right or wrong (19.2%) or somewhat or completely right (49.0%)

¹⁰The Borderlife project was an initiative lead by Professor Emeritus Chad Richardson of the University of Texas—Pan American from 1982 to 2010. The Borderlife project was replicated at Texas A&M International University from 1998 to 2002. The extensive archives of the project containing more than 10,000 surveys, interviews, and ethnographies are now housed at the University of Texas Rio Grande Valley.

¹¹See for example the following research studies utilizing Borderlife surveys: Richardson and Pisani (2017) and Pisani (2013b).

3.1 Business Start-up

In a 2010 Borderlife survey of 298 informal enterprises in South Texas (Pisani et al. 2017), about half of businesses were begun out of necessity (52.7%), roughly the other half to fill a market opportunity (47.3%). Necessity entrepreneurship suggests that entrepreneurs encounter and engage in self-employment as a reaction to their dire financial circumstance within a complex economic environment (Dana 1997). On the other hand, opportunity entrepreneurship derives from seeking and fulfilling niche market openings (Kirzner 1973). As reported in Table 1, all businesses begun out of necessity reflected the need for additional household income (66.9%) or to combat recent job loss (33.1%).

Table 1 Comparing start-up with necessity- and opportunity-driven Informal Latino firms in South Texas (n = 298)

Variables		
Reason for starting business (%)	Necessity-driven	Opportunity-driven
Lost previous employment	33.1	0.0
Needed additional income	66.9	0.0
Wanted independence	0.0	59.4
Had idea to make money	0.0	27.1
Hobby into a business	0.0	13.5
Pearson Chi-Square = 281.00, df = 4, p = .000		
Start-up costs (%)	Necessity-driven	Opportunity-driven
Under \$1000	64.2	38.5
\$1000–\$4999	24.6	32.5
\$5000–\$9999	3.7	15.4
\$10,000 or more	7.5	13.7
Pearson Chi-Square = 20.861, df = 3, p = .000		
Source of start-up funding (%)	Necessity-driven	Opportunity-driven
A) Personal savings/family loan	76.9	78.0
B) Credit cards/bank loan	12.2	17.6
C) Side jobs	14.2	13.0
A) Pearson Chi-Square = 0.053, df = 1, p = .817		
B) Pearson Chi-Square = 1.614, df = 1, p = .204		
C) Pearson Chi-Square = 0.087, df = 1, p = .768		
Years of advanced planning before beginning business (%)	Necessity-driven	Opportunity-driven
Under 1 Year	79.4	67.3
1 Year or more	20.6	32.7
Pearson Chi-Square = 4.500, df = 1, p = .034		

Source: Author's calculation from own survey

In a Borderlife interview, Graciela Garcia¹² told her story how she became involved in the local informal economy. Graciela has recently retired from her job working in an elementary school cafeteria. Not old enough to receive social security benefits and her retirement pension too small to meet all her financial needs, Graciela began making a selling food plates. This was a skill she spent many years doing at the cafeteria. Graciela makes lunch plates that she sells informally to office workers for \$5. She indicated, “I am not an educated woman. I was able to fix my [immigration] papers many years ago and that is how I got the job at the school district. But even though you work an honest job and pay into the system, [that] does not mean that you won’t need to do something [informally] on the side to supplement your honest wage” [to make ends meet]. And food plates produced by informal vendors are consumed by over 70% of South Texans regardless of social class (Pisani 2013a) providing Graciela a very receptive consumer base.

Filling the opportunity space included startup rationale to exert economic independence (59.4%), to execute a money-making concept (27.1%), and to turn a hobby into a business (13.5%). Elena Morales is famous for making *tamales*. In South Texas, *tamales* are eaten on special occasions, though they are labor intensive to make. Ms. Morales shared in her Borderlife interview that “people would ask if I could make some *tamales* for a wedding, a *quinceñera* [a young woman’s coming of age party], or just a birthday, and I never said no.” In the beginning, Ms. Morales would not charge for her tamales, but accepted gratuities. After a while, Ms. Morales felt the financial pinch of not being fully reimbursed for her *tamale* ingredients, let alone her time, and her social security benefits were not covering all of her regular expenses. So Ms. Morales began making and selling her *tamales* in large batches to make ends meet as she said, “everybody needs extra money.” And more than two-thirds of South Texans purchase tamales from informal vendors (Pisani 2013a).

Necessity-driven firms began operations with fewer financial resources compared to opportunity-driven firms. The bulk of start-up financing came from personal and family sources without a significant distinction between necessity- or opportunity-driven enterprises. While most informal firms were not planned over a long period of time, about one-third of opportunity-driven informal Latino firms were planned out 1 year or more in advance. In contrast, one-fifth of necessity-driven firms were planned over a 1 year time frame. Female operated enterprises comprised 52.4% of the 2010 survey with no evidence of start-up resource differences between men and women.

In a series of 448 semi-structured interviews of informal participants conducted between 2006 and 2009 in South Texas in partnership with Borderlife (Richardson and Pisani 2012), the primary paths to getting started in the informal sector were through a family member (37.5%), friend or coworker (35.4%), or simply by beginning without help from others (13.3%). Over half (52.1%) of business start-ups began operations with \$100 or less. Of the interviewees, two-thirds were self-employed in the informal economy. For self-employed informal economy

¹²Respondent names used in this chapter are pseudonyms.

participants the major pathways toward enterprise start-up were through family members (30.6%), friends and coworkers (25.0%), one's own actions (16.5%), and through previous employment, training, or hobby interest (8.9%).

3.2 Informal Latino Enterprises and Business Innovation

Innovation may be purposeful or thrust upon informal entrepreneurs. In South Texas, purposeful innovation, for example, may be associated with leveraging binational differences at the border related to the legal and market environments. In contrast, innovation may be the result of necessity where inventive solutions, for example to undocumented and unauthorized work status, follow from dire circumstances to survive (invoking the adage “necessity is the mother of invention”). Both pathways are elaborated below.

The international border plays a prominent role in the South Texas economic landscape. The border mutually serves as a conduit and a barrier of informal trade. As a conduit, those informal entrepreneurs with the ability to easily and legally cross the border may find it possible to arbitrage goods and services. As a barrier, the border excludes those without the proper authorization to transit from one side to the other. For example, it is common for informal Mexican entrepreneurs to cross north into the U.S. to purchase very inexpensive surplus clothing in flea markets, garage sales, and garment warehouses and return to Mexico to sell the acquired clothing in informal markets. For the Mexican entrepreneur to cross the border, she/he must possess border crossing documents that then permit the acquisition of goods, but at the same time bars those Mexicans not able to obtain proper border crossing documents the same ability to “buy low” in the U.S. and “sell high” (relatively) in Mexico.

The innovation comes in the form of the documents used to cross the border. Governments at all levels in the U.S. encourage Mexicans to engage in cross-border shopping as a way to stimulate U.S. border economies. This cross-border shopping trade is substantial in South Texas, injecting billions of dollars into South Texas (Ghaddar and Brown 2005; Cañas et al. 2006; Coronado and Phillips 2012). The U.S. government may issue a border crossing card or B1/B2 visa to Mexicans. Known locally as a laser visa or “mica” card, the B1/B2 visa permits Mexicans to cross into the U.S. to shop and is usually valid for 10 years. The application fee for the B1/B2 visa is \$160 and requires the applicant to possess a valid Mexican passport, demonstrate the financial capacity to shop in the U.S., show binding ties to Mexico as assurance to return after shopping in the U.S., and undertake an interview with a U.S. consulate official.¹³ Texas encourages Mexican shoppers

¹³See “Border Crossing Card”, U.S. Department of State (<https://travel.state.gov/content/travel/en/us-visas/tourism-visit/border-crossing-card.html>)

through an easy accessible sales tax rebate program on purchases headed back to Mexico (Mogab et al. 2005).

For Mexicans of means, acquisition of a B1/B2 visa is not difficult. Few Mexicans with means engage the informal sector as entrepreneurs. Yet, for Mexicans with little means, much planning must be undertaken to acquire the requisite documents (i.e., Mexican passport), save the necessary funds, and develop a rationale to convince a U.S. consular officer of cross-border shopping intentions. Indeed, this endeavor may take years of planning; perhaps by working in a U.S. factory in Mexico to establish credibility of return to Mexico for employment as well as financial stability.

Once obtained, however, the laser visa may be used to cross the border to engage in informal entrepreneurial activities. Richardson and Pisani (2012) report that over half (54.6%) of cross-border informal entrepreneurs in South Texas utilize a laser visa as the document to legally cross the border. Cross-border movement of clothing (and the buying selling of goods generally from one side to the other) is typical of laser visa holders who seek to earn informal income in Mexico. Also prevalent are Mexican laser visa holders who work informally in South Texas in such services as day maids, moving around to clean several houses in a day, and gardeners. Informal earnings as day maids and gardeners in the U.S. exceed that of frontline factory work in Mexico, perhaps as much by a factor of four. This relatively large earnings differential incentivizes the long term planning, persistence, and acquisition costs necessary to obtain a laser visa.

Sandra Martinez, who lives in Mexico, uses her border crossing card to work daily as a maid in South Texas. Sandra recounted her story in a Borderlife interview: “It wasn’t hard at all for me to find jobs; sometimes I have to clean two houses in one day. It started off with cleaning one lady’s house and her referring me to others. I work for lawyers, store managers, bankers, and teachers, [really] all types of people, which have been generous and very nice to me.” More than one-third of South Texans have employed an informal maid making finding work easier (Pisani 2013a). Sandra understood the perils of using her laser visa to work informally rather than to go shopping. If caught, Sandra would lose her laser visa. Sandra added, “It is so much better working here [in South Texas] and the wages that I earn are a lot better even as a maid than what I used to earn as a supervisor at the maquiladora plant in Reynosa [Mexico].” With her maid’s work, Sandra said she has been “able to remodel my home and support both my daughter and her son.”

While some U.S. residents and U.S. citizens also engage in cross-border informality, they have the ability to work legally in the U.S. so the opportunity cost of fulltime informality is typically lower than fulltime formal employment in the U.S. Part-time cross-border informality becomes a path of choice for U.S. residents and citizens. Examples of such informal activities include providing entertainment for family events and birthdays, such as large inflatable castles for jumping, and the movement of slightly damaged goods from U.S. box retailers to informal Mexican retailers. In essence, these informal entrepreneurs supplement income through more specialized trading (e.g., market niches) based in part upon their formal work status and environment on the U.S. (Richardson and Pisani 2012).

Cherry picking informal work is part and parcel of supplementing formal earnings in South Texas. For example, the highest earning informal gardeners in the region are those who work fulltime in formal occupations, but work nights or weekends as gardeners in the most exclusive neighborhoods. These gardeners are able to use their formal networks to identify and service premium locations, earning unreported supplemental income.

Innovation based on necessity often finds solutions from desperate sources. For example, nearly all live-in maids in South Texas are undocumented Mexicans and unauthorized to work in the U.S. Oftentimes these girls and young women are sent to South Texas by their families in Mexico to earn money to send home. But getting across the border is a dilemma; in this way they find alternate ways, in essence innovate, to cross the border. This innovation comes in the form of access to human smugglers, deception in obtaining fraudulent or borrowed documents, or self-reliance in traversing the border (which may be a turbulent river) on one's own. Once across the border in the U.S. and working as a live-in maid, these maids are then under the control of a host family that may make their life pleasurable, bearable or distressful (Richardson and Pisani 2017). From the perspective of the informal consumer, informal maids serve as work substitutes for normal home labor at a reduced cost because of their undocumented and unauthorized work status (Pisani 2014). In essence, it is co-ethnic Hispanics buying and selling in the informal marketplace in this borderlands region.

Live-in maids are not alone in finding that necessity creates informal economic spaces to earn a living in South Texas. Particularly so for the undocumented, informality as a fulltime earnings endeavor is the primary route to survival. Raúl Sanchez was out of work and lacked work authorization. He recalled during his Borderlife interview, "When I started doing this I was desperate. I would go to people's homes and I was embarrassed to ask them if they had things they wanted to throw away. Sometimes I would offer to clean up their lot and throw away all their garbage for free. Of course I knew that anything I could take I could sell." Mr. Sanchez collected and resold metal and fixed and resold items considered broken in order to feed his family. Occupations in agriculture, food vending, construction, street vending, gardening, and general repair are typical. Earnings in these areas hover around the Texas minimum wage.¹⁴ Like maids, many in these occupations traversed the border in similar fashion.

Lastly, there are some U.S. citizens and U.S. residents in poverty who work fully embedded in the informal economy. There may be many reasons for this strategy. For one, people on government assistance may choose to work "off the books" and hide income so as not to impact benefits derived from government assistance programs. Others may seek informal housing solutions (i.e., *colonias*) through self-help construction to create living spaces in otherwise unaffordable areas (Richardson and Pisani 2012).

¹⁴The current Texas minimum wage is set by the federal government and is \$7.25/h as of March 2018.

Table 2 Comparing markers of innovation with necessity- and opportunity-driven informal Latino firms in South Texas (n = 298)

	Necessity-driven	Opportunity-driven
Birth connection (Mean generation score)	4.2	5.9
ANOVA, $F = 9.607$, $p = .002$		
Languages used in business (%)	Necessity-driven	Opportunity-driven
Mostly English	20.3	39.4
Both English/Spanish	10.1	14.4
Mostly Spanish	69.6	46.2
Pearson Chi-Square = 16.268, $df = 2$, $p = .000$		
Gender (%)	Necessity-driven	Opportunity-driven
Male	52.3	47.7
Female	53.5	46.5
Pearson Chi-Square = 0.037, $df = 1$, $p = .847$		
Immigration status (%)	Necessity-driven	Opportunity-driven
Documented (U.S. citizen or U.S. resident)	50.8	49.2
Undocumented (Laser Visa or no documentation)	66.7	33.3
Pearson Chi-Square = 3.162, $df = 1$, $p = .075$		
Paid employees (%)	Necessity-driven	Opportunity-driven
Yes	43.2	60.2
No	56.8	39.8
Pearson Chi-Square = 8.015, $df = 1$, $p = .005$		

Source: Author's calculation from own survey

More broadly, opportunity- and necessity-driven informal Latino enterprises may represent aspects of the business innovation duality discussed above. For example, birth connection to the U.S. plays a role in distinguishing necessity- and opportunity-driven informal businesses. Informal entrepreneurs with a stronger birth tie to the U.S. are significantly more likely to own and operate an opportunity-driven enterprise in contrast to informal entrepreneurs with weaker birth ties to the U.S. (see Table 2).¹⁵ Birth connection is associated with assimilation, which perhaps indicates that those informal entrepreneurs in opportunity-driven enterprises may be further along the assimilation continuum than necessity-driven businesses.

¹⁵Birth tie was calculated using the generation score method operationalized by Richardson and Pisani (2012) whereby each of three generations is evaluated based upon birth location. That is, if one is born in the US, 4 points are accumulated, otherwise 0; if a parent is born in the US, 2 points are accumulated, otherwise 0; and if a grandparent is born in the US, 1 point is accumulated, otherwise 0. At each generation, up to 4 points may be accumulated for a generation score range of 0–12 points. Higher number of points reflects higher natal ties to the US. Necessity-driven firms are operated by entrepreneurs with a generation score of 4.2 and opportunity-driven firms are operated by entrepreneurs with a generation score of 5.9.

Related to national origin is language acquisition and use. Informal necessity-driven entrepreneurs in South Texas are more likely to use Spanish than their informal opportunity-driven counterparts. Also related is documentation status, where undocumented entrepreneurs were more likely to possess necessity-driven enterprises than the fully documented. Moving a little beyond national origin, language use and immigration status, necessity-driven informal enterprises were less likely to have paid employees (who would be informal as well) than opportunity-driven informal concerns. Lastly, no differences were uncovered by gender.

In summary, while nearly all Latino informal enterprises operate at the margins of the economy, necessity-driven informal firms exist at the furthest edges. In South Texas, necessity-driven informal businesses operate not only out of an intense need to generate household income for familial survival, but also do so with few financial resources at startup. Innovation often eludes necessity-driven businesses, though some are able to innovate as a survival strategy. On the other hand, opportunity-driven informal enterprises in South Texas are able to cobble together more financial resources at startup (though meager in amount relative to the formal sector) and possess more pathways to innovation. However, Latino informal enterprises have undertaken innovative binational strategies in leveraging border regulations and markets; perhaps their most pioneering action.

4 Conclusion

This chapter began with Latino informal vendors making, storing, and selling *cascarones* during the Easter holiday season in South Texas. This example illustrates an informal ethnic product, produced and sold by informal ethnic vendors, for primarily co-ethnic informal consumers during the Lenten season. By social class in South Texas, more than half of lower class (53.6%) and middle class (53.7%) households purchase *cascarones* informally; even more than one-third (36.9%) of the upper class participates in buying informal *cascarones* (Pisani 2013a). Few are bothered by these informal sales and local governments ignore the informal transactions because of the general pervasiveness and acceptability of the activity.¹⁶ While not a fulltime endeavor, roadside *cascarones* vendors supplement household incomes through seasonal sales. Business startup occurs during normal household food consumption saving eggshells for later handling. The innovation happens through decoration and seasonal sales in meeting a temporal market niche. In a small way, this seemingly trivial example reflects upon this chapter's and book's

¹⁶Dana and Morris (2007, p. 806) suggest that many governments choose “to look the other way” because of the small scale and unobtrusiveness of ethnic informal enterprises. This, in essence, permits informal entrepreneurs to provide for themselves without government intervention (i.e., lax enforcement) or government financial obligations (i.e., avoidance of social safety net expenditures)—a win-win solution for both parties.

central research question focused on the factors that influence ethnic groups to start and innovate within informal enterprises.

South Texas is a special case because of its ethnic makeup as a minority-majority region in the United States. No other region in the U.S. is as geographically large and comprised of a super-majority (about 90%) of Hispanics. Also particular to South Texas are the high levels of poverty, the cultural connectedness to Mexican traditions and Mexican origin peoples (both documented and undocumented), the proximity of the international border with Mexico, and the prevalence of the various facilitation mechanisms (i.e., procedural and behavioral) associated with informality.

There are notable differences between informal businesses begun out of necessity in contrast to those started to fulfill a market opportunity. Necessity-driven informal businesses are created in response to job loss or immediate need for extra household income. Few other options exist for the majority of undocumented entrepreneurs who conduct business with co-ethnics primarily in Spanish, perhaps with a substantial percentage of other undocumented. This immediacy and need reduces the ability to access sufficient startup funds or rely much on prepared plans. In comparison, opportunity-driven informal enterprises are able to secure more startup funding, engage in more pre-planning, and do so in an environment of choice.

Recently, the rhetoric of President Trump has unsettled border communities including those in South Texas. NAFTA has been very good to Texas and Texas border communities (Cañas 2016), generally good for the United States (Hufbauer and Schott 2005; McBride and Sergie 2017), and especially transformative for particular sectors such as agriculture (Phippen 2017) and automotive (Dziczek et al. 2017). Presidential candidate Donald Trump ran on a platform that debased NAFTA, Mexicans, and Mexican immigrants. The inauguration of U.S. President Trump in January 2017 meant his rhetoric and the unorthodox policy choices pursued by his administration would have an impact on the Mexico-U.S. relationship. The *Wall Street Journal* recently reported that border retailers in San Ysidro, California (across from Tijuana) are feeling the pinch of a decline in Mexican cross-border shopping reportedly a consequence of Trump's ill-will toward Mexico and fluctuations in the value of the peso (Carlton 2017). These news reports span the length of the border (Woody 2017; Peinado 2017; Crossman and Kornegay 2017) while Texas border retailers continue to rely on and invest in Mexican cross-border shoppers (O'Donnell 2017; Taylor 2017). This open discord has spilled over into the informal sector provoking fear in the undocumented and higher transaction costs in crossing the border.

Public policy may be better formulated to include the high density of Latino informal businesses in South Texas. This may be done through relaxed regulations on small scale enterprises, bringing what is hidden in plain sight to the foreground to regularize petty exchanges. More important for many informal Latino entrepreneurs, however, is a comprehensive solution to U.S. immigration policy that includes the many economic contributors without proper work authorization. Along with immigration reform is a minimum call to for the status quo ante for NAFTA or at the most a modernization of NAFTA to include progressive labor movement across the NAFTA partners.

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Informal Institutional Domains and Informal Entrepreneurship: Insights from the Nigerian Movie Industry



Uchenna Uzo

Abstract Most studies on ethnic entrepreneurial organizations within the informal economy view the activities of such organizations as illegal or unauthorized. Building on a more recent definition of the informal economy, this chapter investigates the planning, hiring and distribution practices of both ethnic and non-ethnic entrepreneurial organizations within the informal economy that are officially registered. We use data from a study of organizations in the Nigerian movie industry. Our analysis reveals that organizations embedded in diverse institutional domains such as family, friendship, ethnicity and religious tend to exclusively hire members of the same socio-cultural group and plan their daily activities based on habitual improvisation. However, ethnic entrepreneurial organizations tend to distribute products to wider markets due to their commercial orientation. Our findings provide insights for policymakers, academics and practitioners.

Keywords Informal entrepreneurship · Nollywood · Informal economy · Nigeria · Institutional domains

1 Introduction

Extant research has started to pay increasingly more attention to entrepreneurship occurring within the informal economy especially because previous studies have focused on formal economy settings (Ramadani et al. 2018). This body of work has conceptualized entrepreneurship in the informal economy as a set of illegal or unauthorized activities carried out by entrepreneurial organizations such as self-employment and tax evasion (Ratten 2014; Rezaei et al. 2013). More specifically, there has also been a growing interest in organizations that are set up by people of

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similar socio-cultural or ethnic groups within the informal economy (Dana and Morris 2011; Ramadani et al. 2014; Waldinger et al. 2006). This form of entrepreneurship is called informal ethnic entrepreneurship. These studies are important and relevant because they are a significant attempt to unpack a highly understudied phenomenon.

Yet, scholars have emphasized that not all activities of organizations within the informal economy are illegal or unauthorized (Webb et al. 2013). While illegal activities might be prevalent among organizations within informal economies of developed countries, the reality is somewhat different in many developing economies. In such economies, there are several activities of organizations within the informal economy that are outside legal boundaries due to legal ambiguity or poor regulatory enforcement. For instance, this is the case in many developing countries where informal economic activities contribute over 70% of the national revenue yet industry regulations are ambiguous or poorly enforced. For this reason, scholars have offered a more nuanced definition of the informal economy. In their view, informal economies consist of economic activities that are within informal institutional boundaries and are relevant for large segments of society but occur outside of formal institutional boundaries (Uzo and Adigwe 2016; Uzo and Mair 2014; Webb et al. 2013).

Thus, entrepreneurial organizations within such informal economies might be operating under multiple institutional domains. These domains include family, religion, ethnicity and polity which affect their organizational and economic activities (Uzo and Mair 2014). We concur with Friedland and Alford (1991)'s explanation of domains of embeddedness as distinct domains that are based on central institutional logics that prescribe social practices, meanings and values for organizations (Mair et al. 2012). This alternative view of informal economies throws up opportunities for unpacking entrepreneurial processes within organizations embedded in such economies. This chapter undertakes to unravel the organizational practices of ethnic and non-ethnic entrepreneurial organizations within the informal economy of a developing country context. Particularly, the chapter focuses on understanding how and why the domains of embeddedness (i.e. ethnic, family, religion and friendship) might affect organizational practices of entrepreneurial organizations in the informal economy of Nigeria.

2 Theoretical Underpinning

Institutional theory claims that institutions affect business relationships within and outside organizations (Clemens and Cook 1999). Institutions are defined as the rules of the game which affect individual and organizational behaviour (North 1990). Previous work distinguishes two main types of institutions: formal and informal institutions (Sauerwald and Peng 2013). Formal institutions include laws, regulations and enforcement mechanisms (North 1990), while informal institutions are defined as 'socially shared rules, usually unwritten, that are created, communicated,

and enforced outside officially sanctioned channels' (Helmke and Levitsky 2004, p. 727; Uzo and Mair 2014).

This theory is helpful in understanding the role that informal institutions play in shaping the entrepreneurial activities for ethnic and non-ethnic entrepreneurs within the informal economy. In such economies, informal institutions might affect organizational practices because formal institutions may not always be complete and thus may not cater for all possible contingencies (Johnson 2002). Other times, formal institutions might be clearly documented but ineffective in practice (Helmke and Levitsky 2004) as is the case of informal economy settings of developing countries. Moreover, informal institutions appear to have a stronger influence in economies where formal institutions are less developed and law enforcement is weak (Bardhan 2000; Globerman et al. 2011; Peng et al. 2008). Thus, institutional theory is a solid theoretical underpinning for understanding entrepreneurship in the informal economy.

3 Sample, Research Context and Analysis

3.1 *Sample*

Our sample is comprised of informal entrepreneurial organizations that were embedded in four dominant domains- ethnicity (Kenny), family (Quad), religion (Owo) and friendship (Bez). The ethnic domain was the cultural domain of people who originated from the same ethnic group. The norms prescribed by this domain emphasized communality, group-based thinking, exclusivity and communication in the language of the group (Uzo and Mair 2014). Particularly, the esusu custom was the norm projected by the ethnic domain in our sample. The esusu custom is a custom of clubbing together of individuals or members of a network for social and monetary aid (Johnson 1921: 119). Each member makes contributions at intervals, and the total amount contributed by the entire group is assigned to each of the members in rotation (Bascom 1952). The esusu custom prescribes that the following: (1) that unwritten agreements are binding on the parties (Adebayo 1994).

On the other hand, the family domain was the domain for people who belonged to the same extended family. This domain prescribed norms that projected the cooperation and solidarity of group members towards achieving family objectives (Meagher 2005). Similarly, the friendship domain was a cultural domain comprised of friends working towards helping one another to achieve collective objectives. The apprenticeship custom was the norm projected by the family and friendship domains. The apprenticeship custom is a custom passed from one generation to the next that involves an agreement between a master/employer and a learner to train the latter in acquiring a wide range of skilled crafts and trades over an indefinite period of time (Onasanya 1998; Lekan and Munta 2008). This custom stipulates the following: (1) that the relationship between the master and the learner can last for as long as the master deems necessary; (2) that the former will not pay fixed wages (if any) to the latter (Callaway 1965; Agbola and Oloaoye 2008).

The religious domain puts together a number of spiritual beliefs that shape the lives of members of the group. This domain is composed of believers who make organizational and business decisions based on the demands prescribed by their religious beliefs (Eboh 1984). The custom projected by the religious domain was the Christian solidarity custom. The Christian solidarity custom stipulates that members of the same Christian group are bound to commit themselves and their resources to spread the evangelical message. Unwritten agreements are binding, and a sense of communal ownership among members is encouraged (Hendershot 2010).

All the sampled organizations had similar founding conditions. They were founded in 1993 and experienced complexity from the beginning of their existence because formal and informal rules of exchange were at play in the industry at the same time. The Nigerian Copyright Act (1990) was the formal rule of exchange that guided movie production, ownership and distribution practices in the industry. At the same time, the *esusu*, Christian Solidarity and apprenticeship customs prescribed informal rules of an exchange to the sampled organizations. The formal rules of exchange for governing the Nigerian Movie Industry were embodied in the Nigerian Copyright Act. Article 9-4 of the Nigerian Copyright Act (1990: 8) stipulates that:

In the case of a cinematograph film or sound recording, the author shall be obliged to conclude, prior to the making of the work, contracts in writing with all those whose works are to be used in the making of the work. Furthermore, the originator of the work is the owner unless a written contract is prepared to the contrary.

This Act stipulates that movie producing organizations are required to sign written contracts with all employees involved in the movie production process. But the informal prescriptions of *esusu*, Christian solidarity and apprenticeship customs did not mandate written contracts but rather favoured unwritten agreements made for an indefinite duration and based on indefinite terms. Kenny and Bez adopted the apprenticeship custom. Quad also adopted the prescriptions of the *esusu* custom while Owo also adopted the prescriptions of the Christian solidarity custom. Put together, managing complexity was part of the DNA of the organizations.

3.2 Data Sources and Analysis

Our sample was selected from a database of movie production companies registered with the Nigerian Film and Videos Censors Board (NFVCB). We selected this sample based on two criteria. First, we selected 10 organizations that had operated in the industry since its commencement in 1992. A major benefit of adopting this criterion was that we selected organizations that started a business around the same time with similar founding conditions, resources and facilitators. This helped us to account for factors related to the age of an organization and initial founding conditions (Stinchcombe 1965). Second, we focused on a deeper study of four out of the ten organizations because these organizations provided greater access to observation and interview data over a 2-year period (Sutton 1997). The organizations were

Owo, Quad, Bez and Kenny productions. Industry informants and directors of the other six organizations were interviewed in order to secure the transferability and reliability of the findings. Table 1 displays the data collected on the four cases.

We collected data from multiple sources: semi-structured interviews, observations, data from movie websites/blogs, and company documents provided by informants. We carried out 52 semi-structured interviews of 45–90 min length over an 8 month period from 2009 to 2011. We conducted 32 site visits from 2010 to 2011 to observe daily activities of the organizations. Thus, data were collected for a 3-year period, from 2009 to 2011. We interviewed movie producers, actors, company CEOs, copyright lawyers, industry regulators, editors and members of industry

Table 1 Case description and data sources

	Owo	Kenny	Bez	Quad
Company mission	To evangelize	To promote Nigeria’s cultural heritage	Give knowledge to movie makers	Project Yoruba culture
Date of founding	February 1993	February 1993	March 1993	June 1993
Number of productions	20	34	28	20
Legal status	Registered	Registered	Registered	Registered
Number of full-time staff	4	8	6	5
Number of contracted staff for a movie project	46	22	34	40
	Owo	KT	Bez	Quad
Number of interviews	10	17	13	12
Profile of informants	Executive producer, actor, co-producers	CEO/founder, admin manager, editor, legal consultants, actors	Production head, CEO, external scriptwriter, movie director, actors	CEO, director, actors, producer, industry regulators, lawyers
Number of site visits	6	12	9	6
Number of hours spent on observation	27	48	42	22
Archival data—number of videos	4	6	3	3
Archival data—external sources	N/A	10 pages	20 pages	N/A
Estimated budget for a movie project	\$14,000	\$100,000	\$20,000	\$15,000

associations. We also prevented informant bias by using interview guides that helped informants to report events and practices in a chronological manner (Golden-Biddle and Locke 2007; Miller et al. 1997).

Furthermore, we adopted the multi-case inductive design (Davis and Eisenhardt 2011; Eisenhardt and Graebner 2007) for this study. This is especially relevant because research based on multiple-cases tends to generate theories that are more generalizable and grounded than single cases thus making them easier to validate with other methods (Davis et al. 2007). We followed rigorous steps in conducting our data analysis and followed an iterative process when moving from the data to emerging theoretical constructs (Miles et al. 2014).

4 The Nigerian Movie Industry

The Nigerian movie industry (called *Nollywood*) is an interesting context for conducting the study because organizations in the industry were born and operate in a complex institutional terrain. The industry emerged in 1992 when a local importer acquired videocassette tapes and shot a cheap movie titled *Living in bondage* which sold over 750,000 copies (Economist 2006). This single event attracted a large number of entrants into the industry. Like the local importer, many of the entrepreneurs had no formal training in movie production or distribution but developed an apprenticeship custom that helped new entrants to learn by doing. By the late 2000s, Nollywood produced close to 50 movies per week for \$40,000 each, selling about 50,000 copies of each film (Economist 2014). By 2009, Nollywood was recognized as the world's second-largest film industry, bringing in \$800 million per year (Clayton 2010), and by 2014, it was recognized as contributing 1.2% to Nigeria's gross domestic product while employing more than a million people (Economist 2014).

Despite the growth of Nollywood, it is largely recognized as an industry within the informal economy of Nigeria (Lobato 2010). This is essential because most organizations are officially registered with the National Corporate Affairs Commission but at the same time do not comply with formal rules of exchange prescribed by the Nigerian Copyright Act established in 1990. Rather they draw on informal rules of exchange prescribed by family, ethnic and religious customs to conduct their daily activities (Uzo and Mair 2014). As such, the Nigerian movie industry is one in which organizations continue to face complex institutional prescriptions.

5 Findings

Based on data collected, overall finding was that the type of institutional domain in which the organization was embedded affected the hiring, planning and distribution activities subsequently adopted by the organizations. We now explain these findings in greater detail.

5.1 *Hiring Activities*

We found that the customs projected by various institutional domains influenced the hiring practices of the organizations at the start-up stage and also throughout their existence. Particularly, employees of the organization were recruited based on their ethnic, family, religious or friendship relationships with the founders of the organizations. For example, at Kenny (ethnic domain), all employees of the organization were members of the Yoruba Ethnic group. Similarly, in Quad, employees were predominantly members of the same extended family. In Owo, crew members such as actors, cameramen, location engineers and production managers were all members of the same church. The producer of Owo justified this practice by explaining:

You have to be a Christian to work with us. Otherwise, you cannot give what you do not have

At Bez, about 75% of the crew members were friends of the CEO or friends of other employees in the organization.

5.2 *Planning Activities*

The hiring activities projected by the entrepreneurial organizations also influenced the planning activities at play. Planning is defined as the purposive preparation for task completion by establishing plans and rules (Faraj and Xiao 2006). This path involves establishing an objective, defining the tasks needed to complete the objective, measuring what it will take to achieve the goal, and finally executing the plan. However, results from our data analysis suggested that where improvisation was the *modus operandi*, planning followed a distinct pattern. Particularly, we found that these organizations resorted to the improvised planning of daily activities. Through our inductive analysis, we defined improvised planning as a process in which improvisation occupies an institutionalized status in the planning process of the organization. Thus, the organizations improvised not in response to unforeseen problems during the planning process but rather as a habitual way of organizing and a way of coping with *anticipated* problems.

In other words, these organizations anticipated problems because of the distinct nature of their planning process and also because of the nature of the qualifications, skills and expertise of its employees. For instance, at least 50% of employees in the four sampled organizations were not formally trained in film production before participating in movie productions. This way of behaving represented an implicit understanding among employees that mistakes could be made and also that problems could arise as a result of the lack of professional exposure that should accompany such jobs.

As the CEO of Bez put it *“I don’t think there is anybody in the organization that read anything that has to do with filmmaking. So some of us went into it and gradually started building our career”*.

To observe this pattern in our data, we mapped the planning process for the making of each movie in the different organizations. Our analysis identified two elements of improvisation: (1) Unspecified targets, (2) Frequent role swapping.

5.3 Unspecified Targets

The first essential aspect of improvised planning was the frequent use of unspecified targets for accomplishing tasks. These organizations stayed away from establishing precise procedures for accomplishing tasks in order to make provision for contingencies. We present the qualitative evidence on this aspect. For example in Owo, the decision to make a new movie was taken in April 2011 during an annual Church activity attended by the company CEO and a good number of his employees. The religious leader of the activity challenged members to make a movie that would fulfil their mission of spreading the Christian message. Right after this activity, members of the church volunteered to form part of the cast and crew for the movie. Similarly in Kenny, the CEO opted for making a movie in February 2011 because he stumbled across an interesting literary work in the house of a friend while Bez decided to make the soap opera in May 2011 because the two children of the CEO wanted to acquire the experience of shooting a soap opera for the first time.

Although the organizations decided at some point to make new movies/soap operas, they deliberately chose to be non-explicit in setting targets for accomplishing their objective. For instance, the dates for the commencement of shooting in the three organizations were tentative and these dates were moved more than once. Furthermore, rather than use completed movie scripts, the organizations opted for preparing drafts that could be modified as the production process continued. For instance, a scriptwriter and employee of Owo put together a storyline for the movie. It was a draft and not a complete script because there was a general understanding that the storyline could change when shooting commenced. As an actor explained it, *“we are not rigid about the script or the location. We continue to adjust the script as the need arises”*. Once the draft was ready, the movie director and CEO fixed a tentative date for the shooting of the movie. The selected date was June 10 but the date changed two times to accommodate the schedule of crew members.

Similarly, in Kenny and Bez, it was generally understood that storylines were subject to change. For instance, after the storyline was prepared for Kenny, it was modified several times during the shooting of the movie. A similar trend was observed in Bez. When the assistant movie director of Bez was asked why changes were often made to the scripts, he said *“One thing is what is on paper and another is what we actually do. It all depends.”* The non-explicit targets adopted by these organizations made it possible to take decisions on the go without detailed deliberation.

5.4 *Frequent Role Swapping*

Our findings also revealed that roles and responsibilities were frequently reassigned among employees. In other words, employees switched from one role or responsibility to another at very short notice and without prior training. In the sampled organizations, we frequently observed instances in which roles and responsibilities were suddenly re-assigned during the planning stage. Particularly, roles and responsibilities were re-assigned during script creation, and also when selecting actors for movies. Below we provide examples of such instances.

In Owo, an employee could prepare an outline of the script while other employees could add and remove aspects of the storyline spontaneously. The production manager described it in this way, “*Of course, the credit in the film goes to the scriptwriter but all of who participate in the production and contribute to the changing of the scripts are also script writers in a way.*” This was also a similar occurrence in Kenny and Bez. In the shooting schedules prepared by the different organizations, the roles (e.g. person to act as an old lady, lights gaffer, costume manager) were explicitly defined but the names of those in charge were not explicitly stated in the documents because they were subject to change. For instance, during a site visit to Bez, one of the authors asked the head of the production whether a production schedule was available detailing the roles of the cast and crew.

Apparently, there was no prepared schedule that was put in writing. In response to the request, the head of the production instructed an employee to make him a list of those employed under the project. He needed names, roles played and days spent on set; an apparently simple task. However, the employee appeared to be perplexed. He asked the head, “*Sir, do you mean the people of today?*” The head of the production replied, “*No, I mean all the days so far.*” After some minutes, the employee returned with a tentative schedule. The frequent reallocation of roles and responsibilities among employees created a level of flexibility in the planning process that made it possible to anticipate unforeseen problems.

5.5 *Distribution Practices*

Furthermore, our analysis revealed that the organization’s embeddedness in an institutional domain affects the way that the organization chooses to define its target market for movies. Thus, different institutional domains project different definitions of the market. We refer to the market configuration as the organization’s efforts to define the group of customers it wishes to serve based on the customers’ distinct needs and preferred channels of distribution. The target markets identified by our analysis were *niche markets* and *mass markets*. Insights from our findings revealed that organizations that were embedded in family and religious domains defined their target markets as niche markets whereas organizations that were embedded in ethnic and friendship domains defined their target markets as mass markets.

Evidence from our findings suggests that Quad and Owo's embeddedness in family and religious domains, projected by the esusu and Christian solidarity customs narrowed their definitions of their target markets to a niche market. This is particularly so because the customs projected by these domains demanded that (1) the content of the movies be limited to promoting the religious or family interests of the group and that (2) the distribution arrangements between the organization and its distributors be made through verbal agreements rather than written contracts. These two requirements drastically limited the scope and access to customers. Quad and Owo ensured that the content of their movies reflected the family or religious interests of the communities that they served. Quad's movie director explained the situation as follows:

All our movies promote our culture". This is because I have a strong belief in our local language. I am interested in promoting our culture.

Owo's movie director expressed the same view in the following words:

For us, movie making is a calling from God to preach the Gospel. We are here to do what God wants. We are missionaries who are actually the passion to seek souls.

These assertions were backed by practices within Quad and Owo. Quad produced its 20 movies exclusively in the language spoken by the family. As the producer of Quad put it:

All our movies are made in Yoruba language only

Similarly, Owo produced all its 12 movies in the English language. In addition, Quad focused on making movies in the drama genre while Owo made movies in the genre of the Christian movie. As the CEO of Owo explained it:

We only make Christian movies. It is our call to evangelism.

Distributors for both organizations were selected from members of the family or religious communities that the organizations represented. While Quad's movies were exclusively distributed through DVD sellers who belonged to the family group (field notes, Quad), Owo's movies were distributed through church members and church locations (field notes, Owo). This implied that both organizations only reached movie audiences that purchased movies from these channels. Quad's movie producer explained the situation as follows:

We only distribute movies through DVD sellers. Though, we are aware that pirates have put our movies on YouTube. We don't use any other distribution channel.

Likewise, Owo's producer explained,

Our movies are sold through Christian bookshops and Church premises.

Furthermore, insights revealed that Quad and Owo derived social benefits from serving a niche market. As the movie director of Quad explained,

We are doing this to empower our community and its residents. We do this to train them.

Similarly, the movie director of Owo stressed:

We are not in this to make money. We are happy to be a spiritual clinic for our members.

In summary, these insights reveal that the organizations' embeddedness in family and religious domains facilitated the definition of the target market as a niche market. On the other hand, evidence from our findings suggests that organizations' embedded in ethnic and friendship domains defined the target markets more broadly. Bez and Kenny ensured that the content of their movies had a broader appeal and thus was not restricted to the narrow interests of one community. Bez's CEO explained the situation as follows:

My movies are not restricted to any target group or genre. I make movies depending on topical issues that I want to have a conversation about.

Likewise, Kenny's CEO reiterated:

Although my worldview is influenced by the Yoruba culture, I am at the same time passionate about indigenous cultures and cultural diversity.

The CEOs' assertions were backed by practices that addressed the mass market. Bez and Kenny made movies in multiple languages and genres and used various distribution channels. Bez produced all its movies in English language but subtitled some in indigenous languages. Bez also made movies in 4 different genres. Specifically, Bez made 5 drama, 2 action, 1 romance and 2 thriller movies. Similarly, Kenny produced 14 movies in Yoruba language and 15 movies in the English language. Furthermore, Kenny made movies in 6 genres as follows: 18 drama movies, 5 short films, 3 romance movies, 1 documentary, 1 action and 1 musical movie. The company also subtitled some of these movies in French and Portuguese languages. Bez distributed its movies through movie kiosks, local DVD sellers across the country and satellite television broadcast (field notes, Bez). On the other hand, Kenny distributed its movies through cinemas, satellite television broadcast, international movie festivals, DVD sellers and university libraries.

6 Discussion and Conclusion

This chapter investigated the hiring, planning and distribution practices of entrepreneurial organizations within the informal economy of Nigeria. Figure 1 displays the conceptual framework.

By focusing on organizations in the Nigerian movie industry, the chapter investigated informal entrepreneurial organizations that were not carrying out illegal activities but were rather governed by informal norms prescribed by various domains of embeddedness such as ethnicity, family, friendship and religion. The overall finding of this study is that informal ethnic entrepreneurs tend to hire and plan in the same way as entrepreneurs embedded in other domains such as family, religion and friendship within the informal economy. This is particularly because the

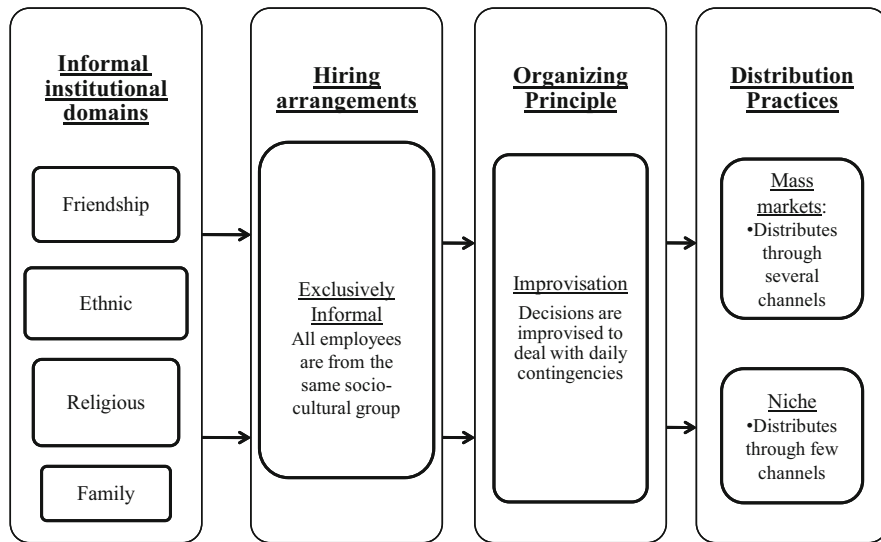


Fig. 1 Informal institutional domains and organizational practices

embedded ties of members prior to joining the organizations impose on them the duty to hire members of their family, religious, ethnic or friendship groups. This finding somewhat related to the work of Hipango and Dana (2012) who found that personal ties among members of the same group tend to affect certain organizational practices within entrepreneurial firms. Consequently, the emphasis on hiring employees of the same group facilitates the preference for improvisation in planning daily activities within the organization.

However, we found that the pattern was different for distribution practices. Organizations embedded in ethnic and friendship domains created broader channels for distributing their products than organizations embedded in religious and family domains. This finding suggests that the former are more open to exploring the commercial benefits of production than the latter. Thus, informal ethnic entrepreneurs appear to be more commercially driven than entrepreneurs embedded in religious and family domains. We encourage future research to explore the differences in corporate performance between ethnic and non-ethnic entrepreneurial organizations within the informal economy.

Our findings have implications for academics, practitioners and policymakers. We highlight the importance of the institutional environment in developing countries for understanding how entrepreneurial processes unfold in the informal economy. Our findings suggest that foreign investors or startups seeking to dominate informal markets within developing countries would need to be mindful of the diverse institutional domains governing the hiring, planning and distribution practices of informal organizations. This study also offers some insights on how informal entrepreneurs plan within developing country markets. It suggests that improvisation

is the habitual way of organizing of such organizations and is not viewed as a way of dealing with unforeseen problems. Policymakers could use the insights from this chapter to formulate new strategies for engaging ethnic entrepreneurs within the informal economy.

In this article, we unravelled organizational practices of entrepreneurial organizations embedded in ethnic, family, religious and friendship domains within the informal economy of Nigeria. We selected four movie production companies in Nigeria to carry out this study. We are not of the opinion that the identified practices are the only ones that exist in such economies. In other words, we are mindful of cultural differences that vary across countries. However, the objective of this chapter was to unravel dynamic practices within in an under-researched setting. Although the generalizability of our findings is limited by the selection of one country and the use of four organizations, we offer a useful guide for future research on the subject matter.

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Exploring the Contributions of Informal Ethnic Entrepreneurship to Economic Development in Nigeria



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Abstract The purpose of this chapter contribution is to discuss the contributions of informal ethnic entrepreneurship to Economic Development in Nigeria with specific focus on three ethnic entrepreneurial groups—Igbo, Yoruba and Hausa-Fulani. Using qualitative research method, the study leverages secondary and primary data sources. For the review of literature, relevant secondary data on ethnic entrepreneurship were sourced from scholarly articles, texts and relevant online resources on the subject. For the primary data, the authors gathered the required information from 47 interviewees using purposive sampling technique. The collected data were critically reviewed using content analysis. The paper found that the contributions of ethnic entrepreneurs in Nigeria include self-employment and employment of others, provision of local goods, rendering of services and urbanisation. Secondly, the nature of ethnic businesses are retailing, traditional food processing and provision of basic services. Thirdly, the locations of ethnic entrepreneurs in Nigeria include Lagos, Aba, Abuja, Onitsha, Nnewi, Kano, Kaduna and Ibadan; while their locations outside Nigeria are US, Dubai, UK, Canada, China, Malaysia, Singapore, Canada, South Africa, Sierra Leone, Benin, Ghana and other African countries. Fifthly, the ethnic entrepreneurs remain informal because of poor access to funds, limited exposure, fatalistic psyche, poor technical skills, low technology compliance, weak managerial knowledge and inability to meet regulatory requirements. Finally, the challenges facing ethnic entrepreneurship include access to finance, biases, discrimination from indigenes, limited technical capabilities, financial literacy, multiple taxes, low risk awareness, substandard packaging, sophisticated financial system, technological advancement, low competitiveness and threat of globalisation. To redress the highlighted challenges, the paper recommends a number of interventions from governments and other critical stakeholders at national, regional and international levels.

Keywords Ethnic entrepreneurship · Economic development informality · Nigeria

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1 Introduction

It is an incontrovertible fact that entrepreneurship is a widely discussed subject among scholars, practitioners, business students and researchers across the globe. It is a discipline, which finds practical application in all countries of the world across the ages. History books recorded the entrepreneurial feats and exploits of the Chinese businessmen in Southeast Asia; Japanese Samurai; Parsees in India; Levantines in West Africa, Asians and the Quakers in England. The culture of entrepreneurship also had presence across communities in Africa (Raimi et al. 2016). The landmark achievements enunciated above are linked to ethnic entrepreneurs. Even contemporary studies acknowledge ethnic businesses as priceless assets which “facilitate the exchange of inputs critical to global capitalism—finance, technical knowledge, and marketing information” (Bräutigam 2003:102). The growing interest to understand the dynamics of ethnic entrepreneurs and motivational factors behind their continental success in developed countries led to the emergence of ethnic entrepreneurship as a distinct field of study. This unique field of study has become a front burner issue in policy and academic circles in US as early as 1970s with spillover to European countries around late 1980s (Rath 2010). Ethnic entrepreneurship therefore presupposes the integration of ethnicity and entrepreneurship—a nuance that has attracted growing discussion at both academic and policy circles in recent times. It is also called migrant entrepreneurship because it a form of entrepreneurship brought into limelight by immigrants that leverage ethnic products, ethnic markets and ethnic customers, and ethnic business strategies (Baycan-Levent et al. 2003; Rath 2010). It has been widely reported that in different economies, ethnic entrepreneurship is like a movement that facilitates ethnic employment for ethnic groups with shared values and norms (Werbner 1999). The ethnic entrepreneurs are viewed as immigrant from developing countries that carved out niches for themselves in the formal and informal markets in developed countries especially US, UK, Germany and other developed countries (DCs) through self-employment, urban renewal, social integration and provision of specialised services and ethnic products. However, the success story of ethnic entrepreneurs does not apply to some other countries, as their success in entrepreneurship in receiving countries largely depend on the entrepreneurial background of the immigrant and enabling environment/circumstances in these host countries/communities (Rath 2010; Wilpert 2003). Most previous studies on this interesting phenomenon are Americo—Eurocentric, that is, the debates on informal ethnic entrepreneurship have largely emerged from America and Europe (Jung and Kau 2004). Specifically, ethnic entrepreneurship literature emerging from the United State of America focused on the entrepreneurship exploits of ethnic migrants such as the black Africans, Koreans, Indians, Chinese and Cubans. For Europe, the focus was on ethnic Asians, Black-Caribbeans and White Caucasians (Chaganti and Greene 2002; Rath 2010).

The issue of ethnic entrepreneurship has been well discussed in other parts of the globe. In Nigeria however, the issue has not been well discussed and there is need to investigate the contribution of ethnic entrepreneurs because of the valuable impact

they have on the economy. To bridge this gap, this chapter intends to focus on the contributions of Informal Ethnic Entrepreneurship to Economic Development in Nigeria. For this paper, the three dominant ethnic entrepreneurs that have been targeted for discussion are Igbos, Yorubas and Hausa-Fulanis. Igbos are people who inhabit the South-East of Nigeria. Yorubas are people from the South-West of Nigeria. And the Hausa-Fulani are culturally-diverse people from Northern Nigeria. Apart from the introduction that provide background discussion on ethnic entrepreneurship/entrepreneurs from global perspective, this chapter contribution has four other parts. The second part focuses on literature review of concepts—ethnic entrepreneurship, nature and types of business undertaken by ethnic entrepreneurs and entrepreneurial traits of the dominant ethnic entrepreneurs in Nigeria. The third part presents the research methodology. The fourth part explicates the findings and discussion. The final part of the paper concludes with contribution to knowledge and suggestion for further research.

2 Conceptual Issues: Informal Ethnic Entrepreneurship/Entrepreneurs

A lot has been said about ethnic entrepreneurship and entrepreneurs. Heberer (2004) comprehensively defined ethnic entrepreneurship as entrepreneurs with three unique peculiarities, namely: (a) they belong to an ethnic minority; (b) they heavily rely on formal and informal support from their ethnic community to strengthen their businesses; (c) they use ethnic resources in their businesses. The support ethnic entrepreneurs receive is solicited through a network of ethnic institutions and organizations. The ethnic entrepreneurs are largely migrants from the less-developed countries who travelled to Europe as workers seeking means of livelihood but ended up starting their own businesses and contributing to the economy of advanced economies—but their contributions to self-employment, local economy, ethnic products, ethnic social networks and specialised skills have largely been under reported, hence they are described as the ‘unsung heroes’ in ethnic entrepreneurship literature (Rath 2010).

Ethnic entrepreneurs as migrants to other countries ended up creating self-employment thereby dousing the tension of unemployment among ethnic migrants. By starting their own businesses, they became active agents and architects of their own destinies by creating new jobs in their host countries. Self-employment therefore helps to circumvent environmental and professional barriers in new countries such as lack of educational qualifications, insufficient access to social networks for transmitting information on vacancies, poor language proficiency, discrimination from host country employers and other constraints like access to bank finance and government support services. Self-employment created by ethnic entrepreneurs in the face of barriers is significant in the sense that, after creating jobs for themselves, they are able to create jobs for other vulnerable immigrants like

themselves. The multiplier effects of self-employment spill-over to other ethnic migrants, friends, relatives (Rath 2010). Secondly, ethnic entrepreneurs forge business relationships with suppliers and customers of their ethnic groupings as well as bridge networks with immigrant outside their own ethnic inner circles (Rath 2010).

It has been observed that ethnic entrepreneurs possess expert knowledge and expertise with regards to some goods and services. They are also better positioned to meet specific market demands and are able to supply uncommon foreign products (such as foodstuff, spices, ethnic music, videos and other traditional needs) because of their first-hand knowledge gained back home and from extensive diaspora networks of ethnic communities (Portes 1995; Wilpert 2003). More importantly, ethnic entrepreneurs take up jobs with long hours of hard work at low pay as well as meet consumers' choice by making available a range of products/services which the nationals are unwilling to venture into (Waldinger 1995; Rath 2002).

Although ethnic entrepreneurs are at the bottom of the market in their host countries, but they have practically demonstrated traits of innovation in both production of new products and new ways of marketing. Classic examples are the introduction and marketing of Turkish product called doner kebab to Germany and marketing of Chinese Restaurant with Chinese delicacies served by Chinese people (Wilpert 2003; Kunz 2005).

They also contribute economically to the process of urban renewal and revitalisation of neighbourhoods, abandoned by indigenous and foreign entrepreneurs thereby assisting in giving a new lease of life to abandoned areas and communities. They have also aided the resuscitation of industries abandoned in advanced countries through specific skills, knowledge and social capital that gave them a comparative advantage (Rath 2002; Waldinger 1986). In the garment industry, ethnic entrepreneurs applied production techniques and skills that are no longer being used in developed economies, but which are still valued by some segments of the society (Rath, 2010).

Related to the foregoing point is the technique of production and transaction costs reduction by working long hours and leveraging social capital and networks for cost reduction. Ethnic resources are assets of ethnic entrepreneurs, as they represent the most competitive advantage they have in the receiving countries or cities over their competitors (indigenous and formal entrepreneurs). Elaborating more on ethnic resources, Light and Rosenstein (1995) define ethnic resources as socio-cultural features manifested by ethnic entrepreneurs which co-ethnic entrepreneurs and their businesses directly and passively benefit from in their host countries or cities. These ethnic resources include ethnic culture, ethnic employees/workers, ethnic trust, ethnic identity, ethnic social networks, ethnic style of management, ethnic business relations which enhances ethnic interaction and serve as invaluable social and symbolic capital in geographical locations where ethnic entrepreneurs congregate.

3 Nature and Types of Ethnic Businesses: Formality and Informality

With regards to the nature and types of ethnic businesses, a number of previous works in developed and developing countries that examine the contributions of ethnic entrepreneurs in US, UK, Germany, Ghana, Ivory Coast and other places, found that ethnic entrepreneurs dominated trading, artisanship, snacks/confectionary, cab services, showbiz/entertainments, artisanship, restaurants, specialised traditional services (Rath 2002; Olalere 2013; Raimi et al. 2016; Modern Ghana 2017). Most of the ethnic businesses as mentioned above are informal, while few are formal businesses. The terms informality and formality as used in this paper are simply constructs that influence businesses with time and space. In other words, formality-informality paradigm is a continuum which changes as the size of the business grows at different period of time. At a time in the life of the business, informality is appropriate, while at other time in the growth process, emphasis shifts to formality (Marlow et al. 2010). It has been noted that large businesses in developed countries embrace formality, that is, they operate based on legal contracts and explicit rules, and whereas small businesses in developing countries operate on traditional management system built on social relationships and implicit norms—a phenomenon described as informality (Lin et al. 2015). Also, it has been reported that there are successful ethnic entrepreneurs in the formal sector in the developed countries (Basu and Werbner 2001), but many ethnic entrepreneurs have largely remained in the informal sector—a phenomenon called funnelling at the lower end of the markets (Kloosterman and Rath 2003). Several reasons have been advanced as barriers preventing ethnic entrepreneurs from becoming active players in the formal sectors in their host countries. The widely discussed reasons are lack access to financial resources/capital outlay and inappropriate educational qualifications required to function in the organised formal sector of the economy. Related to these chain reasons is the technique of operation known with ethnic entrepreneurs—many of them operate on a small-scale with labour-intensive production methods which consequently translate to very little value-adding to the production chain and low earnings (Rusinovic 2008; Rath 2010). Another important reason for informality is the argument that the managerial norms of small firms is informality because such organisations are overseen by a single owner lacking formal professional understanding of business as well as formalized systems (Harney and Dundon 2006). Furthermore, informal enterprises are built on idiosyncrasy, informal practices, adherence to normative prescription and policies and lack of respect for best practice. However, as the enterprises grow and operations become complex, formality becomes necessary in order to manage effectively labour matters such as terms and conditions of employment, need for stronger written policies and application of professionalized form of management (Marlow et al. 2010).

4 Entrepreneurial Traits of the Dominant Ethnic Entrepreneurs in Nigeria

In Nigeria, there are four hundred (400) ethnic groups with diverse religion, traits and cultures (Salawu 2010), but the dominant ethnic group are the Yoruba, Igbo and Hausa with well documented and discussed entrepreneurial traits. To these three ethnic groups, entrepreneurship is a culture and an age long habit transferred from one generation to another within a structured cultural mentoring (Raimi et al. 2016). Before colonial administration, the Yoruba, Igbo and Hausa ethnic groups had emerged as great entrepreneurs in their respective regions. These three ethnic entrepreneurs provided the platform on which the Nigerian economy prospered, as they excelled in artisanship, food processing, crafts, farming and merchandising. Those within the production processing sector manufactured basic goods using local machines that were sold to near and distant communities (Raimi et al. 2010).

The scholars wrote that 200 years before independence, the Yoruba ethnic entrepreneurs from Oyo, Saki, Ogbomoso Ilorin, Igbobo and other groups recorded landmark achievements in entrepreneurship in their local communities and later extended their social networks to Gold Coast (now Ghana) and other parts of Africa where they identified economic opportunities beyond the shores of Nigeria. Ethnic entrepreneurs of Yoruba descent rented one-third of the 700 stalls from locals and built additional 200. The major goods traded were clothes, hard wares, kola nuts, dried pepper, motor cycle or bicycle parts and locally manufactured equipment and household utensils. In terms of impact, Yoruba ethnic-entrepreneurs built schools, houses and religious centres in their receiving communities in Ghana. Some of their self-funded religious institutions survived in major cities in Suhum, Secondi-Takoradi, Tarkwa, Kumasi and Koforidua et cetera (Olalere 2013; Raimi et al. 2016).

The Igbo ethnic entrepreneurs are renowned for their passion for business, ingenuities and creativities and risk-taking. These qualities together with ethnic networks were used to their advantage for spotting business opportunities. Consequently, they emerged as successful leaders in Nigeria's commerce and industry. In the contemporary times, Igbo ethnic entrepreneurs are found all over the world from South Africa, Kenya, Ivory Coast, China, Japan, the United States, Hong Kong, Thailand, Indonesia, Malaysia, Ireland, Vietnam and India amongst others (Modern Ghana 2017). Achebe (2012) explained that Igbos were outstanding entrepreneurs and had competitive edge in entrepreneurship because they had the abilities to grab environmental opportunities that came their way because their culture placed emphasis on change (adaptability), individualism (self-confidence) and competitiveness (inherent democratic values). Researchers have identified the Igbos, Ashkenazi Jews and the Swiss Protestants as the people with the greatest achievement motivation in the world (Modern Ghana 2017).

The Hausa-Fulani people had positive records in entrepreneurship at pre and post-independence era. Their caravan trade carried livestock, salts, leather products and textiles for sale to people from other regions (Norris 1984; de Haan and van Ufford 1999).

Even at the level of regional trade relations, the Hausa-Fulani had competitive edge on livestock rearing till date because the southern parts were geographically unsuitable to stock breeding (de Haan and van Ufford 1999; Folami and Akoko 2010). Kerven (1992) explained that the Hausa-Fulani communities monopolised long distance trade in West Africa, a role they shared with only the Dyula traders. They traded with the Ashante in Ghana, and their caravan chain extended to present-day Benin Republic, Togo and Kankan in north-east Guinea. In the present day in Nigeria, the Hausa-Fulanis are cereal cultivators and livestock producers (Folami and Akoko 2010). The exploits of Hausa-Fulani people are largely shaped by several “cultural, attitudinal, and performative indicators” which are believed to have strengthened what has come to be known as Hausa identity (Ochonu 2008). Pierce (2005) had alluded to similar viewpoints that Hausa identity could be described as distinct ways of making a living and lifestyle generally.

The facts that have emerged from the critical discourse is that the three indigenous ethnic groups were successful entrepreneurs because they had good knowledge about their environment, strong social networks based on family ties and cultural norms, willingness to undertake risk and strategic migration for opportunity seeking.

5 Theoretical Foundation

Although scholars from multidisciplinary boundaries of sociology, economics and anthropology have made rich contribution to theoretical framings for the relationship between ethnicity (by extension race) and entrepreneurship. This study seeks a departure from that, by embedding this discussion strictly on the Resource-Based View (RBV). The RBV which originated in the 1970s from Jeffrey Pfeffer and Gerald R. Salancik is premised on the idea that *resources* are critical to organisation’s success and that timely access and sustainable control over *resources* is the foundation of power and rational justification for why some businesses consistently outperform others, that is, enjoy relative competitive advantage (Barney 2001; Hillman et al. 2009).

Therefore, RBV is a process of exploiting business opportunities better than others for the creation and nurturing of new businesses in enabling market (Baliamoune-Lutz 2007; Raimi et al. 2016). By extension, if enterprises must maintain competitive advantage over their competitors, they must acquire “the resources and capabilities needed to conceive of and implement strategies in imperfectly competitive strategic factor market” (Barney 2001: 646). The five options that were proposed to firms to sustain their powers and minimize resource dependences in their quest to remain in business are (a) mergers/vertical integration, (b) joint ventures and other interorganisational relationships, (c) boards of directors, (d) political action, and (e) executive succession (Hillman et al. 2009).

RBV with special reference to ethnic entrepreneurship looks at resources, competence and dynamic capability of ethnic entrepreneurs. By extension, if informal ethnic entrepreneurs must maintain their relevance in the formal sector, they must

acquire “the resources and capabilities needed to conceive of and implement strategies in imperfectly competitive strategic factor market” (Barney 2001: 646). In other words, RBV therefore explains the impact of unique resources at the disposal of enterprises which are used to gain immediate and/or long-term competitive advantage in the market domain (Barney 1991; Black and Boal 1994; Knott 2009).

From the foregoing, informal ethnic entrepreneurs wherever they operate require unique resources, which RBV identifies as tangible or intangible things in their enterprises (Barney and Hesterly 2006; Knott 2009). Tangible resources are known physical assets in use in organisations, while the intangible resources include skills; capabilities/competences, human assets; information and organizational assets; and relational and reputational assets (Hill et al. 2007). The intangible resources give unique character to enterprises and the entrepreneurs, which consequently creates competitive advantage. The valuable resources discussed within the RBV that give long-term competitive advantage to enterprises (entrepreneurs) have four unique attributes: (a) they are valuable, b) they are rare, c) they are imperfectly imitable and d) they are non-substitutable (Barney 1991, 1995). It could be stated therefore that ethnic entrepreneurs thrive across the globe in the informal economies despite of all odds, because they have the above-mentioned four attributes.

6 Methodology

Using qualitative research approach, the study leverages primary and secondary data for this study. For the primary data, the authors prefer observation and interview techniques for gathering the required information in selected strongholds of informal ethnic entrepreneurs in Nigeria. The collected data were critically reviewed using content analysis. This methodology is in line with the works of Yusuff (2013), and Raimi et al. (2016). The study started with an inductive case-based approach following the best practice is qualitative research leveraging interview as technique for data gathering (Babbie 2008; Denscombe 2014; Saunders et al. 2017). The researchers interviewed selected individual participants—a total of 60 sampled individuals with sufficient knowledge about informal ethnic entrepreneurship, out of which 47 finally responded. They included entrepreneurs, academics and policymakers. They were selected using purposive sampling technique because of the nature of issue being investigated. These individuals were selected because they are knowledge about the subject from practical standpoints. Each interview lasted about 45 min per person, while for those interviewees that could not be reached due to their busy time schedule and spatial constrained, the interview schedule was sent to them for expression of their minds on the subject of inquiry. After intensive 2 months of data gathering, the generated responses were transcribed and analysed.

7 Findings and Discussions of Thematic Issues

7.1 Analysis of the Profiles of the Interviewees

With regards to the ethnic background of the 47 interviews, it is reassuring that the interviewees cut across the three ethnic nationalities—Yoruba, Hausa-Fulani and Igbo. Representation by occupation revealed that 30 interviewees are practising business owners, 12 interviewees are academics with bias for teaching business and the remaining 5 interviews are policymakers with government agencies in charge of small and medium enterprises (SMEs). On locational representation, 27 interviewees are from the Southern Nigeria and 20 interviewees are from Northern Nigeria.

7.2 Extent of Knowledge About Igbo or Yoruba or Hausa-Fulani

All the 47 interviewees indicated that they have sound knowledge about the three ethnic entrepreneurs judging by understanding of their proactiveness, their impacts in various parts of Nigeria, as well as their contributions across African countries and in the US, Canada and UK. The extent of knowledge of the interviewees could be described as ranging from average to deep understanding about the three ethnic entrepreneurs.

7.3 Contributions to Economic Development in Nigeria and Beyond Nigeria

The interviewees identified a number of contributions of these three ethnic entrepreneurs generally and specifically. Generally, Igbo, Yoruba and Hausa-Fulani have contribute immensely to self-employment through small businesses, employment for others, production of local goods, rendering of specialised services, urbanisation (through building of markets, residential houses and places of worship in abandoned places), wealth creation and payment of local taxes to the communities where they are domiciled.

- Igbo ethnic entrepreneurs have made notable contribution to Nigeria, South Africa and other African countries in the areas of sales of spare-parts, African supermarkets, pharmaceutical drugs and exports of local food items such as pepper, Garri, palm-oil, dried fish and spices to US, Canada and UK.
- Hausa-Fulani ethnic entrepreneurs provide employment to their ethnic groups from the North within the agriculture value-chain. They rear cows and rams as well as grow agricultural products such as yam, peeper, and tomatoes, ginger

which enrich access to these crops by people from Southern Nigeria, Benin Republic, Gambia and Serria-Leone.

- Yoruba ethnic entrepreneurs have made indelible contributions to self-employment in commerce, music, traditional weaving and urbanisation in Ajase in Benin Republic, Ghana, Togo, and Ivory Coast. Like the two previously discussed ethnic groups, Yoruba ethnic entrepreneurs are doing well in Cuba and Brazil, producing art works and religious artefacts.

7.4 Reasons Why Ethnic Entrepreneurs Operate in Informal Sector

Ethnic entrepreneurs lack the required funds, exposure, technical skills and managerial knowledge for operating in the formal sector. Related to the reason above is little support intervention from the governments of host countries and cost of incorporation/registration with regulatory authorities. In the case of Hausa-Fulani, some interviewees noted they remain in the informal sector because of their nomadic nature—they take their cows and cattle around Africa in search of fodders and water. It has also been argued that ethnic businesses owned by the three ethnic nationalities remain small within the informal sector because of contentment with the specialised services rendered and their subsistence level of operation. This has been described as fatalistic psyche. Tax obligations and other multiple levies imposed on enterprises operating in the formal sector of host countries/regions/cities are identified as further reasons for formality. Incidence of general mistrust of host-country governments and their tax agents with prejudices worsen the prospect for formality—South Africa, US and UK were mentioned as a reference point to the above assertion. Ethnic enterprises perceive formal enterprises as too expensive and face higher risk compared to informal enterprises with less financial and operational risks. Besides, ethnic entrepreneurs remain informal because the level of technology compliance in the formal sector is beyond what they could cope with.

7.5 Nature and Types of Ethnic Businesses in Nigeria and Beyond

The ethnic Igbo, Yoruba and Hausa-Fulani within and outside Nigeria focus on retailing businesses especially auto spare-parts, computer accessories, pharmaceutical drugs, food stuff, farming and trading, cattle rearing and general merchandising. In the area of production, the three ethnic entrepreneurs have carved out niches in food processing, cash crops (cocoa, coffee, rubber, tobacco, kola-nuts, cashew, wood, palm-oil, palm kernel), mining (coal, copper, gold, bauxite, iron ore), furniture making, plumbing, canteen business, poultry, animal rearing, textile making,

rice farming, cereal farming, spices, spare-part fabrication, leather works (sandal, skin shoes, belt, purse, bags and sheath for swords), cloth making, wall frames, paintings, beads-making, traditional perfume and other artworks. In the service sector, they are active in fashion and entertainments, barbing and hair, auto mechanics, repairs of electrical appliances, plating, beauty clinic, music, money collectors and informal money changers (bureau de change) in the informal financial sector in Benin, Togo, Abidjan, Ghana and other West African coast.

7.6 Ethnic Entrepreneurs' Locations in Nigeria

The locations in Nigeria where the businesses of Igbo, Yoruba and Hausa-Fulani ethnic entrepreneurs flourish are diverse and overlap. Igbo ethnic entrepreneurs that are from the South-East of Nigeria have registered their presence in Lagos (Ladipo, Ikeja, Oshodi, Alaba, and Okoko-Maiko), Aba, Onitsha, Nnewi, Kano, Kaduna and Ibadan where they dominate the retail businesses of auto spare parts, pharmaceutical drug and electronics. The Yoruba ethnic entrepreneurs are found in Lagos, Ibadan, Kaduna, Kano and Abuja where operate as drivers of taxi, sellers of assorted foodstuff, canteen operators, tailors, plumbers and motor mechanics. Finally, the Hausa-Fulani as migrants from Northern Nigeria are found in Lagos (Mile 12, Mile 2, Alaba, Yaba), Ibadan, Abeokuta, Port Harcourt, where they operate as Fulani herdsman, Hausa cattle sellers, Hausa pepper merchants, shoemakers, shop owners, local canteen operators (Mai Tea) and in some commercial centres outside the North they are money changers (informal bureau de change).

7.7 Ethnic Entrepreneurs' Locations Outside Nigeria

The locations outside Nigeria where Nigerian ethnic entrepreneurs operate include the US, Dubai, UK, Canada, China, Malaysia, Singapore, Canada, South Africa, Libya, Sudan and several other African countries. Specifically, the Igbo ethnic entrepreneurs are popular in US, South Africa, Central African Republic, Canada, China and Germany, where they work as cab drivers, shop owners and service-providers. Yoruba ethnic entrepreneurs from South-West of Nigeria dominate business landscape in Benin (Ajase), Ghana, Abidjan/Ivory Coast and Togo providing valuable services and supplying valuable products. Hausa-Fulani are money changers (informal bureau de change) operating across African borders in Benin, Niger, Chad, Togo, Ghana, Abuja, Cameroon, Ivory Coast and the Gambia.

7.8 *Challenges Facing Ethnic Entrepreneurs in Their Businesses*

All those interviewed identified sundry challenges facing ethnic entrepreneurs at regional and international levels. Access to finance for start-ups and expansion of ethnic enterprises is the most frequently mentioned. Other challenges facing ethnic entrepreneurs are biases, racism, discrimination from indigenes, limited technical capabilities, financial literacy, multiple taxes, risk awareness, lack of bank account, inability to meet registration/incorporation requirements, substandard packaging/poor branding of ethnic products/services, sophisticated financial system, technological advancement, low competitive with formal enterprises and threat of globalisation. Aside from the managerial and operation issues, the interviewees mentioned poor support from governments of host countries/cities, low level of competition with formal businesses, poor regulatory compliance and low visibility due to where they are located. With specific reference to the Hausa-Fulani, the challenges facing them at regional and inter-state levels are feud over land-ownership, settler-indigene conflicts, access to water for grazing and farming leading to ethnic tension, language barriers, tribalism and intertribal wars.

8 Conclusion, Implication and Recommendations

This chapter sets out to discuss the contribution of informal ethnic entrepreneurship to Economic Development in Nigeria with specific focus on three ethnic entrepreneurial groups—Igbo, Yoruba and Hausa-Fulani. Using qualitative research method, and relying on information from 47 interviewees, the paper provides several useful insights on informal ethnic entrepreneurs in Nigeria. The paper improves understanding of informal ethnic entrepreneurship from the Nigerian context. Job creation is an important contribution of ethnic entrepreneurs to economic development. Understanding the impact of the ethnic entrepreneurship would definitely help accelerate the implementation of economic development plans in Nigeria.

In view of the important contributions of informal ethnic entrepreneurs as discussed above, the following recommendations are expected to sustainably reposition informal business activities at national, regional and international levels.

Firstly, there is need for more commitment on the part of government in terms of funding, fixing infrastructure, harmonisation of multiple taxes and boosting managerial competencies of informal ethnic entrepreneurs in view of their socio-economic contributions with ripple impacts at national, regional and international economies. Secondly, government funding, provision of enabling environment and infrastructural building are necessary to boost capacities of ethnic entrepreneur from informality to formality. This recommendation would boost job creation, wealth creation and operational competitive advantage of ethnic entrepreneurs. Thirdly, to make ethnic products and services conform to international standards, the ethnic

enterprises require formal support of governments and regulatory agencies in view of increasing demand for ethnic products and services in different parts of the world. It is apt to state that what is required is motivational measures for strengthening ethnic enterprises across the globe, not punitive measures, as the latter push ethnic entrepreneurs into oblivion and irrelevance. Furthermore, it is recommended that commercial banks, microfinance banks and other financial service providers should provide friendly financing options to ethnic entrepreneurs at reasonable interest rate. This measure would improve financial inclusion, as the ethnic entrepreneurs would have access to funds for business expansion, incorporation and regulatory compliance. Finally, at national and regional levels, where violence, prejudices, wars and rivalry have arisen between ethnic entrepreneurs and indigenes, there is need for effective security system to foster mutual cooperation, encourage better understanding and embed conducive environment for sustainable business among economic actors. For the ethnic entrepreneurs, there is need for respect for rules and regulations in host countries/cities, in order to promote acceptability of their products and services as well guarantees confidence to operate in the formal sector without hassles.

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Creative Entrepreneurship of Young Roma Women: An Exploratory Study from Middle Banat Region, Serbia



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Abstract The aim of this chapter is to investigate the informal ethnic female entrepreneurship in two cities in Middle Banat Region. The focus of the research is put on capacities, conditions, driving forces, motivation and problems of young Roma female creative entrepreneurs in Zrenjanin and Novi Bečej. Empirical data on creative entrepreneurship of young Roma women (18–35) is based on the survey conducted during August—September 2017. Respondents were asked about their creative skills, family tradition and way of acquiring them, preferences and work motives, barriers to starting work in the creative economy and access to the creative economy market.

Keywords Creative entrepreneurship · Young Roma women · Female entrepreneurship · Ethnic entrepreneurship · Informal activities

1 Introduction

The modern economy is becoming ever more dematerialized. Increased role of creative resources in the development of the global economy has led to changes in its sectoral structure. Knowledge, innovations, and creativity are becoming more important, and creative entrepreneurs are turning into key players for the improvement of sustainable development. According to the study of the International Confederation of Societies of Authors and Composers (CISAC), at the end of 2014, creative industries had 29.5 million employees, and this sector participated with 3% in the creation of world gross domestic product (EY 2015).

Over the past 10 years, researches addressing cultural and creative industries have been continually increasing. These are mainly studies that paid attention to exploring

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the size and level of creative industries to provide evidence on how it contributed to development of national, regional or local economy (for detailed lists of studies see: Mikić, 2017), creative class distribution and their impact on agglomeration of territory economy (e.g. Bianchini et al. 1988; Landry et al. 1996; Lloyd 2002; Markusen and King 2003; Florida 2002; Markusen and Schrock 2010) or intersectoral connection between creative and other sectors in economy, as well creative spillovers (e.g. Boix et al. 2013; Frontier Economics 2007). However, investigation of capacities, conditions, attitudes, motivation, business practices and problems of creative entrepreneurs remains on the margins of research agenda.

The study of migrant entrepreneurship started in USA, later emerged across West Europe (Sahin et al. 2007: 99). Some researches in this field deal with ethnical entrepreneurship from the perspective of ethnic adaptation and mobility (Waldinger et al. 2006), business ethnic decision in rising ethnic entrepreneurship (Razin 2002; Masurel et al. 2004), and a lot of papers is dedicated to exploring ethnical migrants (Africa, Asia, India) in developed countries, as immigration countries (see: Dana 2007). Beyond many research efforts that have been undertaken on ethnic entrepreneurship and female entrepreneurship, there are no comprehensive studies on ethnic female entrepreneurship (Levent et al. 2003: 7), while existing literature has not even paid specific attention to researching female ethnic entrepreneurship in creative industries.

Very few papers address specifically entrepreneurship of Roma. Kallai (2005) discusses Roma entrepreneurs before and after political changes in Hungary, as well their social-economic living conditions. He found that Roma entrepreneurs lack educational qualifications; work in low skilled activities and in the informal economy, because they lack capital to switch to other business forms. Babusik (2007) reported very similar findings—a low educational level of Roma entrepreneurs, their better income level compared to the average Roma population, domination of male entrepreneurs as well that traditional, born entrepreneur, secure better opportunities and success in business, even with the low level of education. Žarković et al. (2016) surveyed 45 registered Roma entrepreneurs in Serbia to explore their socio-demographic characteristics, as well conditions for doing entrepreneurial activities. They found that Roma people usually ran family business, primarily operated on the local market, they were mostly man, and they were facing financial barriers and high level of social insurance costs and taxes.

There is also very limited number of researches addressing creative entrepreneurship (e.g. HKU 2010; Konrad 2015; Greffe and Simonnet 2010), especially ethnical creative entrepreneurship or informal ethnical creative economy. Smallbone et al. (2005) explored Asian migrant-entrepreneurs in London creative industries and business barriers they were facing. Windsor et al. (2016) reported about the size and distribution of skilled migrants in the UK creative industries and their experience with the UK migration policy. Tremblay and Dehesa (2016a, b) investigated business condition for migrant ethnical artists in Montreal and their professional profile. Holgate and McKay (2007) looked into representation of black Afro-American and minority ethnic workers in London audio-visual industry, working conditions, as well discrimination by ethnic origin, gender, political and sexual orientation. Smith

and Zatori (2015) explored Roma and Jewish communities in Budapest and how increase tourist interests could create economic benefits and business opportunities for those ethnic groups, as well enhance their cultural pride. Diekmann and Cloquet (2015) discussed African culture-oriented entrepreneurs in Brussels in creative quarter Matonge as a case study on how ethnic and cultural communities could create exotic ethnic tourism micro destination. Mikić et al. (2016) investigated characteristics, problems, opportunities and barriers of Roma creative entrepreneurship in Pirot, how creative entrepreneurship affected their socio-economic position and discussed steps for including creative entrepreneurship in the policy agenda for economic strengthening of Roma community in Serbia. They found many segments of creative entrepreneurship in which Roma nurture diverse cultural expressions, but they also found that creative entrepreneurship mainly belonged to men, with that entrepreneurship being mostly of individual nature, while in case of female entrepreneurship, other household members also participated as a kind of support. There are also interesting findings demonstrating that inter-generation transfer of creative skills, knowledge and entrepreneurial affinities is highly emphasized amongst Roma people, that Roma creative entrepreneurs are mostly led by opportunities or family inherited business, and that models from the family influence their determination to become entrepreneurs.

Although insufficiently researched, cultural expressions of Roma are traditionally a part of their entrepreneurial activities. This is particularly specific for performing arts and music. In addition to these, there are also prevailing cultural expressions of oral nature (verses, tales, poems), while tangible artifacts mainly include applied art (female clothes and accessories, jewelry, decorations, etc.). With the improvement of the economic position of Roma, there is an obvious emergence of new forms of creative entrepreneurship. First publishing houses in Roma language are being established, new creative jobs are coming into the scene (photographs, pictures, sculptures, video art, etc.), and media in Roma language are being founded. An important event for promoting Roma cultural movement (and affirmation of creative entrepreneurship) is the first national exhibition of self-taught artists in Budapest, Hungary. This event was followed by the first world exhibition of Roma artists in Paris (Junghaous and Szekely 2007). An important step in affirmation of Roma contemporary cultural expression was the exhibition of the pavilion “Lost Paradise” at 52nd Biennale of Arts in Venice (held in 2007) which included presentation of works of Roma conceptual artists. All these events made an affirmation of Roma culture and strengthening their cultural identity, but also promoted their creative entrepreneurship.

This chapter is focused on characteristics of informal creative entrepreneurship of Roma women in two cities in Middle Banat region. It aims at contributing to fill in the existing gap in the literature by enabling an insight into characteristics, habits and business profile of creative entrepreneurship of young Roma women. The research focused on young Roma women aged 18–35 from the territory of municipalities of Novi Bečej and Zrenjanin who have some creative skills and mostly work informally.

This study on informal entrepreneurship of young Roma women are related to the following questions: What is the personal and demographic profile of Roma women

creative entrepreneurs in Novi Bečej and Zrenjanin? Which kind of creative skills they mostly possess? What kind of typical business models in creative industries are developed by Roma community in Novi Bečej and Zrenjanin? What are typical problems and barriers that female Roma entrepreneurs in the informal economy are facing?

The chapter is organized as follows: the introduction, where we give an overview of the relevant literature and empirical evidence on creative entrepreneurship of Roma people, which is followed by overview of entrepreneurship of Roma women in Serbia. In the third section, the research design and data collection are explained. The fourth section provides the main findings of the research, and discussion of results. The last part of the paper contains the conclusions and recommendations as reflections from the research.

2 Entrepreneurship, Creative Industries and Roma Ethnic Group in Serbia

The Roma community, especially Roma women, represents a national minority exposed to improper living conditions and high level of poverty. Roma population is 7.5 time more expose to poverty that the rest of population in Serbia (United Nations 2008: 5). According to the last Roma population report (Radovanović and Knežević 2014), there are around 147,604 Roma in Serbia. The causes of economic and social exclusion of this community are numerous, starting from the living conditions, education, access to labor market, health care, housing. Almost 90% of Roma population does not have permanent jobs and it is considered that one of the important issues for the Roma community is their sustainable employment (Vlada Republike Srbije 2016).

This population shows very low employability in the labor market. First of all, this is due to insufficiently educated workforce, stereotypes about Roma working culture among employers from the majority population, different forms of discrimination at employment, problems with obtaining documentation for employment, etc. Roma population report (Radovanović and Knežević 2014) show that only 28% of Roma can be treated as economically active people (national average 41%). Due to several above mentioned constraints and barriers for Roma employment, there is high percentage of Roma people working in the informal economy. Roma survey (UNDP/World Bank/EC 2011) estimated informal employment at 70% for Roma population aged 16–65, and 79% in the group of young Roma people (15–24) (Table 1).

Roma women belong to a very vulnerable group on labor market. Roma women are getting married, having children and leaving school system early. It is noticeable that the existing national and local strategies largely formalize the treatment of unemployment of Roma population and remain in the domain of planned goals, with no efficiency in realization (for more see: Mikić et al. 2016). Existing Roma

Table 1 Characteristics of employment of young Roma (15–24)

Indicators	Male		Female		Total	
	Roma (%)	Non-Roma (%)	Roma (%)	Non-Roma (%)	Roma (%)	Non-Roma (%)
Employment rate	25	24	6	11	16	17
Unemployment rate	54	36	82	67	65	50
No employment experience rate	88	83	96	89	92	87
Self-employment rate	6	0	2	0	4	0
Informal employment incidence	81	42	72	14	79	35

Source: UNDP/WB/EC regional Roma survey (2011)

employment policy measures in Serbia have been much more oriented on male population, while the economic empowerment of Roma women is not a matter of government policies. This is confirmed by the fact that only 22.5% of active Roma women are engaged in occupation compared to men accounting for 77.2% (Radovanović and Knežević 2014: 80). More than 50% of registered Roma unemployment refers to unemployed women (Vlada Republike Srbije 2016).

Employment of Roma women also entails certain risks. In addition to the way of life and gender roles in Roma families (early marriage, giving birth, motherhood . . .), one should bear in mind the fact that due to low intergenerational entrepreneurship, a small number of Roma (especially Roma women) choose self-employment. According to available data, only 10.1% of economically active Roma are self-employed (Radovanović and Knežević 2014: 81). The most specific industries where Roma people are employed include mining (17%), construction (16%), public utilities (21%) and hairdressing, tailoring, cleaning (UNDP/World Bank/EC 2011).

Historically, Roma creative entrepreneurship recorded dynamic development in Serbia during 1970s and 1980s. In Yugoslav republics, Roma people had a status of nationality and decent social—economic position (Vukanović 1983). This was a period in which Roma increased their social emancipation. This is corroborated by the fact that magazine “The Voice of Roma” was initiated at the time, intending to inform Roma in Yugoslavia, and from the mid-80s, radio and TV shows were introduced, describing life and creativity of Roma. In addition, redaction in Roma language was also established (Radovanović and Knežević 2014: 24).

There also have been cases of Roma production of knitwear, as a form of creative entrepreneurship. Vukanović’ (1983) researches of Roma in Šumadija demonstrated that Roma in Stražilovac were founders of workshops for knitwear, organized as family entrepreneurship. Findings of researches of old crafts in the territory of Pirot (Jovanović 2012a) and of life of Pirot Roma (Jovanović 2012b) reconfirmed Roma entrepreneurial spirit and creative capital. With creation of large public companies, employment of Roma became more common, while many of them continued to work as self-employed entrepreneurs.

The most remarkable Roma entrepreneurs were related to music. Šaban Bajramović and *Crne mambe* band (Black Mambas band) created their own musical

expression by introducing different musical styles and achieved leading positions in Yugoslav musical scene (Knox and Morris 2011). Great success was achieved as well by Esmā Redžepova, Muharem Serbezovski and other famous Roma musicians, whose albums were produced by greatest Yugoslav discography companies (RTS, Diskoton. . .), and who also gained international reputation. Besides these, international promotion of Roma creative entrepreneurship was also ensured by Roma musical orchestras *Fanfare Ciocarlia (Kočani orkestar)*, Boban Marković' orchestra, Taraf de Haïdouks and others. Recently, there have been numerous albums of Roma music produced by famous European discography studios, such as Piranha, Crammed Disk, Enja and World Connections (Todorović 2008). Modern Roma creative entrepreneurs combine music and performance, adding the elements of rock and roll (e.g. Dragan Ristić and musical band KAL), or of hip-hop (e.g. Gypsy Roma Urban Balkan Beats—GRUBB).

3 Data and Methodology

Data on young Roma informal entrepreneurs has been collected through a surveying method, focus groups and group discussions. The database on young Roma women involved in creative activities was compiled from local Roma civil organizations (based on phone and direct conversation with young women from Roma communities in Novi Bečej and Zrenjanin). The established database contained 60 entries for each local municipality and a total 120 Roma women were mapped. A random sample for the survey was made to 80 female respondents who were available at the interviewing period (10th August—5th September 2017) and willing to answer questions from the survey.

The survey consisted of 19 questions of a predominantly closed-ended type, through which we wanted to learn about their creative skills, family tradition of entrepreneurship, preferences and work motives, barriers to starting work in creative economy and access to creative economy market. The scales adopted were mixed. For some questions nominal scale (Yes/No) was used, some questions used ranking scale, and for some questions the assessment was made through a series of statements according to the Likert scale of measuring the strength of respondents 'agreement or disagreement. The respondents were offered to select one of the appropriate marks on a scale of 1–5 (5—"strongly agree" 4—"agree", 3—"neutral" 2—"disagree" and 1—"strongly disagree"). Data was analyzed using the Statistical Package for the Social Sciences (SPSS), and descriptive and cross-section statistics were generated.

In this chapter, creative ethnic entrepreneurship has been defined as a set of activities, knowledge, skills and capacities by ethnic minority that can be employed in producing creative goods or services embodying or conveying cultural expressions. The framework for the classification of creative entrepreneurs was based on the concept of creative skills. Creative skills are those that respondents possess and use in their work to produce creative goods and services, such as handicrafts, textile

painting, knitting, crocheting, jewelry making, decoration, sewing, etc. skills such as processing and preparing photographs, web design, graphic design, creative services, gastronomy, etc. As a methodological framework for mapping creative skills, UNESCO classifications of creative industries used so far in the mapping of local creative entrepreneurship (Mikić 2015, 2018), were adapted to the specificities of the Roma community. In this chapter, the term informal creative entrepreneurship refers to informal creative activities (unregistered entrepreneurship, non-contracted work, unprotected jobs, etc.), as well as to voluntary and unpaid works.

The research was conducted as a participatory one, and it involved young Roma women as peer researchers. Using peer researchers in collecting data was important for the success of research on informal creative entrepreneurship of young Roma women. It is about an ethnical community which uses its own language and is rarely opened for discussion with members of other non-Roma communities. Also, researchers were from local communities, where research was conducted, well-known to respondents, so the distance between a respondent and a researcher was reduced.

In addition to those sociometric methods, several methods for anthropological discipline were employed, such as focus groups and group discussion with 22 young Roma women (Zrenjanin 10 persons, and Novi Bečej 12 persons). The focus groups were held from 18th to 20th September 2017. Participants of focus groups were selected based on three criteria: (1) number of years of involvement in creative activities, (2) type of creative skill and (3) inherited creative skills from someone in the family/acquired knowledge, creative skills alone. In this way it was achieved that structure focus groups reflected diversity of informal entrepreneurship which was recorded through surveys.

4 Characteristics of Creative Entrepreneurship of Young Roma Women

Zrenjanin and Novi Bečej are cities in Middle Banat region, where share of Roma in overall population is high. Out of total number of Roma living in this region (7267 persons), around 65% of them live in the territory of these two municipalities. According to share of female Roma in total population, territory of these two cities is at the second place in Serbia.

4.1 *Personal Characteristics of Young Roma Creative Entrepreneurs*

Personal characteristics of young Roma female creative entrepreneurs (Table 2) show that these are persons who have completed primary and secondary school (98.5%), live in multi-member households with average size of four members, have

Table 2 Personal and demographic characteristics of young Roma creative entrepreneurs

Average years of age		26
Returnee from readmission		21%
How long have you been engaged in creative activities?	10 years and more	2.5%
	Between 7–9 years	5%
	Between 6–4 years	17.5%
	Between 4–2 years	52.5%
	Less than 2 years	22.5%
Do you have tradition of entrepreneurship in the family?	Yes	10%
	No	90%
Educational level	Uncompleted school, 1–3 grades of elementary school	1.25%
	Primary school	85%
	Secondary education	13.5%
	College	7.5%
	Faculty, higher education	11.25%
	No answer	2.5%
The size of the household in which you live	2	2.5%
	3	8.75%
	4	28.75%
	5	26.25%
	6	11.25%
	7	12.5%
	No answer	10%
Additional skills (multiply answers)	Foreign languages	46.25%
	Computer literate	97.5%
	Driving license	15%
	Technical knowledge	6.25%
	Craft	6.25%
	Business economy	2.5%
	Art and design, musical skills	6.25%
	Traditional skills	6.25%

Source: Survey results, $n = 80$

no tradition of dealing with creative entrepreneurship in the family and in most cases, they have been engaged in creative activity for an average of 3 years. Majority number of respondents doing creative entrepreneurship as an informal activities, very often regards by respondents as a hobby.

4.2 Creative and Business Profiles and Motivation

From the answers obtained from our research, majority of surveyed women have creative skills for decoration and creative services (50% of respondents) and jewelry

Table 3 Distribution of creative skills of young Roma creative entrepreneurs

Type of skill	Zrenjanin (%)	Novi Bečej (%)	Total (%)
Decoration, creative services	47.50	52.50	51.25
Jewelry making	22.50	25.00	23.75
Sewing	10.00	10.00	10.00
Knitting	0.00	2.50	1.25
Nail art, makeup art	10	0.00	5.00
Textile painting	0.00	7.50	3.75
Crocheting	7.50	2.50	5.00

Source: Survey results, $n = 80$

making (24% of respondents). Table 3 shows detailed distribution of creative skills. The lowest number of creative skills is among traditional creative activities, such as knitting (1.25% of respondents). Returnees based on the agreement on readmission, in comparison with other women, differ in term of creative skills. Under the term “creative skills” they recognize multifunctional skills that serve as a support to creative activities, but which to a small extent belong to the category of skills that can produce creative products and services. The causes of those differences can be found in greater exposure to the poverty of returnees and struggle for existence. This form of life implies that this group of Roma women has high level of creative skills diversity and acquisition of those skills that can allow them to earn income.

The structure of creative skills of Roma women is mostly dominated by the skills that they can independently acquire and perform. Most learning material and ideas are found on the Internet and through YouTube tutorials, which shows that young Roma women also have other skills such as functional skills—research and analysis skills, in other words, they use different sources of information to master certain techniques and types of creative operations. Some skills were acquired by necessity, because they could not afford to pay for that service, so they mastered it on their own. Some respondents also possess problem-solving skills, meaning that while designing a creative product based on a particular pattern/model, their attempts, errors and tailor pattern analysis help them come up with certain solutions. Interpersonal skills, such as team work and helping others, can be enhanced, as well as certain communication skills, such as the effective ideas exchange and cooperation in achieving a common goal in the field of creative entrepreneurship. The results of our research show that there is a low level of social capital within young Roma female population, whereas about 70% of the respondents have never been members of an organization or association. Motivation for networking exists only for the purpose of improving educational level and project implementation, and there is a certain reserve for economic and business cooperation.

As we mentioned, there is a low share of traditional creative skills, which can be associated with a small percentage of the intergenerational transfer of these skills within the family. For example, earlier researches on creative entrepreneurship of Roma in Pirot demonstrated that possessing traditional creative skills was related to the tradition of creative entrepreneurship in the family (Mikić et al. 2016). Data

collected from this survey shows that only 10% of respondents have a tradition of dealing with some form of creative entrepreneurship in the family, more precisely—one generation (65% of respondents) to two generations (40% of respondents). Intergenerational transfer of skills is present in creative skills based on home-based work. Young Roma women learned those skills (knitting, crocheting, sewing, etc.) mostly from the female line.

Most of Roma women perform creative activities individually, and the observed sample of Roma women is characterized by a high share of informal entrepreneurial activities in its infancy (90%). In a small number of cases, income from creative activities is the main source of income for the household (2.5% of respondents). These findings refer to the low level of utilization of creative skills in improving socio-economic position of youth Roma women, which can lead to a conclusion that these activities are mainly conducted as an unpaid, voluntary, or informal work, so the access to new markets is limited.

Regarding the intention to start their own (registered) business, out of total respondents, 55% of them gave positive responses. Mainly, Roma women who have positive entrepreneurial models in the family—successful Roma entrepreneurs in their immediate surroundings have positively evaluated independent entrepreneurship, and they represent those respondents who see themselves as someone creating entrepreneurial ventures independently. Compared with other research studies on Roma entrepreneurship (Mikić et al. 2016), once again it has been confirmed that strong intergenerational entrepreneurial capital positively influences the Roma entrepreneurial inclination, recognition of good economic opportunities and a more positive perception of independent entrepreneurship as a form of employment. The respondents who would like to engage independently in creative entrepreneurship find motivation in the prospects they see for advancement in this area (72%). Only 13% of the respondents stated economic necessity as a motive for starting creative entrepreneurship, as well as lack of other business opportunities for the employment, and they believe the hobby they are engaged in, can turn into business. Concerning motives, i.e. why they would like to enter into registered entrepreneurial business, two models can be distinguished: young Roma women preserving family traditions and self-made women exploring opportunities in the creative economy market.

Fear of failure is more present in the respondents with lower education and more unfavorable work profile, who suffered from some kind of discrimination at work (e.g. Novi Bečej). In relation to younger and more educated respondents, this fear is lower (Zrenjanin), and they feel freer to try an entrepreneurial venture, and some of them have a vision what kind of job they can do in the future and what business goals they would like to achieve. The focus group participants point out that they are supported by the community and family to persevere in their business ideas, and in cases where conditions allowed, the family invested in their additional education. They personally feel proud when the community positively values what they do. Positive social affirmation they receive from the community is significant for them and one of the main motivational factors to advance more. The respondents who are actively engaged in a creative activity estimate that their social affirmation

as a recommendation for a well-done job, besides personal satisfaction, brings them an economic satisfaction as well, such as new clients.

In many cases, surveyed group of young Roma women are engaged in creative activities, because they love and enjoy them. Love for decorations and ornaments are highly expressed in the selection of the areas in which they would start independent entrepreneurial ventures. These are mostly activities that combine colors, shapes and details and create different types of decorations. Precisely because these jobs are not imposed on them and are chosen in line with their own affinities, the participants of the focus groups showed high degree of commitment and ambition for further advancement, but also the desire to improve in these areas.

4.3 Problems and Barriers

Regarding the perception of the obstacles for starting an independent business, in 87.5% of the cases, the main obstacle for Roma women is the lack of a starting capital and household obligations (24%). This shows that Roma are not only uninterested, but mostly they are lacking in economic resources for entrepreneurial ventures (Fig. 1).

The market for creative activities is mainly within the Roma community, while only a small number of young Roma women reach a professional level and adequate reputation to provide services to members of the majority community. Those activities performed exclusively within the Roma community are on a voluntary basis and/or as assistance to other members of the community. Due to a small number of registered Roma entrepreneurs in Zrenjanin (three entrepreneurs) and Novi Bečej (two entrepreneurs), opportunities for employment of Roma women are still at a very low level. Some previous studies have shown that Roma

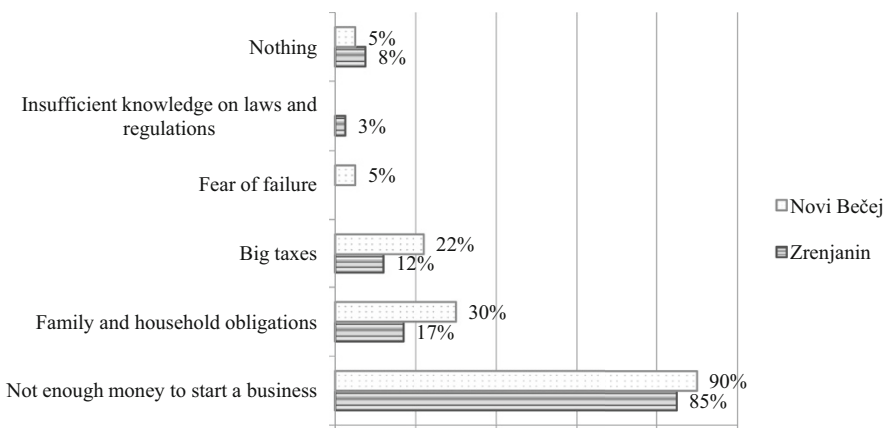


Fig. 1 Main obstacle for starting an independent (registered) creative business. Source: Survey results, $n = 80$, multiple answers

entrepreneurship is mostly developed as a family one (see: Žarković et al. 2016) or within the framework of the Roma community (Mikić et al. 2016). Therefore, encouraging and supporting the development of Roma entrepreneurship in creative economy can have a multiplier effect on further employment of young Roma.

A very small number of respondents are actively and continuously engaged in creative activities (only 5%), while as many as 95% have declared that they practice creative activities as a hobby and informally. The reason for this is the typical constraints that appear in a group of Roma women aged 18–35. For some of them major barriers are early marriage, household chores and childcare. This type of life mainly emphasizes the work at home as the only form of economic activity. Therefore, in this group, the respondents are engaged in creative activities in the form of a hobby, sporadically in relation to the available time and as a supplement to the household budget. Another group of Roma women is social assistance beneficiaries and there are legal restrictions in generating income. Roma women perceive the realization of income from working engagement as highly risky, and there is a concern that due to any economic activity they may lose the right to social assistance, which they consider as providing them with an existential minimum. The third group of respondents is engaged in other jobs that provide household income. Almost 35% of Roma women are engaged in seasonal agricultural work and trade work. As these jobs represent the main source of income for their households, respondents have little freedom in choosing a profession to deal with independently, including creative activities dedicated to hobbies.

5 Conclusions

The focus of the research is on capacities, conditions, driving forces, motivation and problems of young Roma female creative entrepreneurs in Middle Banat region. Empirical data on creative entrepreneurship of young Roma women (18–35 years) is based on the survey conducted during August—September 2017. Characteristics of typical young Roma women in creative entrepreneurship in Middle-Banat Region are that she is 26 years old, she is not a readmission returnee, she does not have a tradition of creative entrepreneurship in the family, she is focused on creative services and decoration, she is engaged in creative activities for 3 years on average, has finished only primary school, can use a computer, she lives in multi-member households of average size of four members, she is doing creative entrepreneurship as an informal activity. There is a low level of social capital within Roma women's population and they are motivated for networking only for the purpose of improving skills and project implementation. Concerning motives i.e. why they would like to enter into registered entrepreneurial business, two models can be distinguished: young Roma women preserving family traditions, and self-made women exploring opportunities in the creative economy market. The survey showed that only a small proportion of the respondents (only 13%) stated that the economic necessity was a motive for engaging in creative entrepreneurship, but they primarily see business

opportunities in this area. It can be estimated that creating a model for Roma women economic empowerment through creative entrepreneurship could result in a significant success. Nevertheless, Roma women economic empowerment programs in creative industries should not be understood as a formalized process of achieving only results in the field of their employment, and consequently of the social inclusion, but also as a process of affirmation of Roma culture and strengthening of their cultural identity. Therefore, the combination of economic and cultural components is of great importance. Namely, the affirmation of Roma creative entrepreneurship and the diversity of cultural expressions (especially in the sphere of contemporary creativity) can reduce stereotypes about Roma and improve their social position in a long-term perspective. This particularly applies to Roma women. Namely, creative entrepreneurship is an ideal form for improving the social position of women, taking into account specific patterns of life of this population, such as early marriage, taking care of household chores and children, attachment to work at home, low education level, limited access to the labor market, etc.

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Why Do Migrant Women Entrepreneurs Enter the Informal Economy? Evidence from Israel



Sibylle Heilbrunn

Abstract The purpose of the study was to understand why women migrants enter precarious self-employment at the margins of the formal economy. More specifically, the study asked to explore and document the intersection of gender, precarious forms of self-employment and migration status at various locations on the continuum of the formal and informal economic sector. The author conducted eight interviews with female migrant self-employed owners of mostly micro businesses applying criterion sampling method. The findings revealed that locating the business in the formal sector of the economy went along with belonging to a migration group with more human, social and cultural capital, being less discriminated against, better coping with obstacles and barriers and less exposure to precariousness. Those businesses located in the informal economic were established by migrant women belonging to the most marginalized group of Israeli society, triple disadvantaged as being women, migrants and black, not being able to cope with barriers and obstacles and high exposure to precariousness.

Keywords Informal economy · Migrant women entrepreneurship · Precariousness · Intersectionality

1 Introduction

Within the context of an increasingly globalized world international migration is a major phenomenon impacting social, political and economic realities in general and labor market relations in particular. The interplay of migration flows, restrictive immigration and asylum policies and deregulated labor markets, exposes many to precarious work relations and situations pushing them into informal sectors of the

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economy. Studies reveal that within this context of globalization and international migration, many migrants, especially those moving from the South to the North are exposed to precarity not only in the labor market but in their general life experience (Lewis et al. 2015). In addition, formal and informal barriers often deny migrants the entry into the labor market; therefore, they are often pushed into self-employment.

Empirical studies reveal that low-skilled business owners are an important source of the growth in numbers of self-employed particularly among women and immigrants (Lofstrom 2013) and many scholars are investigating structural, cultural and political barriers and obstacles for different groups of entrepreneurs. Notwithstanding the obstacles and barriers, the underlying assumption of many is that entrepreneurship is a noteworthy economic activity (Clark and Drinkwater 2010) and a viable option for integration into the labor market and into society (Hierbert 2003). It is only during the last years that a more critical discourse emerged, challenging the dominant—often neoliberal—assumptions of the entrepreneur as a wealth creating hero. This more critical discourse accounts also for dynamics of inclusion and exclusion categories (Verduijn and Essers 2013; Essers and Benschop 2007, 2009) allowing some to take part and others not in the ever-growing marketplace of ‘desirable’ economic activity in form of self-employment and entrepreneurship (Steyaert and Katz 2004). Women and migrants are often excluded from this ‘desirable’ economic activity and therefore, many of the businesses established by women and immigrants are located in the informal sector of the economy, even more so, since women belonging to a migrant or ethnic minority often have to deal with non-recognition of skills and credentials, latent and open discrimination above and beyond the ‘general’ labor market disadvantages (Collins and Low 2010). Entering self-employment is then frequently a necessity, with the entrepreneurs having to cope with many problems and barriers (Ramadani et al. 2014) and being confronted with precarious work and living situations. The discourse on precarious work is based upon the assumption that the ongoing transition to flexible labor markets and economic and political deregulations implies higher risks for the majority of participants in the labor market (Schmiz 2013). These tendencies have transformed work by introducing flexibility (mainly in terms of schedules) and by enabling employment of autonomous workers. The result is an increased lack of security, and hence these working conditions are considered precarious. Following Gill and Pratt (2008:3) precarious work arrangements are ‘atypical’ or ‘non-standard work’ including temporary, illegalized work, home working, piece working and freelancing (Gill and Pratt 2008:3; Schmiz 2013) and bogus or false self-employment (McKay et al. 2012). Arguing along the same line Jones et al. (2006) state that, with ongoing globalization the self-exploitation of immigrants in self-employment increased dramatically “as part of the worldwide race to the bottom”.

This chapter tells the stories of eight self-employed immigrant women in Israel, who set up their businesses in order to make a living. The purpose of the study is to understand why women migrants enter precarious self-employment at the margins of the formal economy. More specifically, the study seeks to explore and document the intersection of gender, precarious forms of self-employment and migration status at various locations on the continuum of the formal and informal economic sector.

2 Conceptual Framework

Migrant entrepreneurship has been widely discussed from a number of perspectives. Broadly there are two main perspectives, the first focusing on self-employment and entrepreneurship as a survival strategy in light of blocked labor markets (Riva and Lucchini 2015; Kushnirovich 2015), the second focusing on individual and collective mobility of migrants (Williams et al. 2004; Riddle and Brinkerhoff 2011; Portes and Yiu 2013; Rezaei et al. 2014). Notwithstanding the respective perspective, Ram and Smallbone (2003) maintain that the increase of immigrant entrepreneurship is an international trend in Anglo Saxon economies as well as in some continental European countries (Levie and Smallbone 2009), keeping in mind varieties in socio-cultural and national contexts.

The informal economy concerns economic activities outside the formal institutional frameworks but within the boundaries of informal institutions (Webb et al. 2014), or as Welter et al. (2015) pose it “happens outside legal boundaries but within tolerated societal boundaries” (ibid. p. 5). Located on a continuum between the formal and the informal, informal entrepreneurship can take many forms and is context specific. Uzo and Mair (2014) for example found that entrepreneurs incline to diverge from regulations on a selective basis and not either or. Furthermore, their study shows, “that the entrepreneurs’ embeddedness in family, religious or ethnic realms influence the degree to which they are willing to deviate from formal regulations”. Depending on societal contexts the motivation to enter the informal sector varies, with women (Williams et al. 2004) and members of otherwise deprived communities (Williams and Nadin 2010) more inclined to do so for a variety of reasons such as exclusion from the formal sector, lack of opportunity to advance formal employment, a variety of social reasons, solving community problems and more (Welter et al. 2015). This goes along with the “double disadvantage” often faced by minority and migrant women entrepreneurs (Jensen 2010). Studies found, that the tendency of women to become entrepreneurs was positively correlated with their level of disadvantage in the labor market, and that for minority women this correlation was stronger than for white women (Smith-Hunter and Boyd 2004). The work-family interface (Jensen 2010) is related to the expectation that women should carry the major load of family responsibility which is a typical barrier to women entrepreneurs (Baycan-Levent et al. 2003). Therefore, family support is a major asset for women entrepreneurs (Shinnar et al. 2012; Heilbrunn and Davidovitch 2011), and the lack of such support constitutes an additional women-specific disadvantage.

Additionally, and wherever located on the continuum between the formal and the informal sector, migrant and ethnic entrepreneurs face a variety of specific problems and barriers when setting up and running their businesses (Ramadani et al. 2014). These concern administrative challenges, due to lack of experience with regulations, lack of access to financial capital and networks, as well as specific ethnic based barriers (ibid.). Additionally, self-employment is often precarious and former research has recognized that precarious employment is more prevalent among women, racialized groups, immigrants, and people with low (Bacchetta et al.

2009). Also Arnold and Bongioni (2013) maintain that “vulnerability as a result of precarious work is context specific and segmented by gender, race, ethnicity, citizenship status, and religion” (Arnold and Aung 2011:15). Moreover, social characteristics of migrants as well as their respective legal status impact their labor market positioning and therefore also potential entry into self-employment (McDowell et al. 2009).

Following Jonna and Foster (2016, 21) most investigators define worker precariousness by focusing on what they lack: access to work; protection from arbitrary firing; possibility for advancement; long-term employment; adequate safety; development of new skills; adequate income; and union representation (see Standing, 2011, 10). Precarious self-employment holds the characteristics of precariousness in terms of poor financial compensation, demands of an intense effort over an extended schedule, and lack of social security. More so, the self-employed him- or herself is the one responsible for these benefits (ILO 2012; Frade et al. 2004). Consequently, self-employment can be precarious or poor-quality work in terms of low income, flexible (long) schedules and lack of security.

Women migrant entrepreneurs are located at the intersection of gender, migration status, and precarious forms of self-employment operating their businesses at a variety of locations on the continuum of the formal and informal economic sector. The empirical part of the paper investigates eight cases of women migrant entrepreneurs in Israel in order to understand underlying processes and outcomes.

3 Methodology

Participants in the study were selected based on the principles of criterion sample (Patton 2001: 238) because they had to comply with three meaningful conditions, namely that they were migrants to Israel, self-employed and women. All immigrated to Israel at least 10 years prior to the year of the fieldwork which was conducted in 2015. All women lived in the same city in the center of Israel.

The author conducted eight interviews of about 2 h with female migrant self-employed owners of mostly micro-businesses. The women were selected via a migrant businesswomen network which the author approached in summer 2015. The interviews included a semi-structured first part concerning the demographic data of the women and their businesses as well as the reason for setting becoming self-employed. The second part of the interview consisted of a number of questions on the way the women operated their businesses, dealt with potential obstacles and the ways they coped with these obstacles. Finally, the author asked the women to assess their situation regarding categories of precariousness.

Questions on operating the business were posed in order to evaluate the degree of informality of the business and included items such as status of registration, tax payments, receipt policy and advertising. Questions on obstacles and barriers to entrepreneurship were based on Ramadani et al. (2014) and concerned issues such as

Table 1 Descriptive characteristics of the sample cases

Name	Age	Family status	Country of origin	Type of business	Employment history
Marissa	35	Single	France	Travel agency	Marissa studied Tourism Management in France. Did not find adequate employment in Israel.
Ester	37	Married +2	France	Shop	Ester did not work prior to immigration. Could not find work in Israel.
Karin	57	Divorced +2	FSU	Shop	Karin was employed as a nurse in FSU. Did not pass the tests for accreditation in Israel.
Lena	60	Married +2	FSU	Beauty saloon	Lena was employed in FSU as technician in a manufacturing company. She could not find adequate work in Israel. Attended a cosmetics course in Israel. Could not find employment in Israel.
Anja	52	Married +1	FSU	Private lessons (home-based)	Anja was employed in FSU as a teacher. Her credentials were not accepted in Israel.
Rebecca	61	Married +5	Ethiopia	Nursery (home-based)	Rebecca did not work prior to immigration. Could not find work in Israel.
Sonja	58	Divorced +3	Ethiopia	Hair studio (home-based)	Sonja did not work prior to immigration. Could not find work in Israel.
Rachel	56	Widowed +4	Ethiopia	Sewing (home-based)	Rachel did not work prior to immigration. Could not find work in Israel.

All names have been changed to keep individuals anonymous

administrative barriers, access to formal resources, ethnic based barriers and access to business networks.

The degree of precariousness is defined by control over work schedule and content, working hours, social insurance and retirement coverage, and adequacy of income and economic hardship. These indicators comply with the Employment Precariousness Scale (EPRES) (Vives et al. 2010) and therefore established the basis for questions on precariousness posted to self-employed. Table 1 depicts the demographic characteristics of the participants, type of businesses as well as their prior employment history.

The women interviewed for this study belong to three distinct groups of immigrants to Israel, namely immigrants from the Former Soviet Union (FSU) (about 14% of the population in Israel in 2015), immigrants from Ethiopia (about 2% of the

Israeli population in 2015) and immigrants from France (about 3% of the Israeli population in 2015).

The immigrants arrived in Israel¹ during the last two decades, from very different societal backgrounds, various motives and different migration circumstances. Empirical studies point to high human levels of human capital among FSU and French immigrants whereas Ethiopians, coming from rural backgrounds mostly, arrived with a very low level of human capital and constitute—being black—a visible minority in Israel. Empirical evidence indicates, that the Ethiopians are less integrated into Israeli society (Heilbrunn et al. 2016), rate significantly lower on socio-economic indicators, are depending on welfare, and have high rates of unemployment (Fanta-Vagenshtein and Anteby-Yemini 2016). Additionally, Ethiopian and FSU immigrants demonstrate a higher geographical concentration in neighborhoods and are more ethnically embedded than the immigrants from France (Amit 2012). Kushnirovich and Youngmann (2017) also found that discrimination was a significant factor for immigrants from Ethiopian and the FSU.

4 Findings

The first set of findings concerns the reasons for setting up the business. Anja, Lena and Karin reported that their educational credentials from the FSU were not accepted in Israel; therefore, they could not enter the labor market in the field of their expertise. Karin reported: *“I tried to pass the test twice, but did not manage, I think basically because I did not know Hebrew well enough. So, I gave up and looked for something else”*. Lena had a similar problem: *“I applied for a job as a technician, similar to what I did before; they did not want me. Then I participated in a cosmetic course via the ministry for immigration. I liked that. But no one wanted to employ me after I finished the course”*. Also, Marissa could not find an adequate job *“I wanted to work in the field of tourism, but no one would take me because my Hebrew is not so good and I had no experience. That’s why I decided to set up a travel agency for French speakers, capitalizing on my ‘disadvantage’, to show the Israelis that I don’t need them.”* Marissa was very outspoken and angry at the Israeli establishment *“first they make a big fuss of bringing us here, and then they don’t know how to deal with us newcomers”*. Ester, Rebecca, Sonja and Rachel did not work prior to immigration. Upon arrival they recognized the need for additional family income but could not find a job. Sonja: *“I have no prior education and no work experience, so I even could not get a cleaning job”*. Rachel added: *“As a black woman it is very difficult to find a job, I have no experience and I always feel that*

¹The immigrants discussed in this study concern Jewish ones only. The “Law of Return” (1950) states that every Jew in the world has the right to come to Israel to settle and acquire citizenship so long as at least one grandparent is Jewish. With arrival in Israel Jewish immigrants receive citizen rights as well as welfare services and social security.

they don't want me here". Rebecca, Sonja and Rachel all reported on discrimination on the basis of their 'blackness' not only in the labor market. Ester, from France, maintained that she did not even try to find a job: *"I understood very fast that my Hebrew was not good enough and that I would have a hard time getting along with the Israelis. So, since I am living in a French speaking neighborhood, I decided to start a shop for French specialties. I don't need Hebrew for this"*.

Anja, Marissa and Ester decided to position the business within the ethnic enclave, capitalizing on language, cultural background and friends and family members. Anja: *"I knew that many parents of FSU immigrants want their children to speak Russian. And I also knew that there are not many courses in the area where I live. So I decided to go for it. I asked my friends for spreading the word. All my pupils are second generation immigrants from the FSU and their parents are happy to send them to me because they know that I understand what they want"*. Marissa is advertising her travel agency in French and has only French speaking clients which she recruits via family members and friends: *"Sometimes I feel that I never left Marseille, it's very much like home; I hope I will find a French husband, and then all will be perfect for me here and I can work less than I do now"*. Rebecca, Sonja and Rachel never left the ethnic enclave of the Ethiopian community in Israel. Rebecca: *"I have 5 toddlers I take care of when their parents work during the day, they are all Ethiopians and all live in the neighborhood; I talk with them in a kind of mixture of Amharic and Hebrew"*. Sonja reported that all her clients are friends and family members *"but I can't take money from the family members, so that is a problem I don't know how to deal with"*. Also Rachel who is sewing at home maintained that she is serving only clients from her community.

Table 2 summarizes the interview data concerning business operation, obstacles and barriers and precariousness.

A closer look at the data presented in Table 2 reveals some patterns as to the location of the businesses on the formal/informal continuum, dealing with barriers and obstacles and precariousness. The first pattern concerns the formally registered businesses belonging to women who migrated to Israel from France (2) and the FSU (1). The women utilize a variety of tools to promote their businesses, manage to handle the administrative obstacles to a certain extent, had some access to initial finance and utilize ethnic networks in order to deal with ethnic barriers. More specifically these women recognized the ethnic barriers early and located their businesses within the ethnic enclave. Marissa, Ester and Karin work more than 40 h a week, make a decent income, partly cover their social insurance and retirement payments and do not perceive their self-employment as hardship.

The second pattern concerns two businesses which are partly registered (Lena) and not yet registered (Anja). Lena and Anja immigrated to Israel from the FSU and exploit personal contacts to promote their business. Whereas Lena's business is partly registered, Anja is still considering and planning to get a registration for her home-based private lessons. Both had to handle administrative barriers, Lena had some access to initial capital while Anja did not need any. Lena would like to expand her business to non-ethnic clients but is lacking necessary social and business networks. Whereas Lena is working many hours, barely earning minimal wage

Table 2 Summary of interview question results

	Operation of business				Obstacles, barriers and coping				Precariousness				
	Legal status	Tax	PR	Other relevant	Administrative	Access to finance	Ethnic based barriers	Access to Net-works	Coping	Income	Weekly working hours	Social insurance and retirement	Hardship
Marissa France Travel agency	Formally registered	✓	Local newspaper, internet & 'wtom'	None	Some	Had access	Yes	Yes (ethnic)	Yes	Decent	45	Yes	No
Ester France Shop (clothes & accessories)	Formally registered	✓	Local newspaper, internet & 'wtom'	None	Some	Had access	Yes	Yes (ethnic)	Yes	Decent but struggling	45	Yes	No
Karin FSU Sweet and chocolate shop	Formally registered	✓	Local newspaper, internet & 'wtom'	None	Some	Had some access	Yes	Yes (ethnic)	Partly	Decent but struggling	48	Partly	No
Lena FSU Beauty saloon	Partly registered	Partly	Internet & 'wtom'	Unregistered employee	Many	Had some access	Yes	Not enough	Partly	Barely minimum wage	50	No	Partly
Anja FSU Private lessons (home-based)	Not yet registered	-	'Wtom' + flyers at school	Plans for exempt business	Some	None needed	No	Yes (ethnic)	Partly	Above minimum wage	35	No	No
Rebecca Ethiopia Nursery (home-based)	Not registered	-	'Wtom'	Employs family members	Never tried to register	Had no access	Yes	Not enough	No	Minimum wage	55	No	Yes
Sonja Ethiopia Hairdressing (home-based)	Not registered	-	'Wtom'	Employs family members	Never tried to register	Had no access	Yes	Not enough	No	Below minimum wage	35	No	Yes
Rachel Ethiopia Sewing (home-based)	Not registered	-	'Wtom'	Employs family members	Never tried to register	Had no access	Yes	No	No	Below minimum wage	40	No	Yes

and experiencing her self-employment as hardship, Anja is earning more, working less hours and more content with her situation.

The last pattern concerns the three women immigrants from Ethiopia. Their businesses are unregistered, located in the informal economy utilizing only personal contacts for promotion. All three employ family members who get payed when possible and since neither tried to register the business they did not meet administrative barriers. They perceive their blackness as major obstacle to entering the labor market or to develop their business, lacking access to networks which could promote their businesses. All three reported on a high degree of precariousness, especially in term of low income, working hours and lack of social security and retirement arrangements. All the Ethiopian women experience a high level of hardship.

For illustration of these patterns, three examples are described in more detail.

Marissa, a 35-year-old single young woman immigrated to Israel from France and set up a travel agency after being unable to find a job in the field. She had studied tourism management in France but was speaking the Hebrew language only poorly. Her business is formally registered; she is paying taxes and promotes the business in local newspapers, on the internet and via her social network channels. She had some administrative hurdles to deal with especially since her credentials had to be accepted by some of the companies she represents. Marissa recruited initial capital from her family and got some business advice from her father. She is well embedded within the French speaking community in town and reports that she is coping well and makes a decent income.

Lena, a married woman of 60 immigrated to Israel from the FSU and set up a beauty salon, after trying to find employment in the field for some time. Lena's business is registered as a cosmetic studio, but she sells additional services such as pedicure, manicure and hairdressing which are not parts of the registration and therefore she does not have the necessary permissions. Lena handles two parallel "books", reporting to the tax authorities about the registered business activities but at the same time paying her friend (who is not registered as an employee) unreported salary. She juggles the clients' payment receipts and promotes the cosmetic services on the internet for the general public and the additional services via her ethnic network only. She received some initial finance from the ministry of immigration but struggles with administrative barriers. Lena barely manages to make a minimum wage income and is working long hours. Although she is glad that she owns the business she would prefer to be employed.

Rebecca, a 61-year-old married immigrant from Ethiopia did not work prior to coming to Israel. Since neither she nor her husband could find work, she decided to set up a home-based nursery for babies and toddlers. Her daughter in law helps out when necessary, but her husband, who is at home all day, resents her business and often complains. Rebecca never tried to register her business; she is afraid of administrative obstacles, has no access to finance or necessary networks and does not cope well. Additionally, she perceives her situation as highly precarious with below minimum wage income from many hours of work at home juggling between the business and the demands of her family "*my husband is unemployed and our flat*

is rather small, so he has to leave the house or stay in the bedroom when the babies are around. He does not like that I am working at all, so he does not help me”.

5 Discussion and Conclusion

The self-employed migrant women who were interviewed for this study reported that they had not managed to enter the formal regulated labor market. They believed that the fact that they did not find employment was due to a number of reasons such as lack of required qualifications, lack of adequate language skills, and lack of knowledge of laws and regulations. Furthermore, some complained about open or hidden discrimination as migrants and as women, with the Ethiopians stressing the intersection of race, gender and migration status as perceived basis of discrimination. The self-employment solution was a necessity for all interviewed women migrants. Similar to findings in Germany (Schmiz 2013) the women reported on utilizing their family and community social networks to establish micro businesses serving mostly their own community located either at home or in the community neighborhood. They reported on the need to be highly flexible in terms of planning the work day, unsuccessfully juggling between business and family obligations, working many hours a day. Moreover, they found it difficult to comply with the community's expectations and still provide a living for the family. The statements of Rebecca, Sonja and Rachel reflect the marginalization of the Ethiopian community in Israel. More than the others, they are discriminated because they are women and because they are black.

Concerning the location on the informal-formal continuum three patterns emerged, different configurations of the intersection of migration status, coping with barriers and precariousness. Locating the business in the formal sector of the economy went along with belonging to a migration group with more human, social and cultural capital, better coping with obstacles and barriers and less exposure to precariousness. Those businesses located in the informal economic were established by migrant women belonging to the most marginalized group of Israeli society, triple disadvantaged as being women, migrants and black. For them, it seems that there is a pattern of self-exploitation (Pongratz and Simon 2010: 28), working long hours, in very difficult circumstances, without adequate social or financial reward.

In line with former research, this study once again demonstrated, that entrepreneurship is a societal rather than an economic phenomenon (Gherardi 2015; Steyaert and Katz, 2004; Tedmanson et al. 2012). Furthermore, the interviews showed and that it is important to consider the intersectionality (Essers and Benshop 2009) of gender, class, ethnicity and migration status in order to understand the location on the formal/informal continuum. For the most vulnerable—the three Ethiopian women—the intersection evolves as social and economic marginality—pushing them into the informal economic sector, probably due to their blackness. In line with Arnold and Bongioni (2013) this study shows that “vulnerability as a result of precarious work is context specific and segmented by gender, race, ethnicity,

citizenship status, and religion” (Arnold and Aung 2011:15). Furthermore, the study confirms that social characteristics of migrants in terms of gender, skin color, and country of origin impacts their labor market positioning and therefore also potential entry into self-employment (McDowell et al. 2009). Based on these preliminary results the author would suggest to question the common assumption, that for migrants’ self-employment constitutes a viable path to deal with labor market constraints, or at least stress the potential vulnerability of those pushed into precarious self-employment. Future research should further explore the emerging patterns of the location on the informal-formal continuum, in order to better understand the different configurations of the intersection of migration status, coping with barriers and precariousness within the relevant societal contexts of the entrepreneurs.

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Informal Refugee Entrepreneurship: Narratives of Economic Empowerment



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Abstract Jordan hosts a total of 1.4 million Syrian refugees. This exploratory, qualitative study presents the narratives of five Syrian refugees engaged in informal entrepreneurship in Jordan. It aims to provide a better understanding of their motives and the challenges they faced as they tried to create home-based business in a patriarchal and conservative context. Purposeful sampling was employed to recruit participants. A semi structured interview guide was used to interview the refugees. Content analysis was used to identify recurring themes present in the data and amongst refugee narratives. Refugee motivations were a combination of push and pull factors whereas, finding start-up capital, hostility from locals and work-life balance were cited as the major challenges faced. The study highlights how entrepreneurship can be used as a means of survival and economic empowerment under dire circumstances. It also draws attention to how these types of activities may help relieve the economic burden of host communities.

Keywords Informal entrepreneurship · Women entrepreneurs · Refugee entrepreneurship · Syrian refugees · Middle East

1 Introduction

Today, more than 56.6 million people have been forcibly displaced. Refugees make up nearly half of that figure (UNHCR 2017a). According to the UNHCR (2016), the average refugee will spend 26 years in exile before they are able to return home. With such an unprecedented number of refugees worldwide, refugee entrepreneurship requires a greater focus (Zahra and Wright 2011; Refai et al. 2018) as a means of rebuilding livelihoods and decreasing dependency on third parties (Kachkar 2017).

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Refugee entrepreneurship is often submerged in the literature on immigrant entrepreneurship. Unlike immigrants who leave their homeland in search of a better livelihood and economic prosperity, refugees flee their country, outside of their own free will, in order to escape conflict, war or persecution. Most refugees have left their worldly possessions behind and are forced to start all over again in a foreign setting, often with limited resources and support systems. Trying to make sense of their shattered lives and attempting to adjust to a completely new environment can be a highly traumatic experience (Wauters and Lambrecht 2008). Refugees face many difficulties in their new homeland, such as discrimination and exclusion from the labor market. Displacement, as a result of war, tends to hit women and children the hardest (Madzima-Bosha 2013) making this group more vulnerable than their male counterparts (Rought-Brooks 2015).

Today the Middle East is a region characterized by political upheaval, armed conflict, displacement and loss of lives and hope. What started as peaceful protests against President Bashar Al-Assad in 2011, has now escalated into a full scale civil war, internally displacing over 13.1 million of its citizens and forcing a further 5.5 million to flee abroad for safety (JIF 2018). Governments and donor nations are deeply divided over how to respond to this humanitarian crisis and host nations are finding that their resources are stretched beyond capacity.

According to Lee and Wang (2017, p. 519), “the ability to overcome adversity or traumatic experience, adapt to change and then quickly return to normal status is called resilience”. It has also been pinpointed as a key factor for entrepreneurial success (Bullough and Renko 2013). Dana (2009) found that civil society and cultural norms also play an important role in influencing levels of entrepreneurship. Social support from the host country helps in integration (Wauters and Lambrecht 2008). It also helps entrepreneurs become more resilient by providing encouragement, access to information and networks and financial resources (Lee and Wang 2017).

All this displacement, deprivation and challenges creates a special set of conditions for refugee entrepreneurship to develop. The creation of micro-enterprises has the potential to help refugees navigate the terrain of their host country and bring some sense of normality and economic stability to their shattered lives. Refugee entrepreneurs are often described as necessity driven within the literature (Williams 2007). Desperation, workforce barriers and discrimination from the local community often push refugees to seek economic activity within the informal economy. Women and disadvantaged minorities within developing countries often turn to informal entrepreneurship as a way to overcome various barriers and challenges to formal workplace participation (Al-Dajani and Marlow 2010; Ramadani et al. 2015; Ratten 2014; Rezaei et al. 2013; Welsh et al. 2014; Williams and Horodnic 2015).

Barriers to entry are often lower in the informal economy. Many entrepreneurs find that circumventing legal and bureaucratic challenges also becomes easier (Kasseeah and Tandrayen-Ragoobur 2014). However, socio-cultural constraints and a refugee status can be a severe impediment to workforce participation, especially in conservative Arab societies like Jordan. Therefore, reality is harsher for refugee women.

This study focuses on an understudied topic and presents the findings of an exploratory, qualitative study on refugee women and informal entrepreneurship. It tries to look at how informal economic activity has allowed these women to rebuild lives destroyed by war. The study examines the factors that have contributed to the decision to engage in informal business activity and the challenges faced as these women tried to launch and develop their micro-enterprises. Most studies on refugees have been conducted in a Western context. This research focuses on refugee women in a non-Western, patriarchal and collectivist culture. It also addresses the call for further research on refugee women in the MENA region (Bastian et al. 2018).

2 The Context of Syrian Refugees in Jordan

Jordan is a collectivist, patriarchal and conservative country located in the Middle East. The Jordanian culture is firmly rooted in the Islamic religion and family and tribal affiliations form the foundation of society. As in the case of most Arab societies (Sidani 2005), traditions, religion and gender stereotypes support the traditional viewpoint that women must be committed to their houses and children (El-Rahmony 2002) and this can limit the social and economic participation of women (Al-Dajani and Marlow 2010; Mehtap et al. 2017).

As a stable country in a highly volatile region, Jordan has been welcoming Arab refugees since the late 1940's. Jordan has become home to Palestinian refugees, Iraqi's escaping the Gulf War, Yemeni's and now a total of 1.4 million Syrian refugees. Around 640,000 of these refugees have officially registered with the UNHCR and the remaining live outside of the official camps (UNHCR 2017b). Two-thirds of Syrian refugees are believed to be living in dire conditions, in poor urban neighborhoods, despite the aid efforts of the Jordanian government and help from international donors (Carrion 2015; JIF 2018). Approximately 23.5% of all Syrian refugees in Jordan are women (JRP 2015).

The steady influx of refugees over the years, has put heavy strains on the country's infrastructure and public services and has exacerbated the already high unemployment levels (Barcucci and Mryyan 2014; Carrion 2015). Public sympathy towards the plight of Syrian refugees is now turning into resentment, with many citizens urging the government to put Jordanian interests first (Kelberer 2017; Refai et al. 2018). Fears of internal instability and insurgency have forced the Jordanian government to host Syrians under tightly controlled conditions. Syrian refugees are required to register and obtain a biometric service card from the Ministry of Interior. They should also register with the UNHCR. Those who fail to register, face many legal and bureaucratic constraints. Formal participation in the labor market, is also restricted through a quota system for work permits. This quota system referred to as the 'Jordan Compact' provides 200,000 work permits over a 3-year period, in exchange for preferential access to EU markets and financing from the World Bank (Kelberer 2017). Only 4% of these permits have been issued to women (JIF 2018). Many Syrians, including children, are employed as unskilled labor in

agriculture and construction and many more are resorting to the informal sector in order to sustain their livelihoods (Carrion 2015). This leaves them vulnerable to exploitation and detention if caught. Syrian women are also establishing home-based businesses within the informal economy, with no legal pathway to register them (JIF 2018).

3 Background of the Study

Williams and Round (2007, p. 120) define the informal economy as “the paid production and sale of goods and services which are unregistered or hidden from, the state for tax and/or benefit purposes, but which are legal in all other respects”. On the other hand, the International Labour Organization (2002, p. 54) states that the informal economy acts as an “incubator and transitional base for graduation to the formal economy”. The informal economy can be found in both developed and developing countries (Williams 2013) though it is believed to occur at a higher rate in the less developed world (Webb et al. 2012). The informal economy allows participants to engage in business activities irrespective of their gender, immigration status or education. It also allows them to evade taxes and labor market regulations (Kasseeah and Tandrayen-Ragoobur 2014). The informal economy helps liberate women through the power of the market (Ramadani 2015) and allows them to circumvent barriers to formal workforce participation (Bertulfo 2011).

Stoevska (2012) cites a diverse number of push and pull motives for participation in the informal economy. Some of these motives include unemployment, barriers to formal work, economic necessity, the need to supplement family income, opportunities for realizing profit, the need for independence and flexible work arrangements. However, the dichotomy of push-pull factors has been criticized in the literature (Williams 2007) with researchers calling for wider social, political and economic contexts to be taken into account (Kloosterman 2010). Some studies have found that push and pull factors can co-exist as motives for entrepreneurship (Williams and Round 2009). Other studies have found that motives may shift or change over time (Franck 2012; Snyder 2004).

Rezaei et al. (2013) carried out a qualitative investigation of legal and illegal immigrants in Denmark and found that the existence of what they called ‘underground economy’ made it possible for semi-compliant and non-compliant immigrants to make a living. Rezaei et al. (2014) also found similar results in a study undertaken in Austria.

Women in patriarchal and masculine societies often turn to informal business activities (Franck 2012). In some cases, it can also help provide the perfect context for accommodating maternal responsibilities (Itani et al. 2011; Ratten 2014). Women tend to establish informal micro-enterprises in traditional feminine sectors (eg. handicrafts, beauty services and food and beverage) that may not be as profitable, growth oriented or innovative as enterprises created by their male counterparts (Boden and Nucci 2000).

Entrepreneurs operating in the informal sector are often believed to be marginalized populations (Brill 2011; Williams 2013) or lower income groups who have resorted to this activity out of necessity. Whilst immigrant and ethnic entrepreneurship has attracted a lot of attention over the past decades (Adom 2014; Collins and Low 2010; Ma et al. 2013, Ramadani et al. 2014; Valdez 2002) the literature on refugee entrepreneurship remains limited (Cortes 2001; De Vita et al. 2014; Valdez 2002; Wauters and Lambrecht 2008).

Valdez (2002) studied five different refugee communities in Malaysia and concluded that entrepreneurship is used as a survival strategy in the absence of employment. Bizri (2017) looked at the subject from a social capital perspective and found that refugees gravitate towards entrepreneurship in an attempt to 'fit in' and because of a desire to be successful.

Refugee entrepreneurship in Belgium was studied by Wauters and Lambrecht (2006, 2008). Market opportunities, human capital and social networks and the context were identified as barriers to entrepreneurship. The authors concluded that refugees are subject to more barriers than migrants.

In an exploratory study conducted in 2015, Mehtap et al., used mixed methodology to profile 34 Syrian entrepreneurs, their motivations for starting a business and the challenges faced. The attitude of local businessmen towards their Syrian counterparts was also explored. Most Syrians were operating in the food or apparel industry- fields very different from their formal education. Finding capital was cited as a major challenge and refugees also complained about hatred and racism. Local business owners were mostly hostile towards their Syrian counterparts. If given a choice, none of the refugees wanted to stay in Jordan.

Carrion (2015) reports that since the outbreak of the war, Syrians have also made large amounts of foreign direct investment (FDI) in Jordan. She believes that creating more work and income generation opportunities for Syrian refugees would make them more self-reliant and would have positive benefits for the Jordanian economy.

Refai et al. (2018) explored the role that context plays in encouraging or hindering entrepreneurial activities amongst Syrian refugees living outside of the camps in Jordan. They also drew on the work of Bourdieu to examine entrepreneurial identities. They found that Syrians are often engaged in illegal employment and that the three main obstacles to engaging in entrepreneurial activity are legal, financial and social. Syrians often set up survivalist enterprises, in an attempt to circumvent the tough conditions they encounter.

4 Methodology

Due to the sensitivities associated with a) being a displaced person (refugee) and b) running an informal business, an exploratory, qualitative study was carried out in order to gauge a better understanding of the phenomenon under study. Purposeful sampling was employed, with the researchers leveraging their own personal

networks in order to try and recruit participants from a variety of backgrounds and personal experiences (Dana and Dana 2005; Eisenhardt and Graebner 2007). Data was collected over the period from late 2016 to mid-2017. Each interview was conducted in Arabic, in a place that was designated by the participant. Interviews are a tool that refugees can use to construct personal narratives of key events (Elliot 2005). Through narratives, an individual can explore their identity in relation to the surrounding environment. Narratives have been successfully used in entrepreneurship studies (Bartel and Garud 2009; Down and Reveley 2004; Down and Warren 2008; Johansson 2004; Steyaert and Bouwen 1997). The interviews lasted between 40 to 60 min. Most of the women were afraid of any negative consequences that may arise, as a result of their illegal business activities. Participants were assured of anonymity and upon their request were not audio-recorded. A semi-structured interview guide based on extant themes in the literature and the aims of the study was used. Representative questions include:

- Tell me about your background and escape from Syria!
- Where did you get the idea of starting a business(motives)?
- Where did you find the resources needed to start?
- What major challenges did you face?
- What are your future plans for the business?

Probing questions were also used to gain more in-depth information about the refugees' experiences. During the face to face interviews, research assistants transcribed each entrepreneurs' narrative and then later cross-checked notes for any disparities and anomalies. Two of the respondents were contacted again for clarification in the recorded script and to ask some follow up questions. The narratives were translated into English and the accuracy of translation was checked by an academic who is also a professional translator.

The collected data was analyzed according to the extant themes in the literature. Each interview transcript was analyzed in order to identify relevant themes and for data coding purposes. Content analysis was used to identify recurring themes that were present in each individual analysis and also within the narratives of other refugees (Maitlis 2012). Multiple case study narratives were formulated based on the data and aim of the study (Yin 2004).

It must be noted that the five narratives presented in this chapter are part of a larger, mixed-method study on informal refugee entrepreneurship in Jordan. All participants live and work in the capital city, Amman. These narratives reflect the reality of five very different women whose lives have been torn apart by war, yet who have found a common ground in their entrepreneurial endeavors and quest for survival. While the small sample size does limit generalizability of results, it sets a basis for future research to be built on and is comparable to similar studies in this domain (Down and Warren 2008; Johansson 2004; Pechlaner et al. 2012). In fact, in terms of an acceptable sample size for interviews, Creswell's (2007) guide is five to 25 interviews whereas Guest et al. (2006) recommend between six to 12 interviews for phenomenological research.

5 Narratives of Five Syrian Women

Case 1: Em Hassan (Age 38) Our situation was good. We had the shop, we collected rent and we had the income from the olive harvests. He (her husband) woke us in the middle of the night and told us we have to leave now. I barely managed to change and cover my head. Would you believe the kids all left in their pyjamas and a coat?! He said that if we don't leave now we will die. Till now, I don't understand what happened that night. . .only that they bombed the whole neighborhood. Most people we know are dead [starts crying].

We (two adults and four children) escaped from Homs and first settled in Ramtha (city in the North of Jordan, close to the border). Then we came to Amman, hoping to find better circumstances. Between you and me, my husband is depressed. He has lost everybody and doesn't want to do anything. Many times, I have heard him questioning Allah. This is not a good sign. My husband is a devout Muslim. I want to help him, but he refuses to talk. Once he even hit me for questioning him about that night (referring to the night they escaped). Sometimes he doesn't come home for days. Most of the time, I don't know where he is, and I worry about him.

The Imam (Moslem cleric) helped us to find a house in a poor area in East Amman. Our neighbors are kind and giving, even though they don't have much to give. You see my dear, once upon a time I was the Madame of the house. . . . now look at me. But I am not ashamed. Those who brought us to this situation should be ashamed. They will answer to Allah. There is no escape (for them).

My husband picks up odd jobs here and there. . .that's if he can be bothered to get out of bed. He doesn't smoke anymore because I won't give him money to buy cigarettes. . .he has become very nervous. We fight all the time. The younger ones go to school. My eldest daughter dropped out last year and my eldest son has found a job next to the local barber. The money is bad, but at least it buys the basics. My neighbors helped me to start my hairdressing business. We run the business with my daughter.

Write my dear, write so the whole world knows our story!

Case 2: Em Saif (Age 47) We didn't escape from the fighting, we escaped for another reason. I came here with my two sons so that they wouldn't be drafted into the army. We are very well connected. My father in law knows everybody. He warned us. I gave my whole life so that my sons can have a respected place in society, I wasn't going to let them go and fight a war that was being manipulated by America. The plan was to fly to Jordan and from here to send them to Sweden, to my brother. My brother has been living in Sweden for the past 38 years. He will take care of them and make sure they continue their education. Education is very important for us. Both my husband and I are medical doctors. Both of us come from merchant families. By the time I managed to get the boys to Sweden, the war had turned serious. I couldn't return home as planned. Now my passport has also expired. I had left my money, gold, clothes everything behind. I wasn't supposed to stay this long. My husband and the girls escaped to Damascus. They live with my mother in a wealthy neighborhood. They are safe there. Most Jordanians think that we are fleeing

from poverty. No, we are fleeing from war. A war that has destroyed many families...our culture and our heritage. That has turned our lives upside down. Now tell me. Which Syria is better? Assad's Syria or the chaos they have created? They did the same with Saddam. Now look at Iraq. They will draw a new map of the Middle East with our blood. They don't care.

I can't practice medicine anymore. You know I was educated in Beirut and then in Britain. I have nothing official to prove this, just my knowledge. I sell women's clothing and accessories from my house and rent dresses for special occasions. Alhamdulillah (Praise be to Allah) business is good, especially the rentals. I don't have to work. My brother said he will take care of me. But, I want to work. It keeps me occupied. I have a relative from my mother's side. Her daughter is married to a Jordanian. She is my business partner. She travels to Turkey to buy dresses for the business. We Syrians need to support each other.

Case 3: Suzan (Age 26) I am Suzan. You know that's not my real name. I know you promised that you will keep my identity a secret, still I don't want to use my real name. I am a third-year Medical student at Aleppo University. I mean, I was, a third-year medical student. I worked so hard to get into medicine. My mum was so proud. I always wanted to be a doctor. . . . now I give Chemistry and Physics private lessons to students. Some of them want to study Medicine. They have big dreams like me. I try to help them as much as I can but sometimes I become jealous. They will follow their dreams and I do not know what the future will bring.

We are all working except for mum- her health is not that good. We need to collect money to move to Turkey. . . .we have to find a way. I think life will be better for us there. The Turkish government is allowing Syrians to attend university. I like Erdogan (the Turkish President). My fiancée is there, in Gaziantep (city in Turkey close to the Syrian border). His family used to be in the construction industry. They fled to Turkey when everything started in 2011. They have a summer house there. They told my father to do the same, but he didn't listen. I guess he didn't think that things would get to this degree. Ali's (her fiancée) father speaks good Turkish. He studied civil engineering in Ankara (capital of Turkey). Ali was also studying medicine but now he is working in the tourism industry. He is waiting for me. We will start university again together and Insha'Allah (God willing) we will get married. Dad had an auditing firm, but he works for an accounting office now. I guess we are better off than most and that is why dad always tries to help other Syrians who are in need. God help all of us. One of my brothers works as a taxi driver—in reality he was studying to be an engineer. The other at the cash register of a grocery store- he was preparing for university. My little brother is still in primary school. In Turkey, we will all be able to return to our studies. The rest of our relatives are all stuck in Syria. My dad refuses help from my fiancé's family. He is too proud.

I want to thank the Jordanian government for opening the borders for us, but I would also like to ask them to give us access to education. Also, Syrians are hard-working, we need to work in order to survive.

Case 4: Em Mohammed (Age 42) Family is everything. We live with our relatives here in Amman. We used to be in the camp, but my aunt's husband sponsored us and we were able to leave after my husband passed away. He was already sick, but leaving Syria broke his heart. My aunt and her husband are very kind. Even though the house is over-crowded, they never complain and always treat my kids like their own. It's embarrassing to have to rely on the generosity of somebody else for this long. So I asked them to help me find a job.

In my last job, I was looking after the sick mother of an rich Jordanian family. Suddenly I found myself cooking and cleaning in addition to taking care of the old woman. My working hours became longer and longer until I found myself coming home after midnight. In the beginning, I kept quiet because I needed the job. When the work responsibilities became too much I argued with my employer. She told me that as a refugee it is illegal for me to work. She said I was ungrateful because they were taking a risk and doing me a favor by giving me this job. She was very rude to me.

I felt underpaid, abused and was scared of being harassed. . .all because I was seen as a widowed refugee and a woman without a voice. I did not want to become an economic burden on somebody. Most of all, I wanted to rebuild my life and live in dignity. That was it. I left that night, promising myself never to return. And promising never to let somebody treat me like that again.

As a lone parent, I had to do something, so I turned to what I know the best-cooking! I never thought I would see the day where people pay me to cook.

Case 5: Em Hussam (Age 27) There was once a place called Idlib, it's destroyed now. That's where I am from. I don't want to talk about how we came here, all I can say is that I hope we never have to live that again.

I was a housewife and a mother. I graduated from high school, got married and have never worked before. Abu Hussam (her husband) works as a waiter now. We used to have a big store selling nuts and sweets-it's all gone. The children are small and we always need money for milk and nappies. Abu Hussam is against women working. He says that it is shameful for the man of the house and that it is against our religion. I don't think our religion prohibits women from working. On the contrary, Islam has given women many rights, long before the West. In the beginning, it was a waste of time arguing with my husband. There was also the issue of who would look after the children?

Things have changed. I have a home business now. I make traditional, hand-made embroidery for engagement and party dresses. I have a talent for handicrafts. I was taught by my mother, who was a seamstress. My customers bring me a ready-made dress and I cross-stitch any design they want.

6 Discussion

6.1 *Motivations for Starting a Business*

There are a multitude of reasons why women choose the path of entrepreneurship (Ascher 2012; De Vita et al. 2014; Ratten 2016). Some are driven by necessity (push factors) whereas others may do so in the pursuit of an opportunity (pull factors). Sometimes the reason is both (Adom 2014; Baughn et al. 2006; Fielden and Davidson 2005; Hughes 2003; Ramadani et al. 2013, 2015; Williams and Round 2009). Motives may also change over time (Franck 2012; Hughes 2003; Snyder 2004; Williams and Round 2009). Refugee entrepreneurs are often necessity driven, however, our data suggests that a combination of both push and pull factors were influential in explaining entrepreneurial motives in this study. It is evident from the texts, that informal entrepreneurship allows refugee women to earn money in a socially acceptable manner, whilst supporting their families and in some instances even satisfying personal development needs.

“What do you do when you have a lazy husband who sleeps all day because he is depressed? You go and work. Either you work, or you starve. I knew that it was hard to find a job outside. Also, I wanted to be at home because of the children. I worry. . . . I need to check on them. Their father lives in his own world. The neighbors gave me the idea to start a hairdressing service. I was already doing things for free and I know that there is always a demand for beauty services-even if you are poor.”

“I started the business in secret, but my husband soon found out. We had a big fight and he was very upset. Finally, he agreed to let me continue as long as it doesn’t interfere with my main responsibilities. He doesn’t want any of the money. I use it to buy more supplies, and I spend it on the house and children and sometimes for myself. This business has great potential. I have many ideas”.

Em Mohammed is not only trying to come to terms with being a refugee but she also has to cope with the trauma of losing her husband and the economic reality of being a female headed household.

“OK in the beginning I had to work. After my husband died, I became a mother and a father to my children. It was so hard. But now I do it because I love what I do. I can stand on my own two feet. I have my independence and my children will have a better life because of this business. I am still doing a woman’s thing-cooking. It’s a socially acceptable job.”

Em Saif and Em Hussam capitalized on an opportunity in the marketplace.

“I have said this before. I didn’t have to work. But if I sat at home all day, I would go crazy thinking about my family and what happened to my patients. I was reminiscing about holidays in Turkey and how we would go to buy dresses every time we had a wedding. That’s where I got the idea from. We Arabs, we love parties. . . so there is always an occasion and always an excuse to buy a dress. I know where to find the bargains. I taught Jumana (her cousin and partner) all that I know. I search the internet for the latest fashions and she goes and buys the stuff.”

“My neighbor was showing me pictures of her niece’s engagement. I was shocked at the price she paid for her dress. That was where I first got the idea. I knew that I could do the stitching better. I asked my neighbor if she had thread and material. I wanted to show her what I could do. I told her that if she has a dress, I can make it fancy with stitching and beading. Her dress was my reference for future customers.”

There was no connection between the level of education and informal business activities. The women in the study come from diverse educational backgrounds. One thing they all have in common is a family member engaged in business. The literature on entrepreneurship shows that people who come from a family business background, are more likely to have intentions to become an entrepreneur (Arrighetti et al. 2016).

“We are Syrian. Trade is in our blood. Look at me. I was a successful doctor and now I have a successful business. I grew up in a family of merchants. If my family wasn’t involved in business, I would never have had the opportunity to study abroad. Maybe I wouldn’t be able to make this business work either.”

“I didn’t go to university, but I have a brain for business. Sometimes I ask my husband for advice. It makes him feel important. Everyone in my husband’s family had their own business. My brother in laws owned a bakery and a grocery store and we had a butcher shop- all in the same street.”

6.2 Challenges

The patriarchal and traditional nature of Arab society can pose serious challenges to female entrepreneurship (Al-Dajani and Marlow 2010; De Vita et al. 2014, Mehtap et al. 2017). The refugees felt that they lacked control over their lives due to the socio-cultural constraints of Arab society which was further exacerbated by their refugee status. For them, entrepreneurship was a way of getting back control and making sense of their shattered lives. As can be seen in the following quotes:

“I was forced to be a refugee, but I can take back control of my future. This business will help me do this.”

“It’s hard enough being a woman in our society. It becomes worse when you are also a refugee. You are either pitied or looked down upon. I am a young woman, earning my own money and with plans for the future. I choose to do something about my situation.”

“And suddenly I couldn’t go back home. . . . I too had become a refugee. I may no longer be a doctor, but I can still be my own boss.”

“Women have too many restrictions. You can’t do this, you can’t do that. Nobody asked me if I wanted to become a refugee and so they should not ask me why I am doing this. I want my life back.”

6.2.1 Finding Capital to Start the Business

Access to finance was cited as a major challenge by the refugee women. This is in line with the mainstream literature on female entrepreneurship (Itani et al. 2011; Welsh et al. 2014). Female entrepreneurs tend to rely more on personal savings, friends and family, rather than formal financial channels for funding (Ramadani et al. 2013; Ratten 2014). The literature on refugee entrepreneurship also cites financing as a major challenge (Refai et al. 2018; Wauters and Lambrecht 2008). Kachkar (2017) proposes micro-funding as a possible solution to this problem.

One of the refugees started her business from her personal resources:

“I sold a gold bracelet, so that I could buy my first supplies.”

The others began with money given to them by family members and neighbors.

“My first order was Magloubeh (Arabic dish of rice and meat). My aunt bought the chicken and I used the rice and spices from her kitchen.”

“I didn’t have money to buy a good hairdryer, so my neighbor gave me hers. Eventually I saved enough to buy one and give hers back.”

“My brother sends me money with Western Union. God bless him. That’s how I started the business.”

“I didn’t need money to buy supplies. . .just a notebook and a pen. . .oh and a calculator. Dad bought it for me.”

6.2.2 Hostility from the Locals

As the war in Syria continues, more and more refugees will seek safety in Jordan. The country’s limited resource base is struggling to bear the burden of a steadily increasing population. Many Jordanians feel that they are worse off because of the Syrians, as the quality of healthcare, education and other public services decline (Carrion 2015). What was once sympathy towards the Syrians has now turned into anger and resentment.

“You don’t know how many people have asked me for a date. Some pretend that they want to marry me, even though I am wearing an engagement ring. People think that refugees are easy. They get angry when I reject them. They try to make me feel that what I am doing is worthless.”

“Ah. . . believe me things have been very hard for me. I have cleaned houses in West Amman. I have sold Fine (local brand name for tissues). I have sold flowers at the traffic lights. Flowers bring good money but the men doing this don’t want to see a woman in their territory. I was threatened and gave up. That’s why I needed to start my own business.”

“They can tell I am Syrian from my accent. Every time I asked for a job I would hear a sermon about how Syrians have destroyed Amman. They blame us for everything. So now when I speak to customers, I try to speak like a Jordanian, but

I have to concentrate. If I am comfortable with the person, I just speak Syrian. I don't want anybody to cause me problems, especially because my business is illegal."

"I am a widow and a refugee. . .of course they are going to harass me."

6.2.3 Balancing Family and Work Life

For most people work and family life are often intertwined and even more so for female entrepreneurs (Hodges et al. 2015, Loscocco and Bird 2012). In the Arab world, the man is the breadwinner of the family and the woman's role is predominantly that of wife and mother (El-Rahmony 2002; Sidani 2005). Therefore, adhering to proscribed gender stereotypes and balancing family and work commitments may be a challenge for female entrepreneurs (Al-Dajani and Marlow 2010; Essers and Benschop 2009; Ramadani et al. 2015).

The refugees expressed concerns about striking a balance between family and their business and making sure that their lives had some sort of resemblance to their routine back in Syria.

"My husband always reminds me that I am a wife and mother first. So I am very careful to make sure the house is clean and that there is food and the children are taken care of. I tried to set up the same routine as in Syria. I don't want to upset him. Sometimes when I have many orders, the neighbors help with the children. I do most of my sewing late at night after everyone has gone to bed. Thank God I don't like to sleep too much".

"The children need a routine. It's important for their psychology. I have to find time for their homework and to play with them after school. The business comes second".

"I guess we are more fortunate than most. Our lives are sort of similar to the one back home. We don't have the same material possessions and we are living in a rented house, but we still eat at the same time and we still go out on Friday afternoons. This makes my mum happy too. I make sure the private lessons don't interfere with our family time".

"I have lots of time for the business because I am alone. But that is not the case for Jumana (her partner). She has responsibilities towards her husband and kids and she has a miserable mother in law. Her husband is very understanding, but there are times when she complains about not being able to cope with the demands of family life. She knows I don't mind when she can't answer the phone, or she has to delay her trip. I try to cover for her as much as I can, that's what partners are for."

6.2.4 Future Plans

The women were asked about their future plans in general. All of their plans revolved around their businesses. Talking about the future made them excited and it was evident in their tone of voice and gestures. Even if the business had started out

of necessity, the women had spotted opportunities for growth and were eager to act upon this.

“I want to expand the business and make it legal. Maybe separate dress rentals from the other stuff. If we register the business, we need to find a shop, decorate it and make everything nice. I will also employ a fellow refugee. I have nothing better to do. I need to waste time until the day we are united (with her family). That is my only reason for living.”

“I am going to buy a good sewing machine and make the dresses. I know where to buy cheap material downtown. If I make the dresses myself, together with the stitching I can make more profit. If things really go well, I am thinking of starting customized chocolates for graduations and weddings and other stuff. But not now. I will probably need to hire someone to help me. . . . I don’t know.”

“I want to send my daughter to beauty school. I think it’s important for her to have some sort of official certification. If she has a diploma she will have more choice. Either we can grow the business, or she can concentrate on doing make-up for parties and make a name for herself- like Amal Abdallah (a famous make-up artist).”

“I also want to give piano lessons. I have asked around and found that it pays much more than private lessons in Chemistry. I have completed all my certificate exams from the Royal Music Academy in London. We don’t have a piano here, so that means I need to go to the houses of my students. Both my parents are against this. My mother told me that the reason I took those lessons was to be ‘a lady’, not to go from house to house like a carpet seller. I am trying to convince them that it will be OK.”

“This business has empowered me, and I want it to do the same for other refugees. To show them that we can be successful despite the odds. My dream is to grow the business and to employ other Syrian women. Together we are strong.”

All of the women have come a long way over the years and in their own words, they seem to be doing well financially. There is a strong sense of solidarity amongst refugee women and also with their neighbors. Social support networks are very important for female entrepreneurs. Not only are they a form of psychological support and a way to learn more about the host nation, but they are also a customer base and a channel for promoting the goods and services produced by the refugees. Despite all their plans for the future, it is interesting to note that none of these women see Jordan as a permanent home. Their narratives reflect lives in transition and they talk about ‘waiting in limbo’. Some have aspirations to go back to Syria once the war ends, others would like to immigrate to another country. This is similar to the results found by Mehtap et al. (2015) and Refai et al. (2018) and would be an interesting topic for further research.

7 Conclusion

This chapter presented the narratives of five Syrian refugee women. It demonstrated how informal entrepreneurship has been a source of economic empowerment for these women. In summary, three central themes have emerged from the narratives of

these women: 1) The strong urge to take back control of their lives (both on a personal level and through entrepreneurship); 2) Different push and pull factors as motives for starting a business; and 3) The high level of solidarity amongst females.

Syrians are well known for their entrepreneurial acumen and business savvy. A better understanding of how they utilize informal entrepreneurship, will help support more refugees in their quest for economic emancipation. By promoting entrepreneurship amongst refugee populations, governments can also help their integration into the local community and boost entrepreneurship levels in general. Jordanian institutions that support local female entrepreneurship should be encouraged to extend their services to refugee women. Part of these efforts should concentrate on eliminating the stigma associated with working women. This can be done by showcasing success stories, that will help paint a positive narrative of women entrepreneurs and particularly Syrian refugees. More vocational training centers specializing in refugees, should be created to train women in income generating projects and business literacy. Women refugees must be empowered as their children and often times their men, depend on them for return to a normal life.

Despite significant hardships, these women are displaying a resilience that enables them to push the limits and take control of their shattered lives.

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Traditional Fishing Activity, Customary Exchanges and the Vision of Informality in New Caledonia



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Abstract The original setting of New Caledonia implies the overlapping of different research fields. From anthropology, sociology, political sciences, and entrepreneurship the authors have co-written with a local writer from the fishing sector to discuss the notion of informality regarding the impact of the context on the transactions. The work first presents New Caledonian history in context with a focus on the ethnic and institutional characteristics impacting on fishing activity. Building on previous works that highlight the importance of informal exchanges regarding on tribe economy, we follow by presenting the different types of transactions (exchanges, customary works and sales) conducted by on-tribe fishers. Regarding the great importance of their meanings and the values they create and maintain this work humbly bring up the question toward productive informality and invite to further researches on the processes and outputs related to it.

Keywords Ethnicity · Informality · Transactions · Fishing activity · New Caledonia

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1 Introduction

The growth of informal activities around the world, their diversity and their embedded character into societies (Dana 2013; Stambouli and Arcand 2013) has attracted more attention than the different forms of informality and its associated outputs. From undercover activities of formal businesses, passing by undeclared firms, to patterns of exchanges; the diversity of the transactions occurring within the informal economy calls for a deeper understanding and classification. On the other side of the argument it is commonly accepted that the formal economy represents all the goods and services provided by market economies, regulated by an institutional framework dedicated to enforcing rules and norms in order to provide some protection and safety to the players (Dana and Dana 2008; North 1990).

Building on Welter (2010) we can suggest that these different resource allocations, following entrepreneurship patterns, are context dependent and are related to formal and informal institutions (Greif 1993; Mantzavinos 2001; North 1990; Sindzingre 2006). Taking the particular example of fishing activity in New Caledonia and its different patterns of behaviour concerning the transactions related to sea-food catches, we can note that what is considered formal for some individuals may be less formal for others. The enduring relationship Melanesian people had developed with the sea and its links with the customary rules associated to it, are different from Western views (Johannes 1978). In New Caledonia the customary framework followed by Kanak people is represented within proper institutions developed during the context of Kanak claims of the 1980s. Nowadays concerning sea management the ocean is legally open since the “adoption” of International maritime laws, nevertheless a proper view toward coastal management and its traditional rules still continue today. Kanak people still claim their legitimacy beyond customary lands as in their vision there is no land-sea discontinuity however this is clearly present in the legislation in relation to this people here seek for more recognition. To illustrate and precise our discussion the chapter presents the testimony of a fisher on her vision and history linked to fishing activity to better apprehend the different perceptions attached to the transactions occurring in this sector. Also, several figures are provided (Figs. 1, 2, 3, 4, 5, 6 and 7).

2 Contextual Elements

Located in the South Pacific, New Caledonia is about 1500 km east of the Australian coast and 2000 km north of New Zealand. Settlement in New Caledonia is dated by Lapita potteries from around 1300 BC (Sand and Bedford 2010) from whom the Kanak people, the Indigenous people of New Caledonia are descendants.



Fig. 1 Fishers putting the seine in Belep; Photo by Julie Mallet

2.1 New Caledonian History in Context

Prior to 1853, the traditional organisation of Kanak clans used to enjoy territories delimited by alliances agreements between clans (Le Meur et al. 2012). The French implantation presence started in the south of the mainland in September of 1853. The original geological history of the mainland in New Caledonia has created one of the biggest deposits of Nickel of the world, around 25% of the world's reserve. (Freyss 1995). During the colonisation area (which coupled free settlement and “bagne”) the Indigenous population was forced onto reserves to move where the land was less fertile (Saussol 1980; Horowitz 2004), and by the end of the nineteenth century French administration and evangelisation had created tribes and reserves. A Council of clan chiefs was created and in addition on the mainland they grouped different clans in order to free up the space needed by the colonials, these events bringing a huge change



Fig. 2 Pelagic and deep-water fishing; Photo by Chantal Napoe

affecting Kanak culture and its traditions. In Loyalty Islands colonisation was slightly different as the islands are made of coral reef formation which is not useful for mining activity, however evangelisation still had a great impact on these territories.

Bensa and Freyss (1994) described how the Kanak subsistence economy and the capitalist economy mainly controlled by European coexisted. They stressed that after the World War II, the end of the “Code de l’Indigenat progressively opened salary positions in the public function to Kanak people marking a shift with the introduction of money into Kanak society. They describe this move as limited and with contrasting aspects. In her research on Maré Island Faugère (2000) underlines that the money is used both in the socio-cultural circuit during traditional exchanges between groups, and in the market economy between individuals.

The Customary Charter of Kanak People notes “On 23 June, 1956, an outline law opened the way to some form of autonomy with the creation of a Territorial Assembly. But in front of the forces of Kanak majority, France abolished this autonomous regime, which subsequently gave birth to the “Kanak Nationalist Movement” (*Front de Liberation National Kanak*) in favour of independence. This marked the beginning of the stepping up of both political trends “loyal supporters of France”



Fig. 3 A varied fishing; Photo by Chantal Napoe



Fig. 4 Parrotfishes; Photo by Chantal Napoe

and “Kanak freedom fighters”(p. 12). In 1958 New Caledonian people decided through the vote for the French Constitution to remain within the Republic with the status of overseas territory (TOM). A succession of politic reforms and the rise of pro-independence movements from 1975 to 1984 led to a destabilization and to the rise of violence, which ended in 1988 with the tragic Events.



Fig. 5 Entry of the Jana (Canala); Photo by Julie Mallet

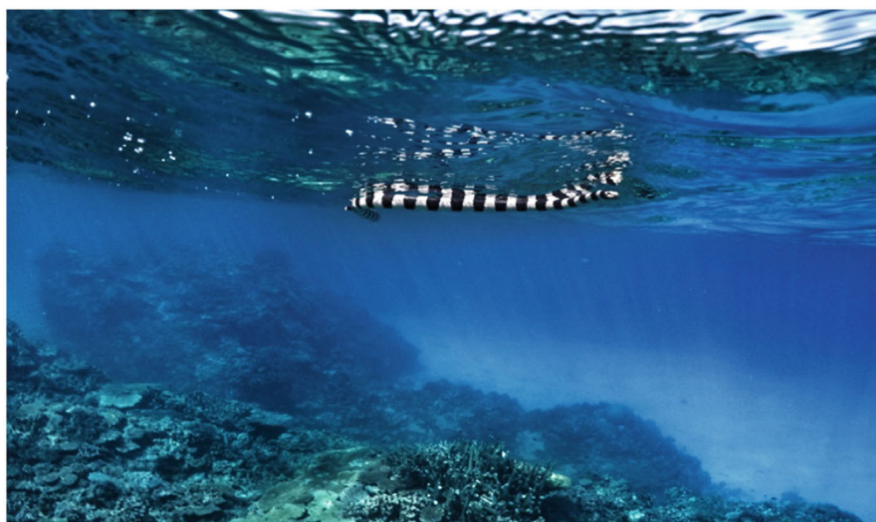


Fig. 6 *Tricot rayé* (in Tiga island); Photo by Yorick Kotra



Fig. 7 Shark (in *Tiga* island); Photo by Yorick Kotra

Today New Caledonia is still a French territory yet the Matignon-Oudinot Accords of 1988, accepted by referendum, re-launched the regionalization and gave rise to the three provinces, North, South and Loyalty Islands, and formed the Congress. The regional authorities are self-managed and elected through universal suffrage. At the institutional level different institutional bodies were created. The country is divided into eight Customary Areas created by the Matignon agreement in 1988, each represented by Customary Councils. Two members of each Council compose the Customary Assembly (Senat). While the concepts of families, clans and Chieftainships existed prior to the colonization era, today Kanak individuals are embedded within an even more complex framework. The Charter of Kanak People (2014) underlines that: “External sovereignty concerns the link with France. It is discussed at political groups’ level. The internal sovereignty of the Kanak people is represented by the Customary Senate, the Customary Councils and the Assembly of the Kanak people. It is a matter of determining the place of customary law and the customary legitimacy in the management of the country’s affairs.” (p. 4–5).

2.2 Ethnicity, Institutional Complexity and Fishing Activity

New Caledonia is a pluralistic society and in 2014 the total population of New Caledonia was about 268,767 people (ISEE 2014), of which 39,1% of the inhabitants were Kanak, 27,1% were European, then Wallisian and Futunan with 8,2%. Tahitians, Indonesians, Vietnamese, Vanuatu, Asiatic or people from other communities comprise 8,6% of the population. Building on Barth (1963, 1967), Dana and

Dana (2008) underlines that the nature of pluralism affects entrepreneurship. He distinguishes two types of pluralism: when different people from different cultures share activities in a secular mainstream arena, as opposed to when different cultures share little in the mainstream arena. The result of the first is limiting the expression of cultural differences to private life, however in the second there is minimal social interaction across cultures. Rather, each ethnic group has its distinct values and lifestyle. New Caledonian society is mixed but it can be noted that there are different modes of development occurring and with some areas more integrated into the global economy. Two modes of social regulation are taking place, one more formal than the other and each linked to one of the coexisting institutional systems: the French system of laws apply as a framework for all Caledonians; and the Kanak customary system regulating Kanak social life through its values norms and practices.

Our Kanak culture and traditions have been flouted by of the Western system. Formerly, prior to colonization, our ancestors limited the lands, divided and shared, for each clan of the sea. Shared up to the great reef, and each clan knew exactly where each party started and stopped with their geographical landmarks, and the same for the clans of the earth to the bottom of the mountain in the forest.

Today everything has changed: there are protected marine areas where it is forbidden to enter even to fish there, islets also, and we have restricted a zone on the land within 50 metres of the coast belonging no longer to the people but to the French state. The white man has changed everything even our way of life. The spirits of our nourishing earth considered as the masters of the invisible world are somehow forgotten. In view of these new rules, their strength and their magic once respected through taboos are neglected.

Concerning the sea, the interaction of the two institutional systems is interesting. In Kanak culture the sea is part of the *terroir*, as a river or a forest, it is part of real estate goods (Teulières-Preston 2000). Since the colonization there are two systems in New Caledonia. In French law for the fishermen the Maritime Public domain is divided according to the boat's category from the category. For the French maritime institutions (AFFMAR) coastal areas are open to all boats, the fifth category concerns boats which remain in sheltered water, then the fourth category up to 5 miles from the coast. Then the third category comprises boats that can navigate until 20 miles, the second category for boats up to 200 miles and the first category for all other boats. On the other hand, the Kanak's conception of coastal spaces, which considers the sea as part of the territory, is common with others Pacific Islands (Johannes 1978; Teulières-Preston 2000; Léopold et al. 2013). Sabinot and Lacombe (2015) underline that lagoon governance used to be carried by the chieftainships and people used to look at the sea as a continuity of the land, nowadays all coastal areas are under the competency of each province. Noumea's agreement recognized that the domains linked with the territory have to be examined, as are the maritime areas.

State and territory domains should be examined with a view to allocating these areas to other collectivises or to customary or private owners, with a view to restoring rights or realizing development of general interest. The question of the maritime zone will also be examined in the same spirit. (translated by the author)

Knowledge and systems of activities still connect the land with the sea (Bernard et al. 2014). The societal evolutions of the mainland along with the impact of globalisation introducing money, wage working and the mutation of the different systems of activities change the uses associated to the lagoon. According to Sabinot and Lacombe (2015) subsistence fishing south of the mainland in Yaté has been replaced by wages activities linked to the mining sector.

3 Fishing Activity in NC and the Mutations of the Fishing Sector

3.1 Identity Perspectives

Historically for Kanak people living on tribe in New Caledonia the sea is part of their Identity. Epeli Haufa highlighted the connectedness of the people of the Pacific region. People of Oceania generally associate coastal areas with patrimony, self-efficiency and food security (Johannes 1978), and the notions of patrimony and pantry are found in the research of Sabinot and Lacombe (2015). Moreover Johannes (1978) stated that cultures of Oceania used to have complex coastal management framework and traditional rules associated to them. David (2008) nuances the idea of a common framework noting that whilst numerous examples of fishing regulation are presented in the literature, scarce are the syntheses that allow us to draw common characteristics and it is therefore difficult to apprehend the logic driving the regulatory mechanisms.

Dana and Dana (2005) emphasize the importance of considering the “outlook of those studied, taking into account their standards and their environment.” (p. 85). This remark encourages us to better explore the different type of exchange affecting on-tribe fishing activity and sometimes the contradictions a fisher may face. The work of the IAC in 2013 (Agronomic Institute of New Caledonia) underlines the importance of on-tribe productions (Apithy et al. 2018; Guyard et al. 2013). People living on-tribe represent about 56,670 individuals (ISEE 2014) which is 23% of New Caledonian population, 65% of the people living in the North, 98% of the inhabitants of Loyalty Islands and 6% in the South. At this time 77% of those older than 16 years old used to carry out activities such as agriculture, fishing, animal-husbandry or hunting. The research of the IAC highlights three different possible destinations of the products: sale, gifts and auto consumption—the latter one representing more than 60% of the catches.

Western views toward fishery management used to follow another logic. Research on fish stocks started between the two World Wars. Their evolution has been rooted in statistical logic with the rise of “techniques for collecting vital statistics of populations, and at the development of models for their analysis and interpretation (Larkin 1978). This top-down analysis aiming to maximize economic yield of a fishing area seems completely alien to the traditional vision of patrimony

held by on-tribe fishers. This first feeling has to be nuanced giving regard to the rise of new needs, and to the introduction of technological innovations affecting the activity including the investments. The societal mutations have impacted fishing activity.

It is a universe where little by little human beings get tired of admiring, and in this growing ignorance become content only with exploiting it without any consideration that it is a space filled with life.

3.2 Fishing Activity Segmentation

Nowadays among other uses of the marine areas (such as aquaculture or tourism), different types of fishing activity are taking place. The Institute for Research Development through the Zonéco program highlights three types of fishing activity in New Caledonia according to the area where they take place and then the species they target. Lagoon areas involve women and men with little boats targeting fishes, crustacean, octopus, crabs, and also harvesting sea cucumbers, all for their own consumption (except sea cucumbers) and sometimes for commercial purpose. Also shells and shellfish are collected at low tide in reef and lagoon areas by foot or by boat, no more than 10–20 m, mostly by women.

Before, when our means did not allow us to go to the Great Barrier Reef, we went fishing on foot but also in “P.M.T” (palm mask, snorkel) fishing giant clams, octopus, fishes and also other shells. My main activity was submarine snorkelling to catch the so-called holothurian “sea cucumbers” in depths to 25 metres. Next to this fishing practice, I still exercised my passion for targeting fishes and shells.

Coastal fishing takes place up to 12 nautical miles from shore, using boats less than 15 m in size, and fishing sometimes with fish aggregating devices. They catch pelagic and deep-water fishes and feed the local market. Offshore fishing activity, which concerns tuna long-liners, is practiced between 12 and 200 nautical miles out. Japanese introduced this technique in the sixties. Another distinction can be made according to the use of the lagoon. The recreational, traditional and professional fishing activities are distributed according to the different areas delimited between customary areas, sanctuaries and coastal open fishing areas.

As deep-sea fishing with long-liners is carried on by big companies it is excluded from our discussion which focuses on the exchanges rising from small scale entrepreneurship carried on by individuals and interacting with traditional fishing activity. On-tribe fishing activity can be carried on in an individual way for family consumption and in a collective way for customary events. There is a family character:

Fishing is a passion and a daily activity. I practice it since my childhood, until today, for my own consumption, for the family customs and to finance my projects. It is also a family culture the people who really taught me this passion were my two foster parents and my grandfather, who passed away, as well as my uncle who always goes fishing with me at present. I remember my first memories when I was 5 years old, my foster father putting the net in the mangrove swamp helped with his raft made up of bamboo and attached with wild

lianas, and also my foster mother, who taught me to fish for the crab of mangrove. At that time, there was also some members of my family with whom I went fishing for oysters, the shells and also other marine specimens.

Sabinot and Lacombe (2015) underline that the two types of subsistence fishing activity observed by Leblic in 1989 are still present today in spite of a diminution of time spent on the sea and the consecutive erosion of traditional practices and knowledge due to the societal mutations. Herrenschmidt and Sabinot (2014) noted that on-tribe fishing activity seems to escape economic logics in the sense that it is not economically driven (cash maximizing) except for these few cash generating activities such as the spiny lobster at the end of the year, some commercial species of the seaside as shells, or octopus commercialization allow to supplement their lifestyle. Along with species extraction rules there still exist today with species extraction rules, distributions logics for the catch. On-tribe the fish are extracted according to needs and shared with others, mostly the family and clan and tribe members such as elders, chiefs or priests.

If fishing on the seaside for their consumption is practised by all, on the contrary artisanal professional fishing activity imply the acquisition of another fishing culture.

Since you leave terra firma, you are already aware that it is possible that it is your last contact with the ground and yours (family, friends). Anything can happen: the ocean is vast and immense.

Acting as professional involves the mastering of different technics and knowledge, the acquisition of material such as the investment in a boat and getting used to paying taxes. The need for a minimum of cash generation to sustain the activity then becomes inevitable. On the other hand, professional artisanal fishers have a special status: only the holders of an authorization for professional fishing are supposed to sell the product of fishing realized from their boat. Also, they benefit from a subvention to the fuel and for technical trainings and they benefit from a particular regime in particular as regards the length of nets, the number of bow nets with crabs and the quotas of capture. Finally, they benefit from financial supports for the acquisition of material by means of provincial subsidies. This support isn't trivial, fishing activity asks for passion and tenacity.

Having not much affinity with school system I left it in the adolescence and began to push my own maritime limits starting to fish sea cucumber with my grandfather on the reef. It used to take us two hours to arrive on the fishing place, with a small boat 4 metres long, equipped with a propeller Yamaha 25 horsepower. We are self-employed people, trying simply to make our living, while respecting the nature. We are not recognized enough for the work that we make, unfortunately, big companies of fishmonger's shop, always have more luck than us, the private individuals in small companies. In this situation we have many difficulties, in the actual economic framework.

Commercialization of the fishes takes place on the local level through one to one trading, local markets, or peddlers. As the fishing sector is a provincial competency the framework is different between the three Provinces and impacted by different contextual constraints. In Loyalty Islands the administration has created three conditioning unities (one on each island) to help the commercialisation of the

catch. Another configuration is in the North where this initiative comes from the professional network (Federation of the Professional Fishermen of the North) and is supported by the provincial administration. In the south constraints are different and the outlet of the market of Noumea has historically be the main fish market of the country for artisanal fishers. Nevertheless, for fishers in remote places commercialisation is sometimes problematic. In addition to the volume of “informal” exchanges the sector is still in structuration and the lack of intermediaries added to the scarceness of infrastructures slow their development.

While professional fishing activity usually takes place farther from shore than subsistence activity, they target common species. People practising professional fishing also fish for their own consumption and a majority of them are also active in customary fishing activity. For many of the fishermen sales of sea products seems more related to a matter of choice or a vision of fishing activity than due to strict capacity. The perception and acceptance of professional fishing activity and especially the exploitation and sales of sea products invite us to look more closely to the different type of transactions that are taking places.

3.3 *Culture and Transactions*

Since the dawn of time, well before the colonization of the Kanak country, sea products fished by the clan of the sea were exchanged for the products of the ground cultivated by the clan of the ground. It was forbidden to sell it. Why? In my culture people have a strong respect toward nature, it represents a source of life for us and a world, through nature we are connected to a spiritual world: the guardians of our properties and ourselves as Kanak being.

Sabinot and Lacombe (2015) recall the distinction made by Haudricourt in 1964 between the people of the main land he calls the yam civilization, and the people of the Loyalty Islands described as fishermen of the warm seas. The complexity of the social organization of Kanak society compels us to situate it in a global vision and thus to avoid a simplistic, even reductive, vision. The population of the mainland has both clan of fisher and clans of the earth according to the social and cultural specificities existing within the six Customary Areas that compose it. This image can also be considered as a cultural metaphor for Kanak culture where the clans of the sea provided fish to the clan of the land that provided the yam. In Kanak culture, the practice of exchange as a social mechanism is the foundation of its social organization. Sabourin and Tyuïenon (2007) building on Leblic (1993) precise that there are so many terms designating “the traditional market where the people of the coast exchanged their products with the people of the interior. The *Jana* in nââ xârâcùù, the spoken language of the region of Canala, mean market and place of exchange of various products. The *Jana* was a good example of place of exchanges between clans of the sea who use to catch the turtle, the dawa (*Naso unicornis*) and the shells, and clans of the interior who target *notou* (bird), *roussette* (chiroptera family) and eel between other species). The exchanges were made in a specific place

near the coast. Customary exchanges are the most important, some clans being more tied to the land and others to the sea.

Buiding on Leblic (1993) and Leenhart (1947), Sabourin and Tyuionon (2007) observe that movements of food products are based on reciprocal donations rather than utilitarian exchanges.

The clans of the sea hold specific knowledge and they are considered to have a special relationship with the “invisible world” just as the clans of the earth. The clans of the sea are in charge of the fishing activity for all customary events (birth, adoption, weddings, mourning). Their work is in symbiosis with that of the earth clans, responsible for the cultivation of yam and water taro, as well as the activity of the hunting or fishing forest eels in the river. These roles reflected the basic customary life of the social organization of traditional Kanak society. Following its observations in Papua New Guinea Curry (2007) stresses that the meanings and significance associated to the pooling of capital and labour by social and kinship group relegate market transactions to a lower degree of importance.

The introduction of market value for sea products (or in extension other elements of the *terroir*) is in contradiction with core values expressed toward the patrimony, as an erosion of Identity.

In our culture, every clan has his totem: if it is a clan of the sea his totem will be a marine animal, if it is a man of the clan of the earth, his totem will be a tree or a ground animal. The Kanak man gives it many values and importance, but some are eroding today affected by the trade of the products.

Leblic (1989) describes the special relation people maintain with their totem and the “elders”, called when they go fishing. The shark and the *tricot rayé* are example of Totem of sea clan.

Of the types of transactions that occur in the traditional value system, sharing is a first factor when fishing is good. In addition, the customary exchanges mentioned above are also still very present. Clan commitment to customary work is steadfast. In its researches in Papua New Guinea Curry (2007) highlights the importance of the social dimension and underlines that “to the extent that market imperatives can become subsumed within other imperatives such as indigenous exchange.” (p. 478). These elements also meet Warriner’s (2007) observations, she concluded that indigenous communities are strongly driven by cultural considerations and traditional values.

Looking at New Caledonia we discover another face of “informal” fishing activity. These exchanges are not however called “informal”, rather they are grouped in a blurred category for Westerners called “customary exchanges”. Despite these transactions are non-economic and then non-registered, in tribal life customary works are expected from all clans and linked to one chieftainship. For non-Kanak people sometimes the word “customary” is used to designate a process they may not understand totally. On the other side if we consider the importance of the custom in tribal social life, from the maintenance of Identity to the perpetuation of social relations, we understand it is practical tangible and official in on-tribe system.

4 Conclusion

This chapter draws a clear link between ethnicity and the perception of informality and suggests that formal and informal depends on what institutional framework one originate from, and what seems legitimate. We should extend Baumol's (1990) concept of productive entrepreneurship by taking into account the cultural values and social values that informal exchanges are maintaining, plus the diversity of functions they fulfil. Observations suggest that informal activities may range from destructive and unproductive informality—"black markets" as usually depicted—to a more complex cultural pattern of exchanges and relations that we can consider as productive informality.

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Explaining Ethnic Minority Immigrant Women's Motivation for Informal Entrepreneurship: An Institutional Incongruence Perspective



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Abstract The informal economy has been a popular subject of research across the wider globe. However, there exists a dearth of literature exploring informal entrepreneurship among ethnic minority immigrant women. Different theoretical frameworks have been employed to explain the competing rationales. This study draws from institutional theory and collective identity. The institutional perspective proposes that informal entrepreneurship arises out of institutional asymmetry. By adopting an intersectional gendered lens, this paper evaluates the formal and informal institutional forces which influence women entrepreneurs to engage in informal business ventures. To do so, it reports findings from 25 face-to-face interviews with Pakistani and Bangladeshi women and representatives of local employment support organisations in Newham borough of London. The findings highlight that majority of these women entrepreneurs are engaged in informal homebased businesses mainly because of an interplay of informal and formal institutional forces whereby the former play a dominant role. The resulting incongruence between the formal and informal institutional forces creates opportunities in the informal sector while the collective identity of immigrant women entrepreneurs helps them recognise and exploit these opportunities. The outcome is a call for a new policy approach based on an institutional approach.

Keywords Entrepreneurship · Informal economy · Institutional theory · Immigrant women · UK

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1 Introduction

Recently, the informal economy has emerged as a popular subject of research across the wider globe (ILO 2013; Schneider and Williams 2013). Although, it has long been attributed as a permanent feature of developing economies, however, more recently, the informal economy in general (Jutting and Laiglesia 2009), and informal entrepreneurship particularly (De Soto 2001) has been recognised as an extensive and persistent feature in many populations. It is not only a mainstream economy in the developing world (Jutting and Laiglesia 2009), but also contributes to a significant proportion of GDP of developed economies (Schneider and Enste 2013) accounting for the employment of nearly two-thirds of the global workforce (Jutting and Laiglesia 2009) and contributing nearly 10% to UK's GDP (Schneider and Williams 2013). A significant body of research portrays informal economy in positive light because it allows many people to escape poverty (Wallace and Latcheva 2006), however, others have stressed the need to tackle this sector (European Commission 2007) not only because of the revenue losses from uncollected taxes but also because of factors such as weakened trade unions and poor working conditions (Andrews et al. 2011).

The informal economy is predominantly associated with migrant workers from ethnic minorities (Akhlaq 2005) and has a gendered dimension whereby women over represent this sector (ILO 2012; Williams 2009), especially those from ethnic minorities (Benach and Muntaner 2007). This warrants a more in-depth examination of this sector in the wider context of economic activities, where attention is paid to minorities, women and immigrants.

Exploratory research has established that immigrants experience challenges such as deskilling, credentialism and racism which situates them differently in the labour market (Ng 1988; Mirchandani 2003). These challenges are particularly akin to immigrant women who have been recognised as the most vulnerable in the labour market. According to Banerji (1987), "the very label of 'immigrant women' or 'women of colour' further stratifies the society and situates this group into a 'culturally, linguistically and politically' inferior position relative to non-immigrant women" (Onco 1992: 26). Apart from gender discrimination, immigrant women also experience ethnic and racial segregation which pushes them into marginal jobs in the secondary segment of the labour market (Phizacklea and Miles 1980). Other structural and individual characteristics which situate immigrant women differently in the formal employment include: weak social capital, limited information about jobs, poor human qualifications (Neville et al. 2014).

While researchers have discussed the plethora of labour market obstacles as significant push factors for individuals to become self-employers. A significant others have shed light on different rationales which attract immigrants particularly women to this sector reflecting on factors such as: social dignity, flexibility, opportunity to look after their children and avoid hefty childcare costs.

The aim of this study is to evaluate the competing motivations for women ethnic entrepreneurs to start informal businesses. The underlying research question is:

'What are the formal and informal institutional forces which drive ethnic minority immigrant women towards informal entrepreneurship and how can policies more effectively integrate them in the formal enterprise?' To answer this research question, this study adopts an intersectional gendered approach by focusing on ethnic women entrepreneurs of Pakistani and Bangladeshi origin who record the lowest formal labour market participation in UK and have a high tendency to rely on homebased informal businesses.

Drawing from two theoretical frameworks, namely the institutional theory and collective identity, this study posits that the institutional incongruence between formal and informal institutions explains Pakistani and Bangladeshi women's motivation to participate in the informal economy. While their collective identity facilitates opportunity recognition and exploitation in the informal economy.

This study will make a number of contributions to the wider literature. Firstly, it is unique in adopting an intersectional gendered approach in exploring informal entrepreneurship. Drawing from an institutional lens to explain the different rationales for ethnic entrepreneurs, this study advances the institutional theorisation discussed by Gërkhani (2004a, b). Secondly, it expands upon the identity theory to evaluate how the collective identity of self-employed women facilitates opportunity recognition and exploitation in the informal economy. Thirdly, from a policy perspective, institutional lens introduces a new approach to the policy front which calls forth a focus to reduce institutional asymmetry. Research on marginalised and vulnerable groups of individuals can raise the profile of such issues to national and local policy making bodies (International Labour Organisation 2008). It can inform efforts for developing improved policies for helping ethnic women entrepreneurs to gainfully access the formal entrepreneurial process.

To achieve this, the next section briefly reviews existing research explaining participation in the informal entrepreneurship as well as proposes institutional theory as an insightful analytical terrain to situate the competing rationales for informal work. In order to test the underlying proposition, the third section provides an outline of the research study based on face-to-face interviews with two groups: Pakistani and Bangladeshi informal entrepreneurs and representatives of local employment and enterprise support organisations. Section four discusses the findings and policy implications. The final section summarises the key arguments.

2 Literature Review

2.1 *Defining the Informal Economy*

The informal economy has a plurality of definitions. Castell and Portes (1989: 15) defines informal economy as, "a specific form of income generating production . . . unregulated by the institutions of society in a legal and social environment in which similar activities are regulated." While this definition has been widely used by researchers (Agarwala 2009; Tardanico 1997) and celebrated for defining informality

in relation to formal and informal institutions, however, it fails to provide clarity in two distinct ways (Webb et al. 2009). Firstly, it fails to acknowledge that although informal economy falls outside the realm of formal institutions, it still falls within the informal institutional boundaries; and second that although the informal economy is deemed ‘illegal’ from the perspective of the formal institutions, however it holds ‘legitimacy’ from the viewpoint of informal institutions (Webb et al. 2009). Hence, this paper defines informal economy as a “socially legitimate activity which is formally legal in every respect except that it is not declared to the authorities for tax, social security and/or labour law purposes” (OECD 2012; Williams et al. 2015: 296). This definition holds ‘legality’ and ‘legitimacy’ of economic activities central for the work to fall within the domains of informal economy, therefore, it excludes ‘renegade’ economy and ‘unpaid’ work. The term ‘informal sector’ includes a wide array of work, but this study will focus expressly on cash-in-hand work at home, or in the neighbourhood which remains invisible in quantitative data.

2.2 *Different Perspectives to Explain Informal Ethnic Entrepreneurship*

2.2.1 ‘Exit’ or ‘Exclusion’

Structuralist Perspective According to the structuralist school of thought, informal entrepreneurship is viewed as a type of ‘precarious dependent’ or ‘false self-employment’ which is low paid, unregulated and insecure work conducted under ‘sweat-shop’ like conditions from marginalised populations who are driven into such work because of economic necessity or as a last resort (Amin et al. 2002). Structuralists conceptualise informal work as a ‘downgraded’ form of labour that is reduced to the lowest echelons of the labour market with poor working conditions, and is derived from state benefits and formal opportunities (Castells and Portes 1989; Sassen 1997). This perspective blames costly regulations and bureaucratic impediments to formalisation for the existence of informality (De Soto 1989). In addition, compliance with hefty taxes regime precludes individuals from operating formally. Under this conceptual lens, informal entrepreneurship is a by-product of the open unregulated economy and is the antithesis of decent work, thereby, warranting a policy solution of either eradicating or formalising it (ILO 2007).

Neo-Classical Perspective In a stark contrast to the structuralist school of thought, neo-classical commentators explain informal entrepreneurship as a voluntary ‘exit’ from the formal labour market (Gërkhani 2004a, b). This lens shifts the focus of informality as a last economic resort and instead conceptualises off-the-book entrepreneurship as a rational decision originating from an implicit cost-benefit analysis of operating informally amidst the stifling state imposed institutional

constraints (Packard 2007). Gërxhani 2004a, b: 274) elaborates that entrepreneurs 'choose to operate informally because they find more autonomy, flexibility and freedom in this sector than in the formal one'. In this perspective, informal entrepreneurship is viewed as a positive route to success and provides policy lessons for deregulating the legitimate economy (Williams and Horodnic 2016).

The 'exit- or exclusion-driven' perspective has long been a popular explanation to rationalise informal entrepreneurship and often recognised as mutually exclusive (De Soto 2001). However, a more nuanced school of thought has attempted to further expound upon this binary perspective, henceforth adopting a more integrative lens. These studies have attempted to classify 'exclusion' and 'exit' rationales according to certain occupations, gender, geographies, and income strata. From this conceptual lens, 'exclusion' was deemed more relevant to women and marginalised groups (Gurtoo and Williams 2009) while 'exit' to men and more affluent groups (Franck 2012).

2.2.2 Socialist Perspective

Beyond the exit or exclusion driven perspective, a third explanation has emerged which adopts a more fluid perspective. The socialist school of thought portrays informal entrepreneurs as social actors who engage in informal business venture for social relations (Williams 2004) mostly for wider social and redistributive reasons rather than the pure financial gains (Shahid et al. 2017). This view point also rationalises informal entrepreneurship as a resistance practice pursued in response to exploitation (Biles 2009; Whitson 2007) or an opportunity for people to transform or take up alterative identities by establishing 'lifestyle' business ventures (Snyder 2004). Hence, socialist perspective view informal entrepreneurship as voluntary exit because of social, redistributive, political or identity rationales (Biles 2009; Snyder 2004; Whitson 2007).

Commentators have largely employed these competing perspectives as mutually exclusive or stressed on a single perspective to explain off-the-book entrepreneurship (Amin et al. 2002; De Soto 2001). This research coupled with others criticises the separateness implied in the binary model of 'exit' and 'exclusion', highlighting that informal workers exhibit both exit and exclusion attributes (Arias et al. 2007; Shahid et al. 2017). It recognises that the informal sector is heterogeneous, and varies tremendously with workers and firms within countries (Arias et al. 2007: 2). Additionally, in certain cases the dichotomy is so blurred that it is rather completely indistinguishable (Arias et al. 2007). Amidst criticisms levied against this school of thought and lack of widely accepted explanations for participation in the informal sector, a more recent explanation rooted in 'institutional theory' has gained widespread attendance and acceptance because it provides a more nuanced analytical terrain to situate the competing rationales for informality.

2.3 *Theoretical Framework*

2.3.1 *Institutional Perspective*

More recent research by (Arias et al. 2007; Shahid et al. 2017) have advanced a more integrative approach to explain informal entrepreneurship. The institutional perspective argues that all societies are composed of governance structures and institutions which give stability and meaning to social behaviours (Baumol and Blinder 2008; North 1990). Different typologies of institutions exist (Aldrich and Fiol 1994), whereby the most influential tends to be that developed by North (1990) which dichotomises institutions into formal and informal institutions. Formal institutions are commonly understood as codified laws, rules, regulations and supporting agencies (enforcement agencies, regulatory bodies., etc.) that define legal rules of the game (North 1990; Webb et al. 2013) while informal institutions are defined as norms, values and belief which shape individual and wider social behaviour (North 1990; Webb et al. 2013) or can be more formally defined as “socially shared rules, usually unwritten that are created, communicated and enforced outside of officially sanctioned channels” (Helmke and Levitsky 2004: 727).

However, despite creating the binary of formal and informal institutions, scholars are divided over what describes ‘legitimate’. This is because society is composed of different groups. A confluence of factors such as “dispositional characteristics, personal experiences, contextual elements” shape individuals’ norms, beliefs and values in a society that is composed of different groups (Webb et al. 2009: 495). According to institutional theory, formal institutions reflect the codification of those norms, beliefs and values held by the most influential group (Scott 1995), hence, there must be less influential groups who define social acceptability differently. These contrasting norms, beliefs and values can create differences in what different groups view as legal—as specified by the laws and regulations—and what others view as legitimate—as specified by norms, values and beliefs (Scott 1995).

Hence, the informal institutions could either be complementary if they are congruent to the formal institutions or substitutive if they are contrary to the rules, laws defined by formal institutions (Williams et al. 2015). According to institutional theory, this incongruence between these codified rules, laws and regulations defined by the formal institutions and the informal norms, values and beliefs, creates opportunities in the informal economy which might not be congruent to the laws and regulations set by the formal sector but falls within the informal institutional boundaries shaped by different groups perception of ‘socially legitimate’ (Webb et al. 2009, 2013). If the level of incongruence between formal and informal institutions is small, citizens would be more inclined to observe legal rules, whereas if the asymmetry is large, citizens would be prone to operating informally—thereby magnifying the gap between what is deemed ‘legal’ and what is ‘legitimate’ (Webb et al. 2009).

Webb et al. (2009) invites commentators to view informal entrepreneurial activities through a broader analytical terrain whereby what is ‘illegal’ in the lens of formal institutions might be perceived ‘legitimate’ from the viewpoint of informal institutions.

'Informal entrepreneurs acting illegally rely on the legitimacy that comes from operating within the informal institutional boundaries to exploit opportunities and operate their ventures outside the formal institutional boundaries' (Webb et al. 2009). Institutional economists argue that the variation of informality across countries and regions is due to the difference in public perception about the benefits of avoiding regulations and taxes and the costs of sacrificing public services (Djankov et al. 2002).

2.3.2 Collective Identity

While institutional incongruence creates opportunities in the informal sector, the theoretical lens of 'collective identity' helps better understand the dynamics of informal entrepreneurs. Collective identity is described as the 'common bond tying individuals to a group' (Polletta and Jasper 2001 qtd. in Williams 2009: 497) which results in the formation of cooperative groups between entrepreneurs and others. This identification comes from an individual's cognitive, moral or emotional attachment to the group based on similar attributes. These identities can form because of one's race or cultural background (O'Reilly and Chatman 1986). Ethnic enclaves come across as the most well-studied form of collective identity and is described by Portes (1981: 290–291) as 'immigrant groups which concentrate in a distinct spatial location and organize a variety of enterprises serving their own ethnic market and/or the general population'. Informal entrepreneurs are able to create this collective identity with their co-ethnics. This identification and association within an ethnic enclave creates a conducive environment for immigrant workers because this ethnic group substitutes for the lack of access or non-identification with formal institutions (Wilson and Portes 1980). Shane and Venkataraman (2000) highlights that members in the collective group are able to seize opportunities through three types of knowledge; knowledge about the market opportunities that exist outside the realm of formal institutions, knowledge about the customers' needs and demands of the collective identity members, and knowledge about how to serve the needs of these collective identity members.

This study adopts a multi-level analysis drawing arguments from two theoretical levels to answer the research questions. The institutional theory is used as a theoretical framework to evaluate the asymmetry in formal and informal institutions which forms the rationale and creates the opportunities for informal entrepreneurs, while, the collective identity lens (Lounsbury and Glynn 2001) is used to expound upon how informal ethnic entrepreneurs rely on cooperative groups to access factor and product markets in the informal sector (Bletzer 2003) which acclimatizes opportunity recognition and substitutes for the lack of facilitation provided by the formal economy (Webb et al. 2009).

2.4 Existing Literature on Informal Entrepreneurship in UK

Until now, research on informal ethnic entrepreneurship tends to be scarce whereby very few studies have explored the dynamics, processes, mechanisms of informality

within ethnic minorities in UK (e.g. Jones et al. 2006; Ram et al. 2007). Ram et al. (2007) study is celebrated for highlighting the diversity and complexity of informal economy going beyond the mainstream justifications of profit making incentives and restrictive state regulations rather discussing other set of motivating factors such as the social incentives embedded in daily routine work which influence informal entrepreneurship (Jones et al. 2006). Until now, a few studies have used the institutional lens to reflect on the size of the informal economy (Gërxhani 2004a, b; Williams et al. 2015) apart from the exploratory research by Williams et al. (2015) which employs 'tax morale' as a proxy for institutional incongruence in UK.

Majority of these studies are gender blind despite the significant participation of women in informal enterprises (Raghuram and Hardill 1998). According to the formal labour force participation, ethnic minority immigrants record high unemployment rate of 7.9% with Pakistani and Bangladeshi women accounting for the highest unemployed rate of 15%¹ and recognised as the most marginalised ethnicities in UK. This starkly low formal labour market participation has caught interest of a number of researchers. Research by Brah (1996), Dale et al. (2002), Niven et al. (2013) have expounded upon the human and structural factors inhibiting formal labour market success. However, these poor formal labour market statistics misrepresent South Asian women's participation as they significantly contribute to their family businesses (Ram 1997). Ram et al. (2007) highlight that official figures of self-employment of Pakistani and Bangladeshi women are misleading because a lot of these women are invisible in homeworking. Ethnic minority women are inclined to homeworking (Brah and Shaw 1992) so much so that they account for nearly half of the home working forces (CRE 2005).

To address this information gap, this study will explore the existence, motivations and mechanisms leading to Pakistani and Bangladeshi women's participation in informal entrepreneurial ventures. In doing so, it will adopt the institutional perspective, a relatively understudied approach to understanding informality.

3 Research Context and Methodology

3.1 Background

The research is set in Newham borough of London. A number of factors have informed this research setting. The borough is home to an ethnically diverse population with a significant population of Pakistani and Bangladeshi community (Newham.info 2017) (see Appendix). Additionally, it is characterised by a high concentration of low qualified individuals whereby 42% of the residents have no qualification compared to 9% of the people living in London (Ipsos Mori 2016). Given the concentration of low qualified individuals, it records a high unemployment

¹See Fig. A in Appendix I

rate of 10%, while a gendered and ethnic lens reveals that Pakistani and Bangladeshi women record the highest unemployment statistics of 13% (Ipsos Mori). Importantly, the borough experiences the challenge of underpayment of wages such that the hourly wage (£8.87 per hour) tends to be below both the national (£11.61) and London levels (£15.81) (Ipsos Mori 2016). A large proportion of the borough's population is skewed towards low paid jobs. Exploratory studies have highlighted the existence of informal work in the borough (Sissons et al. 2010). This is complemented by the research on the cash-in-hand business in Newham which confirms the presence of ethnic minority women in invisible work (Community Links 2008).

3.2 *Methodology*

In order to get an in-depth understanding of the rationales for informal entrepreneurship, qualitative research methodology was chosen as very little is known about the subjective experience of informal entrepreneurs in general (Harding and Jenkins 1989). In addition, qualitative research allows the researcher to engage more analytically, ask more 'why' questions to examine gendered labour segmentation (ILO 2008) and reveals insights from the respondent's perspective (McCracken 1988).

The research involved semi-structured, in-depth interviews whereby the interviewees were segmented in two groups. The first group comprised of women entrepreneurs of Pakistani and Bangladeshi ethnicity engaged in informal homebased businesses while the second group consisted of representatives of local employment support organisations.

The rationale for choosing these groups was to get a varied perspective whereby the rationales of informal entrepreneurs could be juxtaposed with the viewpoint of formal employment/enterprise support services. In total, 25 semi-structured interviews were conducted using a pre-prepared interview guide comprising of open and close-ended questions. (see Appendix II). It is important to highlight that interviews from Pakistani and Bangladeshi women entrepreneurs informed majority of the empirical results (see Table 1).

To identify the first group of informal entrepreneurs, snowball sampling strategy was adopted because of the sensitivity of the research topic and its advantages to access hidden populations, sensitive information and research an understudied population whose boundaries are difficult to specify (Heckathorn 1997). This sampling strategy has been employed by existing research studies on informal entrepreneurship (Edwards et al. 2016; Jones et al. 2004; Ram et al. 2007).

Given the complexity and challenges inherent in accessing informal homebased entrepreneurs, a few preliminary interviews were arranged with the help of references. As the research progressed, these interviewees helped access a wider network of women who were engaged in similar sorts of business ventures. The overall sample was heterogeneous comprising of women entrepreneurs from different districts of Newham, age groups, educational qualifications and income (see Table 3). The identity of these women has not be revealed because of confidentiality purposes.

Table 1 Geographical break-up of the sample

Interviewees	Localities	Number of interviews
Pakistani/Bangladeshi women	Canning town East ham Forest gate Little ilford Stratford Upton park	20
Representatives of local employment/enterprise support organisations	Canning town Stratford	5

Source: Author's research sample

Table 2 Description of the interviewees from local employment support organisations

Name of the organisation	Details of the organisation	Interviewee	Number of interviews
Newham workplace	Established by the Newham council in 2002	Deputy manger	1
Team support	Recruitment agency	Consultant	1
BS social care	Recruitment agency	Care consultant	2
Community links	East London charity working closely with Newham council and greater London authority	Youth employment; project manager	1

Source: Author's research sample

For the second group of interviewees, key informant interviews were taken from representative of local employment/enterprise support agencies at their workplace (see Table 2). It is important to note that this group of interviewees gave consent to use their names.

3.3 Data Collection Limitations

Given the sensitivity involved in interviewing women informal entrepreneurs operating at home, specific care was exercised in conducting interviews and framing the questions in a non-judgemental way. As these women entrepreneurs feared revealing identity would jeopardise their social security claims, complete anonymity was ensured and several techniques were employed to build rapport. Although, an inevitable challenge of the study was that interviewees were hesitant to expound on their work, however, previous researchers have used identical strategies to explore informal entrepreneurial ventures (Ram and Williams 2008; Williams et al. 2015),

hence there is little doubts about the participants hiding information. The clarity in interview design, the ability to create rapport and adherence to ethical norms ensured that the data collection process was completed smoothly. This research was unable to access policy makers working on informal entrepreneurship in UK and other advanced economies. To fill this caveat, secondary research was used to shed light on the policy front.

4 Findings and Analysis

4.1 Sample Description

The sample of immigrant women entrepreneurs interviewed were predominantly involved in three sectors namely: food, beauty, and clothing (see Table 3). Majority of respondents had not engaged in entrepreneurial activities before migrating to UK. They reported that these skills were mostly passed down to them from their mothers. However, they regarded formal accreditation necessary for their informal businesses. These women entrepreneurs were asked a set of open-ended and close-ended questions about the dynamics of informal businesses, opportunities available in formal local labour market and their motivation for informal entrepreneurial ventures.

While the second group of interviewees comprising of representatives of local employment/enterprise support organisations were requested to dwell upon their perception of local labour market, existence of informal entrepreneurship in the borough and their views on how to tackle it. The findings are summarised in two key themes: formal and informal institutional forces influencing informal entrepreneurship.

4.2 Formal Institutional Forces

Respondents described their initiation of informal entrepreneurial activities as a response to a set of 'formal' institutional barriers to employment. These rationales transgress the thinly defined dichotomy of 'exit' or 'exclusion' as a fusion of both are imbedded in the formal institutional factors namely; fiddling, extensive regulations, lack of human skills, failure of formal employment support agencies.

4.2.1 Fiddling: 'Working While Claiming Benefits'

Within the 'formal' institutional factors, fiddling or 'working while claiming' came across as a significant factor encouraging informal entrepreneurship. The UK government provides social security benefits to low income earners supplemented by

Table 3 Characteristics of Pakistani/Bangladeshi women interviewed

Characteristics	Number of interview respondents
<i>Current occupation</i>	
Catering	6
Beauty	6
Tailoring/selling Pakistani clothes	5
Jewellery making	3
Painting/calligraphy	1
<i>Age</i>	
20–35 years	8
35–60 years	12
<i>Current nationality</i>	
British	18
Pakistani	2
Bangladeshi	1
<i>Country of birth</i>	
Pakistan	11
Bangladesh	9
<i>Qualification</i>	
Level 1 (primary)	1
Level 2 (secondary)	3
Level 3 (diploma)	6
Level 4/5 (university)	10
<i>Employment status</i>	
Self-employed	20
<i>Marital status</i>	
Single	9
Married	11
Mothers	9

indirect benefits which discourages these women entrepreneurs to formalise their business.

This is further lent credence by research that demonstrates unique relationship of informality and poverty in the context of the state policies pushing people to operate informally (Fernandez-Kelly and Garcia 1989). Interviewees rationalised their informal entrepreneurial activities while claiming benefits as their only window of opportunity to supplement their income as the social security benefits were insufficient. This is supported by research on informal entrepreneurship serving as means to supplement household income especially for immigrant women of ethnic minorities (Ferman and Brendt 1981: 38). Prior research on cash-in-hand informal entrepreneurial activities in Newham highlighted that individuals were engaged in this sector because of a ‘need not greed’ (Community Links 2008). While, benefits level remained bare minimum, claimants viewed ‘off-the-book’ businesses as morally legitimate.

The benefits are hardly enough to afford expensive London living. With no formal opportunities and extensive regulations such as 16 hrs work limit with the benefits, I do not see any other option to pay off the hefty debts but to engage in informal work. (Pakistani woman, 35–40 yrs, Tailor)

4.2.2 Extensive Regulations

Women entrepreneurs reported that the extensive formalisation process posed a strong disincentive to formalize their business. They highlighted the various steps involved, starting from seeking permission from local council to complying by the extensive accounting responsibilities. Amongst the sample understudy, only 1 out of 20 participants had formalised her business and even she deemed it a mistake.

I was working as a homebased caterer since the last 7 years. Last year, I opened a 'Doner Shop'. Registering has been a painstaking experience. A large percentage of my profits is lost in the 20% tax rate and another £7000 in monthly shop rent, besides the regular fines (54 yrs, Caterer)

These findings reflect that there were extensive procedural requirements to formalisation which extended beyond registration. This was coupled with low trust in the government. However, it was interesting to find out that majority of the women were well-aware about the process but had made a rational choice to operate without informing the authorities. Empirical research by Friedman et al. (2000) highlights that a high degree of regulation is correlated with larger size of the informal economy.

Amidst the procedural complications to formalisation, women reported a low risk of detection. They highlighted that their work had been operational since years yet they had not experienced any risks. When they were asked if they feared the implications of the tax and social security authorities if they found out about this work, women entrepreneurs stated that the authorities were overburdened in helping those actively seeking employment.

4.2.3 Failure of Formal Employment Support Services

Whilst recognising the poor labour market outcomes for a large majority of immigrants, the UK government has initiated welfare-to work policies and massive regeneration initiatives in Newham in the past five to 6 years. These initiatives range from giving local Jobcentres Plus the flexibility over the kind of support they plan to give to the claimants and initiation of programs such as 'Help to Work' to help long term unemployed get back to work (Newham.info). In addition, initiatives such as Newham 'Workplace' are working complementary to local Jobcentre Plus whilst at the same time providing specialised employment and enterprise support services.

Amidst these initiatives, the informal economy continues to exist. When representatives of these employment agencies were questioned about their knowledge of

the existence of informal enterprises in the borough, they acknowledged its presence yet their inability to tackle it. Their capacity constraints and resource limitations posed a challenge to support the unemployed who were eagerly seeking employment. Thus, informal entrepreneurship served to be a blessing in disguise.

Previously there were four Jobcentre Plus offices in Newham, however now only two are operational. Newham Workplace is overburdened with helping hundreds of unemployed people to get into employment however we suffer from capacity constraints. (Operations Director, Newham Workplace)

Contrastingly, when informal women entrepreneurs were questioned about the usefulness of these local employment support agencies, majority perceived these services to be useless in helping them land into formal jobs. Those who did seek assistance from these services quoted the unsatisfactory support provided by Jobcentre Plus and their lack of understanding about the kind of support needed by them. Women reported that their opportunities were not fully explored.

As soon as I came to UK, I tried to seek employment support from the local Jobcentre Plus in Newham. Although, I did get enrolled in a one-year child minder course at a community centre, however, I never transitioned to a permanent job. (51 years, Artists).

Very few South Asian women visit us for employment support. We had a few who visited us in the past but they too were irregular. (Tony Martin, Employment Consultant, Team Support).

Although, Newham has experienced massive regeneration initiatives in the past such as the London Olympics 2012 and Westfield Stratford Shopping Centre which created a significant number of jobs in the last few years. However, it appears that these initiatives failed to create the right kind of jobs for the population under study. Contrastingly, the women entrepreneurs in the sample highlighted that the formal jobs in their area had informal characteristics such as lower wages and long working hours. The research findings signify a mismatch of the skills, needs and aspirations of the Pakistani and Bangladeshi women entrepreneurs and the support provided by local statutory and voluntary support organisations.

4.2.4 Lack of Human Capital

While other formal institutional forces play a significant role in explaining participation in the informal sector, the research study aimed to examine the relevance of human factors in explaining Pakistani and Bangladeshi women's entrepreneurs to operate informally. While literature highlights the poor educational qualification as an explanation for labour market obstacles faced by Pakistani and Bangladeshi women (Brah and Shaw 1992). However, the research sample for this study comprised of a heterogeneous group of women with varying educational qualifications. Among the sample of 20 women, eight of whom had secondary and primary education qualifications only three attributed their personal lack of qualifications and skills as the cause of their participation in informal entrepreneurship.

While, the sample is too small to debunk the *a priori* assumption of weak educational qualifications explaining informal entrepreneurship, however, it does raise attention to a distinguishing trend of a high proportion of educated women who were growth entrepreneurs rather than survival entrepreneurs. Research highlights the uneven level playing field whereby Asians needed to be much better qualified than natives to stand a better chance of labour market success (Dale et al. 2002). In contrast, representatives of local employment support organisations viewed low educational qualification of Pakistani and Bangladeshi women as the most significant factor behind their exclusion from formal jobs and participation in informal economy. This perception reflects their lack of understanding about the nature of informality and characteristics of those involved in this sector.

4.3 *Informal Institutional Forces*

Whilst most research evaluating the rationales for informal entrepreneurship has underscored the significance of formal institutional forces, it has ignored the importance of informal institutional factors namely: ethnic and socio-cultural forces. This study sheds light on the informal institutional forces in influencing informal entrepreneurship.

4.3.1 **Socio-Cultural Factors**

Domestic Responsibilities Deploying a gendered lens to understand informality reveals that women are more likely to engage in informal entrepreneurship to achieve an ideal 'work-life balance'. Evidence from UK reveals that women assign family commitments ten times higher than that by men to justify their self-employment (Carter and Anderson 2001). However, research by Dale et al. (2002) points out the differences in family structures and expectations associated with a women's role in home or at work varied widely across ethnicities and could not be generalised along ethnic lines.

Among the sample of women entrepreneurs under study, majority explained domestic responsibilities were considered the primary responsibility of women in their culture. Informal entrepreneurship provided them the best window of opportunity to utilise their skills to achieve economic returns whilst managing household chores (Vinay 1985).

If I have a family commitment, I can simply call my clients and tell them that I cannot manage orders for that day. I love being my own boss. (28 years, Caterer)

These findings well support Barot et al. (1999) research which highlights that South Asian women are reproducers of cultural forms and their conventional gender roles define their employment choices.

Caring Responsibilities Research explains barriers attached to female formal labour market participation to their gender and caring responsibilities as mothers (Hall et al. 2004). Nearly all the mothers in the sample quoted that informal entrepreneurship allowed them to take care of their children themselves. This finding has been supported by previous research in other countries whereby self-employment is increasing because entrepreneurship allows greater flexibility in childcare arrangements (Wellington 2006).

Managing two toddlers and working from 9am to 5pm is impossible to manage. Who is going to look after them? (28 years, Jewellery Maker)

Women entrepreneurs in the study expressed their hesitation to take up childcare facilities and reported that it was assumed that they will prioritise family over work. This reluctance in childcare usage was also confirmed by other research studies in UK (Bell et al. 2005; The Runnymede Trust 2013). Interviewees expressed their lack of trust in professional childcare facilities and community expectation of taking care of their children themselves. While expensive childcare and lack of affordability was mentioned by a few vulnerable ones, but it did not come across as one of the most significant reasons for their informality.

I would feel guilty if I leave my kid at the childcare. I feel no one can take care of my child the way I do. (29 years old, Makeup artist)

Social Networks Women under study attributed their decision to initiate informal businesses to have been influenced by their social networks. Research on ethnic enclave economy in UK reveals that personal networks are the most popular channel to access formal labour market, although not the most effective (Frijters et al. 2005; Battu et al. 2011). Given the complexity involved in measuring the strength of social networks, this study adopts the Calvó-Armengol and Jackson (2004) model of social networks which suggests the presence of strong and weak ties in determining individual's labour market outcomes whereby strong ties are described as ties with direct friends while weak ties as 'friends of friends' (Calvó-Armengol et al. 2007; Granovetter 1983).

Employing geographical proximity and ethnicity as proxies to understand the existence of strong and weak ties (Patacchini and Zenou 2012), respondents were questioned about the diversity and locale of their social networks. A significant majority revealed their social networks comprised purely of South Asian women. Only 2 out of 20 women entrepreneurs reported a non-Pakistani friend while 18 out of 20 reported strong ties with women of same ethnicity, majority of whom lived in the same neighbourhoods. When women were questioned as to why do they not mix with other ethnicities, majority reported that they did not feel the need to socialise with others, while a handful of others reported their different interests. Similar residential location and concentration of co-ethnics defined their social networks. Respondents reported that their friends and relatives not only helped them initiate their business but also in supported in increasing their clientele and provided

financial support. A strong feeling of trust, cooperation and mutual support tied these informal social networks together.

When I came over here, I knew nothing about the labour market opportunities. My Pakistani friends gave me suggestions, understood my skills and convinced me to start tailoring. (30 years old, Tailor)

Right after I started my catering business, I felt I wouldn't be able to survive this business, but my friends helped me great deal in expanding my clientele. (40 years old, Caterer)

My friends gave me loans to set up a beauty salon at my house. These loans helped me initiate my business and credit arrangements were quite flexible. (38 years, Beautician)

4.3.2 Ethnic Factors

Demand for Ethnic Products The sample under study highlighted their motivation to initiate informal entrepreneurship closely linked to the high demand of ethnic products which the formal market was not fulfilling either at an affordable cost, quality or was entirely absent. Women entrepreneurs highlighted the high demand for traditional services such as Pakistani makeup artists/henna artists, traditional tailoring services, beauticians and products such as traditional clothes, food, jewellery and clothes. It is this specialised field of demand in this niche ethnic market which calls for ethnic businesses to come into existence. The sample under study reported that large majority of their ethnic product/services were purchased by co-ethnics within the same locality. Research points out that heavy reliance on co-ethnic networks can serve to be extremely fruitful when co-ethnics tend to agglomerate in that locality to create sufficient aggregate demand. In the sample under study, women entrepreneurs reported the following motivations.

Demand for Traditional South Asian Food UK is a large market to South Asian cuisine whereby people from all ethnicities greatly admire the food for its unique blend of spices, colour and aroma. A number of women entrepreneurs in the sample were home based caterers specialising in heterogeneous products such as snacks, curries and frozen food. They reported the demand for the food was not limited to co-ethnics and they experienced an exponential hike in orders during festivities such as *Eid*, *Ramadan* and weddings. Few women entrepreneurs were providing 'Tiffin' lunch services to South Asian students and were promoting their business through social media at low costs.

On Eid, I spend straight 12 to 13 hours to complete the food orders. (45 years old, caterer)

Demand for Pakistani and Bangladeshi Beauticians (Makeup Artists, Henna Artists) Women entrepreneurs reported a high demand for South Asian beautician services which were not met by the formal labour market. This demand was unique

and very well spread among the South Asian community throughout London hence it was not limited to the geographical boundaries of Newham. When asked as to what set their services apart, they reported the large variation in beauty standards in Pakistan and Bangladesh which did not conform to the services provided by the salons in London. Others reported that the demand for ethnic products and services such as '*henna*' was hugely popular among Pakistani and Bangladeshi community but was once again not catered by majority of the parlours.

The bridal makeup service offered by the salons over here differs markedly from the ideal 'Pakistani Bride' which the Pakistani community over here idealises. (28 years, Makeup artist)

Demand for Traditional Clothes The Pakistani and Bangladeshi clothing market also came across as a popular niche market in UK. Respondents reported that the South Asian community in UK greatly admired latest clothing trends followed in their country of origin. Women entrepreneurs in the clothing business ranged from women who excelled at hand embroidery, those who specialised in tailoring traditional clothes and others who sold ready-made clothes purchased from Pakistan/Bangladesh. Respondents reported that this market could expand even more as there was a large demand for these products but few suppliers.

A large majority of Pakistani and Bangladeshi women prefer dressing in traditional dress, however, there are very few tailors specialised in this unique tailoring. (51 years old, tailor)

When respondents were asked as to what made their service unique given some clothing shops existed in places such as Green Street in Newham, majority stated that their customised service set them apart and reported that their work was unique, more up to date to the fashion trends followed in Pakistan and Bangladesh and of better quality.

A large proportion of women entrepreneurs under study reported having taken up vocational training courses to professionalise these businesses ventures and increase credibility. They reported having taken relevant courses such as 'Food and Hygiene', 'skin care' among others. This accreditation helped them reach out a wider audience and ensured their product and service met the quality requirements. In addition, another interesting trend was the use of social media to reach out to a wider audience.

5 Discussion and Policy Implications

The sample of women entrepreneurs gave insightful accounts of formal and informal institutional forces in explaining their motivation for informal entrepreneurship. Majority of the women held their informal institutional forces as the dominating

factor for explaining their informality while it was further reinforced by formal institutional forces.²

Drawing from institutional theory, the sample under study reveals that the formal laws and formal labour market at present is not designed to offer employment opportunities and enterprise support facilities to ethnic minority immigrant women. Hence, there is misalignment of the support services offered by the formal sector compared to the needs of these women. While the social security policies and excessive state regulation have created a strong disincentive to formalise homebased businesses. Contrastingly, the economic behaviour of women entrepreneurs under study is driven by informal institutional factors, namely: the socio-cultural and ethnic forces.

These women's socio-cultural expectation of prioritising domestic and familial responsibilities restricts them to the vicinity of their home. While the failure of the formal enterprise to provide ethnic products, provides them a niche market which could be exploited. The resulting incongruence between formal and informal institutional forces creates opportunities in the informal economy. Whilst the presence of strong collective identity between the group of immigrant women formed by their strong ties with member of same ethnicity and residential location helps them recognise opportunities in the informal economy. Women entrepreneurs in the sample became cognizant of the possibility of catering to the niche needs of the members of collective identity.

Amidst these set of conditions, tackling informal work requires policies to correct the institutional incongruence. According to Webb et al. (2009), dealing with informal entrepreneurship from a policy perspective is challenging because of the social costs and benefits involved. To achieve symmetry between formal and informal institutions, changes should be made in both. To rectify formal institutions that is the codified laws, rules, and regulations, firstly there is a need to create an economic environment in which economic activities can be formalised with minimal regulatory impediments. Secondly, attempts must be made to ensure the tax system is not hefty (Schneider and Williams 2013). Thirdly, from a policy standpoint, the focus of policy makers should be on creating the right kind of jobs and personalised enterprise support services in deprived neighbourhoods. As this study points out the capacity challenges faced by local employment support organisations such as 'Jobcentre Plus' and 'Workplace' as well as privately recruitment agencies, attempts must be made to improve service delivery.

However, changing the informal institutional forces is a much more effective in the longer term (Webb et al. 2009). In order to achieve this aim, attempts must be made to target those beliefs which stimulate informal entrepreneurial activities rather than targeting those norms and values defining collective identities. In the case of ethnic minority women, attempts can be made to improve their usage of childcare by build trust in the services available. Secondly, advertising campaigns can be employed which improve awareness about the costs of working informally and

²See Table 1 in Appendix

benefits associated with formal employment (OECD 2012; Williams et al. 2015). Thirdly, awareness sessions can be used to influence women to expound upon their skills by working formally. Fourthly, normative appeals can be made using signs such as ‘your taxes paid for this’ on roadside, community centres, hospital (Williams et al. 2015).

6 Conclusion

The objective of this paper was to examine the competing rationales for informal ethnic entrepreneurship of immigrant women who appear to be the most marginalised and vulnerable group in the urban local labour market in advanced economies. To examine the research proposition, women of Pakistani and Bangladeshi ethnicity were randomly selected for face-to-face semi-structured interviews from Newham, one of the most deprived and ethnically diverse borough of London. Local employment and enterprise support agencies were also interviewed as part of the research endeavour. The research with the two groups of stakeholders revealed a diversity of formal and informal institutional factors which are influencing women’s motivation to engage in informal entrepreneurship.

This study advances a relatively less-common analytical lens for explaining the informal economy. Employing a multi-level analysis, it draws upon the institutionalist perspective to argue that the incongruence between the formal and informal institutions creates opportunities in the informal economy to exist. While, collective identity among member of same ethnicity helps replace the need for formal institutions by helping them recognise the opportunities that exist in the informal economy and cater to the needs of these members. At the same time, the paper also employs an intersectional gendered lens to explore the heterogeneity of rationales which explain informal entrepreneurship. Hence, it underscores the problem of ‘one-size-fits-all-women’ policies and invites policy makers to understand the nuances in the series of challenges faces by certain communities.

Ultimately, this paper argues the needs to align both formal and informal institutions by introducing rectifications in both. For formal sector institutions, the study argues the need for improving the broader economic environment, facilitating the regulation process to formalisation, creating right kind of jobs in the local labour market, and improving the procedural and redistributive justice and greater support for marginalised groups. On the other hand, it also requires alterations in informal institutions through measures such as increasing awareness and building trust in childcare facilities, awareness raising campaign and other normative measure.

The findings of this study must be exercised with caution. The study is localised geographically within Newham, borough of London and comprises of a relatively

small number interviewees. Further research should concentrate on other ethnic groups within other geographical locations. The views of this study cannot be considered representative of the wider Pakistani/Bangladeshi women in UK. However, the study highlights rich contextual insights of the dynamics of immigrant women’s entrepreneurs’ experience of local labour market and their cash-in-hand homebased businesses which are difficult to access.

The intersectional gendered approach employed in this study has provided an insightful understanding of informal entrepreneurship and it stimulates further evaluations of the validity of institutional asymmetry and collective identity explanation for informal participation of other vulnerable groups, wider population, at other spatial scales and other global regions such as developing countries where informal economy is the mainstream economy. This work also leads the government to understand informal entrepreneurship to be a result of institutional incongruence and encourages them to work on decreasing the asymmetry between formal and informal institutions by rectifying both the formal and informal institutions through better informed policies.

Appendix I: Figures and Tables



Fig. A Ethnic profile of Newham borough of London. Source: Newham.info 2017

Table A Main reasons for interviewees participation in the informal economy

Reasons for engagement in informal employment	Theoretical explanation	Number of Pakistani/Bangladeshi employees
<ul style="list-style-type: none"> • Lack of qualifications/skills • Excessive regulations to formalisation • Low risk of detection • Failure of formal local labour market organisations 	Formal institutional forces	7
<p><i>Socio cultural forces</i></p> <ul style="list-style-type: none"> • Domestic/familial responsibilities • Caring responsibilities/childcare • Social networks <p><i>Ethnic forces</i></p> <p>Demand for ethnic products/services: Food, clothing, beauty, jewellery</p>	Informal institutional forces	13

Source: Semi-structured interviews by the researcher

Appendix II: Questionnaire

Questionnaire A: For Pakistani/Bangladeshi Women

To avoid ambiguity in defining informal work, the term was defined clearly for the interviewees.

Undeclared work is a relatively common and socially acceptable activity, and refers to activities which were not or not fully reported to the tax or social security authorities and where the person who acquired the good or service was aware of this. Apart from regular employment, have you yourself carried out any informal paid activities in the last 12 months? (Williams et al. 2015: 299).

Section 1 (Demographics)

1. What is your age?
2. Where in Newham do you reside?
3. If you don't mind, could you please tell me your educational qualification?
4. Are you self-employed?
5. What is your country of origin?
6. Are you married? If yes, do you have children?
7. When and from where in your home country did you migrate from?
8. What was the primary reason for migrating to Britain?
9. Are you a British national?
10. What is your average weekly income from your current occupation?
11. Do you claim any sort of social security benefits?

Section 2 (General Questions About Their Work)

1. In your view, how many Pakistani/Bangladeshi women are involved in cash-in hand homebased businesses without declaring their income to tax and social security authorities?
2. Have you personally carried out work in similar settings without declaring your income to tax and social security authorities?
3. Can you please elaborate on the types of work you have been engaged in and which one of these holds the most importance in terms of the number of hours you spend doing it?
4. When did you start doing this work? Has this been a continuous engagement or more of a seasonal work?

Section 3 (Perception About the Formal Labour Market Opportunities)

1. Did you ever apply for formal jobs prior to initiating your informal homebased business?
2. Do you prefer working formally or informally?
3. Does your locality have enough opportunities to work formally?
4. Does your locality offer employment/enterprise support services through Jobcentre Plus, 'Workplace' and any other private support agencies?
5. Did you ever seek assistance from these support agencies?
6. If yes, were you satisfied with the kind of support offered?
7. What is your perception of the social security benefits and how fair is the tax system?
8. Are you aware about the procedures involved in formalising your homebased business?
9. What is the biggest impediment to formalising your business?
10. Have you made use of any childcare services? (This question was posed to the mothers in the sample.)
11. If better opportunities arise in the formal sector, would you prefer working formally?

Section 4 Open-Ended Questions About Participation in Informal Employment

1. How did you start your informal business? Who was your primary source of information and influenced you to start this work?
2. Would you please explain the reasons for operating informally?
3. Amongst the reasons you just mentioned, which one of these would you consider as the most important rationale for informal participation?
4. What are social, cultural benefits for operating informally?
5. Who is the most prominent customer to your products/services?
6. What are the primary means of advertising about your work and improving your clientele?
7. Do you see any disadvantages in operating formally?
8. Do you risk detection from the tax and/or social security authorities?

9. What kind of social network do you have? Does it comprise of consist of South Asian women only or are there people from other localities as well? Are these people residents of Newham or more widely spread?
10. What role does your social network play in helping you promote your business?
11. Do you wish or plan to formalise your work in the near future? If yes, why? If no, why not?
12. Do you think majority of Pakistani/Bangladeshi women are inclined to working informally?

Questionnaire B: For Representatives of Local Employment Support Agencies

Section 1 General Information About the Local Labour Market

1. In your view what is the local labour market like?
2. What are the opportunities for employment for the residents of Newham? Is there a fair mix of highly skilled jobs or is it skewed towards low to medium skilled jobs?
3. What is your view about levels of unemployment and economic activity in this borough? Are these levels particularly high among women of certain ethnicities?
4. In this area, what is the type of benefits with the highest proportion of people claiming?
5. Has the type of people claiming these benefits changed? Have they increased/ decreased in the last 5 years?
6. Are there any ethnic group or population group over-represented in benefit claimants?
7. What is the business environment in the area? Are small and medium business important to the area?
8. Does your organisation provide exclusive support to women of ethnic minorities seeking to initiate entrepreneurial ventures?
9. Your organisation provides a list of services, what do you think is the most popular service and most common problem people come to seek advice for?

Section 2 Perception of Informal Work in the Borough

1. Could you tell me your understanding of the informal economy in this area?
2. Who do you think is most likely to be involved in informal economy? Are you aware about the cash-in-hand, homebased businesses?
3. How big is the informal economy? Do you think people informal entrepreneurship is motivated by need or greed or a confluence of factors?
4. Amongst the given options, which of the following set of reasons would you rate as the most likely for Pakistani/Bangladeshi women entrepreneurs' motivation to operate informally?

5. Do Pakistani/Bangladeshi women seek assistance for formal jobs from your organisation? Is their participation rate as high as other ethnicities?
6. Your organisation provides a list of services, what do you think is the most popular service and most common problem people come to seek advice for?

Section 3 Future Implications

1. What kind of work has your organization undertaken in response to informal entrepreneurship?
2. In your opinion, can entrepreneurs be steered towards the formal enterprise?
3. Do you think there is a need to formalize the informal businesses?
4. Do you think the punishment approach has worked? Do you think informal work can be stamped out?
5. Do you think policy makers have a good understanding of informal entrepreneurship in this area and the initiatives undertaken are sound?
6. Do you think the response to informal entrepreneurship should be gender and culture specific?

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Being an (in)Formal Afro-Descendant Entrepreneur in Medellín, Colombia: A Case Study



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Abstract Many Afro-descendants residing in Medellín seek to have an impact on their territories to achieve and guarantee minimum economic conditions for a better communities' quality of life and the preservation of their cultural identity. Using a propositional and qualitative approach, this chapter analyzes the process of inception and development of these black entrepreneurships, from the study of three specific cases. Entrepreneurship processes carried out by the Afro-descendant population of the District 13 in Medellín have been surrounded by an institutional context that these entrepreneurs have taken advantage of to develop their entrepreneurial activities. The entrepreneurs who participated in the study move continuously between the formal and the informal economy. While they look for opportunities to generate income through informal ways (subsistence strategies such as food preparation, cleaning, and masonry), they also use formal ways (participation in institutional programs of business entrepreneurship promotion).

Keywords Afro-Colombians · Medellín · Ethnic entrepreneurship · Formal/informal

1 Introduction

Minely Córdoba is an Afro-descendant single mother who arrived with her two children in the city of Medellín, 20 years ago, due to forced displacement caused by the confrontation of armed groups in their region. From then on, she has not been able to receive formal education and has devoted her life to bringing up her children.

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She is currently unemployed, but is part of an informal organization of black women in which she has been developing informal entrepreneurship activities.

The case of Juana Jordán, another Afro-descendant woman, is a similar situation. Juana has lived in Medellín for 20 years and came to this city looking for better opportunities for herself and her family. Unlike Minely, Juana has had the possibility of receiving technical training and today is a social leader of her community, recognized for her interest in carrying out social projects that allow her to contribute to the community and the society.

John Berrio is an Afro-descendant economist who has lived in the city of Medellín for 14 years. In contrast with many other Colombian Afro-descendants, he received formal education not only in this city, but also in Bogotá, the capital of Colombia, thanks to a scholarship awarded by a state institution that supports ethnic minorities in Colombia. John decided to create a social entrepreneurship to advice people from his region in the creation of companies as a way out of the difficulties of subsisting and being “someone” in a city that belongs to them as Colombian citizens, but that is also alien to them due to the discrimination they receive in the capital city of Valle de Aburrá.¹

Like these three cases, there are many other stories of Afro-descendants residing in Medellín, who today seek to have an impact on their territories to achieve and guarantee minimum economic conditions for a better quality of life of their communities and the preservation of their cultural manifestations and identity, even in an adverse scenario.

Consequently, it is important to analyze the process of inception and development of these black entrepreneurs, from the study of three specific cases in Medellín. This city has led, during the last 20 years, a systematic effort to promote the creation of companies as a mechanism to recover the social and productive fabric. Such effort has brought together government entities, universities, private companies, and communities (Arboleda and Zabala 2011). However, after several decades, there are still no studies that address the realities of black entrepreneurs in Medellín. Therefore, this chapter aims to explore in a propositional and qualitative way the entrepreneurship activities developed by the Afro-descendant population of Medellín.

The interest in the processes that black entrepreneurs develop is part of the literature that addresses the processes of ethnic entrepreneurship as well as the entrepreneurial practices being situated more often than otherwise outside the formal and institutionalized practices. Ethnic entrepreneurship is the process by which people who are not members of the majority population of a given country identify opportunities in the market, while carrying out innovative, unsafe, and dangerous activities, in order to ensure prosperity for themselves, their families, and society in general (Dana and Morris 2007). According to Yinger (1985), ethnic groups represent a segment of society whose members feel they have a common origin and culture and participate in joint activities in which their roots play an important role. Although it applies to any cultural group sharing a sense of belonging and beliefs in

¹It is a region located in South-Central Antioquia, Colombia, and whose capital is Medellín.

past, present and future no matter of its socioeconomic positioning, the term “ethnic” refers here to marginalized conditions and status within the cultural, political and economic spheres of a given society (Epstein and Heizler 2015; Juteau 2015; Bonacich 1980). In this context, entrepreneurial practices of Afro Colombians located in the metropolitan area of Medellín must be considered as the will of minority members to overcome obstacles they are facing and a form or another of individual and collective empowerment (World Bank 2015; Aldrich and Waldinger 1990).

In effect, the Afro-descendant population in the city of Medellín represents a segment of society that is characterized by its cultural, social, and political roots, and has had a considerable internal migration to metropolitan areas. With the increasing arrival of this population in Medellín, ethnic entrepreneurship becomes a relevant phenomenon, hence the interest in studying it. As such, the context of the metropolitan area of Medellín is particularly relevant to study this phenomenon of ethnic entrepreneurship within the Afro community because this region is historically considered as one with a strong entrepreneurial spirit (Schutter et al. 2014; GEM Colombia 2013). This article addresses these questions of ethnic entrepreneurship and formal/informal practices in relation to Medellín’s regional characteristics. By doing so, we put light on the way Afro Colombian organize and structure their entrepreneurial practices in a cultural and institutional context where entrepreneurship is strongly encouraging. The dynamics inherent to this phenomenon is illustrated in Fig. 1.

To develop this discussion, the chapter is structured as follows: In the first place, there is an overview of the current status of ethnic minorities in Colombia, in

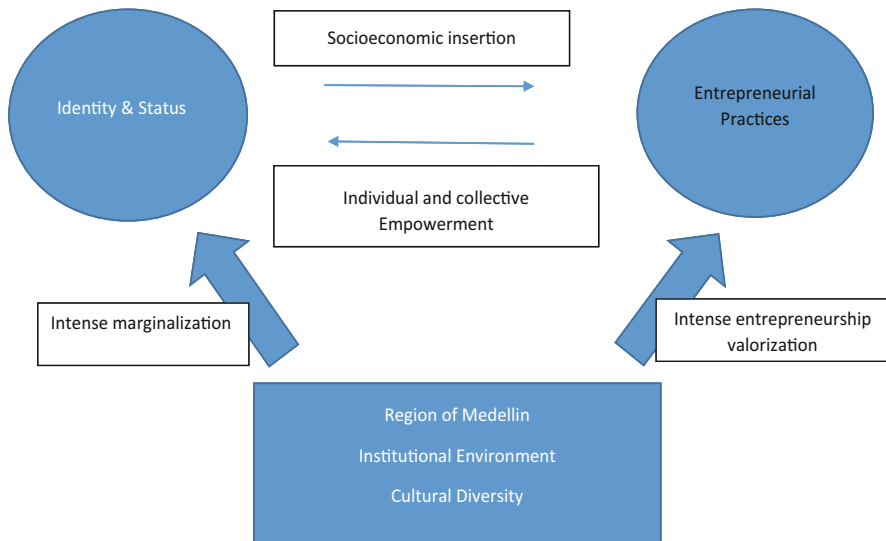


Fig. 1 Social dynamic of entrepreneurial practices amongst Afro-Colombian in the region of Medellín

particular, the black population. Next, there is a description of the context in which the research is conducted, as well as a summary of the three cases studied in Medellín, specifically in the district 13, San Javier. Subsequently, the methodological section and the conceptual model that guides the study are introduced. Finally, the chapter offers the findings and propositional discussions, and concludes with a series of reflections that leave the way open for further studies on the phenomenon of ethnic entrepreneurship in this city.

1.1 A Look at the Afro-Descendant Population in Colombia

40 years after the abolition of slavery in Colombia, Afro-descendants account for 10.62% of the total population of the country (National Administrative Department of Statistics [DANE] 2015). It is a population group recognized by Act 70 of 1993, which is based on the principles of recognition and protection of ethnic diversity, equal rights for all cultures that make up the Colombian nationality, and participation of the black communities. This act defines the black community as “the group of families of Afro-Colombian descent that possesses its own culture, shares a common history, has its own traditions and customs within a rural-urban setting, and reveals and preserves a consciousness of identity that distinguishes it from other ethnic groups” (p. 2).

Giraldo (2013) states that the creation of Act 70 occurs in a context of struggles and resistance by the Afro-Colombian community to avoid the violation of their rights, caused by forced displacement. Thus, the characteristics of the Afro-descendant population in Colombia start in the colonial era with a struggle to belong to a territory and receive recognition in it.

Afro-Colombians have implemented different subsistence strategies, such as working in the countryside, especially on sugarcane fields, banana plantations, and sugar palm monocultures (Urrea and Hurtado 1999). Aside from these forms of employment, there are also urban alternatives where black women have had a relevant role in formal and informal activities such as sales. These have been common tasks that provide families with income and teach an important lesson regarding the outstanding function of women as suppliers of sustenance and protectors of the cultural tradition (Giraldo 2013).

Associativity around the family is one of the crucial functions that Afro-Colombian women have in their communities. Women constitute a fundamental support for the unity of the group (Moreno 2009). This is closely linked to the concept of identity, given that their customs and traditions are a consequence of their roots and thus of their identity. “Afro-descendant ethnic identity was built through the complementarity of modern and traditional elements, processes of continuity and rupture, and a great capacity for adaptation and assimilation of diverse cultural elements” (Del Popolo and Schkolnik 2013, p. 12).

According to Urrea (2005), the Afro-Colombian population has higher female leadership rates than non-Afro population (22% vs. 18.5%, respectively), which

evidences the predominant role of women in these households. Giraldo (2013) has shown how Afro-Colombian women take advantage of their culinary and social skills, to get a job or adapt to more informal employment scenarios in new urban environments. The opposite occurs with the male population, who take a little longer to find a job, since they are used to activities demanding strength and time, such as livestock farming. They usually find jobs in the areas of security and construction, activities that take some time to learn, which is why they last longer unemployed (Giraldo 2013).

2 Context of the City of Medellín and the District 13

2.1 Information on the City of Medellín

According to DANE, in 2015, Medellín had a population of 2,464,322 inhabitants. This is the second most densely populated city in Colombia, after the capital of the country, Bogotá. In addition, Medellín is the capital of the department of Antioquia and is politically and administratively divided into sixteen districts, for a total of 249 official urban neighborhoods (Medellín Cómo Vamos - MCV 2015, 2017). The figures indicate that 218,068 Afro-descendants inhabited Medellín in 2015, that is, 10% of the total population (Escobar 2015).

Medellín has been strongly hit by violence, poverty, and social vulnerability experienced in the last decades of the twentieth century. However, the city has struggled to transform itself, promoting social integration, inclusive infrastructures, culture, and events that provide it with international recognition, thus achieving a remarkable progress in recent years.

Culture and education have been strategic axes that the last municipal administrations have committed to implement, allowing the city to overcome its negative past, particularly the 1980s and early 1990s, when cities such as Medellín and Cali suffered the devastating effects of the drug cartels (Otis 2014). At that time, the names of these cities were associated with terrible events by criminal groups, causing a stigma that is decreasing, but that is still far from disappearing.

The measures to transform the city have been taken on different fronts: on the one hand, there has been a change of productive vocation with important positive effects at the international level. On the other hand, diverse inclusion and social development processes have been implemented, providing dynamism to the civil society, the private industry, the state, and international organizations.

With regard to the Afro-Colombian population, important efforts have been made to ensure its social inclusion. There are currently 72 civil organizations that promote participation and inclusion of this population (Escobar 2015). The programs and initiatives developed in the city for the protection of its rights include the *Gerencia de Negritudes* (Management for Black Communities), a strategic management unit from which the Antioquia Governor's Office helps Afro-descendant communities to improve their conditions of life through the strengthening of the base organizations

(or those organizations controlled by the community) and the implementation of public policies.

Although these initiatives have improved the social organization of the black population and have allowed it to gain “autonomy, capacity for struggle, and resilience”, the balance made by social leaders is that “we are economically, socially, and administratively stagnated” (Escobar 2015).

2.2 *Information on the District 13, San Javier*

With the previous scenario as background, this case study proposes to focus on the District 13 of Medellín: San Javier.² This district is located in the west central section of the city and has an area of 74.2 km², equivalent to 37.6% of the total area and 6.2% of the urban area. As of 2014, its population was 136,689 inhabitants (2014–2017 Local Development Plan [LDP]³). Regarding its demographic composition, 75% of the population belongs to the lower socioeconomic stratum⁴; 21%, to the middle-low stratum; and 4%, to the middle stratum (LDP 2014–2017, p. 55).

As for its economic situation, this territory is characterized by self-employment and the preeminent presence of informal activities carried out in homes and small establishments. In fact, the informality rate in the city is 45%, according to official reports of 2016 (MCV 2017). In relation to its historical context, this district has undergone some important territorial changes: Until the early twentieth century, it was an eminently rural territory; but, since the decade of the 1950s, lots started to be illegally sold, which led to the formation of the current neighborhoods, as well as to an intensive and unplanned urbanization process mainly by peasants who migrated to the city (LDP 2014–2017).

This phenomenon of informal occupation (or invasion) persists and has become a permanent situation in the district, worsened by the intervention of lands without any technical planning standard and the complete government’s neglect. In addition, the District 13 has been affected by the phenomenon of forced intra-urban displacement, which by 2014 reached more than 10,000 displaced persons who settled in the district (de Medellín 2013).

²Medellín is divided into zones and districts. The zones are a conglomerate of districts with different socioeconomic categories and the districts, in turn, are a set of spaces with similar economic characteristics. The district 13, San Javier, comprises 55 neighborhoods in which the middle socioeconomic stratum predominates (40.2% of the population, according to the Metropolitan Planning Report), followed by the middle-high stratum (27% of people) (Naranjo 1992).

³The Local Development Plan for the period 2014–2017 is a diagnostic document of the reality of each district of the city of Medellín. It provides real figures, although it is updated only every 4 years.

⁴Low-income users are classified in low socioeconomic strata. These users are beneficiaries of public utilities subsidies (DANE 2012).

Table 1 Population by ethnic group. District 13—San Javier

Total population	Ethnic group						
	Indigenous	Black, Mulatto, Afro-Colombian, Afro-descendant	Mestizo	White	Raizal	Romani or Gypsy	No response
136.689	261	9737	92,538	28,702	0	0	5451
100.00%	0.19%	7.12%	67.70%	21.00%	0.00%	0.00%	3.99%

Source: Quality of life survey. Medellín 2013. Included in the LDP (2014–2017) p. 56

In the decade of 1990s, the problem of contract killing and drug trafficking in the district became more acute, particularly between 1992 and 1997, when illegal armed groups expanded considerably. In 2002, the situation escalated into a national security crisis that led to an urban military confrontation never seen before in Colombia and known as *Operación Orión*,⁵ whose unfortunate consequences included enforced disappearance of civilians and restructuring of the illegal armed groups in the area.

These events deteriorated the social and economic environment of the District 13 and, from then on, local governments have worked to recover the social fabric by carrying out different physical and spatial interventions and encouraging the strengthening of artistic, cultural, and community experiences to improve social environment, community living, and habitability.

Regarding the ethnic component, the Afro-descendant population is somewhat larger than the indigenous population, with 9737 people according to the Quality of Life Survey, Medellín (2013) referenced in the Development Plan (p. 56) (Table 1).

3 Selected Cases: Black Entrepreneurships in the District 13

This section describes each of the cases selected in this study: Corporación Afrocolombiana Expresiones (abbreviated COAFRO in Spanish), Corporación Malí, and Corporación Rosa Parks. All three cases are non-profit organizations with solidarity-based associative principles,⁶ which share the fact that they are at

⁵*Operación Orión* is the major and most violent military operation carried out in an urban area of Colombia. After these events, the District 13 was perceived as a battlefield in Medellín and the rest of the country. The excessive deployment of media, in many cases sensationalist, created in the mind of many inhabitants of the city an imaginary that associates this area with armed conflict, crime, and insecurity (Quiceno et al. 2007, p. 6)

⁶Colombia does not have a specific legal framework for non-profit organizations such as those studied in this chapter. Therefore, when these types of organizations seek to be granted their formal status, they are governed by the legal provisions for the formation of associations or corporations. In

the opposite side of the private sector's interest in economic profitability as they favor the design and management of initiatives that have social impacts on Afro-descendant communities in the District 13 of Medellín. From a conceptual point of view, they could be characterized as initiatives based on self-management (León Cedeño 2006) and social entrepreneurship (Alvord et al. 2004).

3.1 *Corporación Afrocolombiana Expresiones*

Corporación Afrocolombiana Expresiones (COAFRO) is a social organization that supports ethnic, cultural, socioeconomic, and human rights processes seeking for the integral development of Afro-descendants and the vulnerable community—such as displaced people and victims of the armed conflict—in the District 13 of Medellín. It focuses on the development of strategies to reduce extreme poverty and inequality by making the most of projects in accordance with the national law and policies.

This corporation was established in 2010 with the participation of four professionals who gather to contribute to the social processes of the District 13 from their knowledge and experience. As one of its leaders, John Berrío, mentioned, this corporation has been notable for developing business strategies *from* and *for* Afro-descendant communities, seeking to mainly support mothers who are heads of household. It is financed through participation in tenders, internal strategies, research support, or events.⁷ Its contributions to the community are reflected in events such as the Afro Festival held in partnership with the Medellín's Mayor's Office, a space where other corporations participate and can exhibit their products.

Moreover, this organization is linked to the Red Afrocolombianos Unidos para el Progreso Nelson Mandela (United Afro-Colombian Network for Progress Nelson Mandela), also known as Red Afrounidos, which was created in 2011 with the purpose of boosting social and private businesses working for the Afro-Colombian communities of the district 13. Its purpose is to attract or obtain support for the Afro-Colombian business initiatives in this district and thus help consolidate them. Creating alliances with food companies and the construction sector is one of the

this regard, the Medellín-Antioquia Chamber of Commerce states that these are entities resulting from the permanent or stable association of two or more natural or legal persons, for altruistic or charitable and not-for-profit purposes, for a particular community, trade, or social group (Medellín-Antioquia Chamber of Commerce 2015).

⁷The Afrofest is an Afro-Colombian music, dance, food, and culture festival managed collectively to support music and dance groups, as well as other Afro-Colombian traditions within the territory. It is also a strategy for Afro-descendant communities to get involved and participate in a space where customs and the historical memory of this ethnic population are rescued. Five versions of this festival have been held in 2012, 2013, 2014, 2015, and 2016, and its sixth version was held between October and November 2017.

main processes in which it is involved. The barriers they have encountered have to do with the lack of exposure of the process. In fact, the recognition of their initiatives by institutions that provide support is one of the challenges they face to obtain some contributions.

3.2 *Corporación Malí*

MALÍ (Free Afro-Colombian Women) is the acronym of an informal corporation that was established with around ten women, all of them Afro-Colombians and residents of the district 13. Its objective is to revive the culinary tradition of Chocó, Colombia, and commercialize its products as an innovative or distinguishing aspect of the traditional food of Antioquia. These women are part of the population that migrated from the Colombian Pacific region (Chocó)—where they were born—to this district due to the common reason of forced displacement and have lived in the city for an average of 20 years.

The idea of founding this organization comes up around 2015 after this group of women attended some culinary courses offered in the district, which resulted in their decision to form an organization to commercialize products used in the typical foods of Chocó. Although, currently, these women are operating informally, they express the desire to be granted their legal status.

The group is made up of mainly one household and women who are residents of the district, all of them Afro-descendants, which allows them to establish bonds of trust and acceptance. The scenario in which the members of Malí participate was convened by the aforementioned COAFRO with the purpose of creating entrepreneurial alternatives for Afro-descendant mothers who are heads of household.

3.3 *Corporación Rosa Parks*

Corporación Rosa Parks was created by Juana Jordán, an Afro-descendant woman who has lived in the District 13 for 20 years. This corporation was named after an African-American woman who fought for the rights of the Afro-descendant population in the United States and who, in 1955, was recognized in the city of Alabama for refusing to give up her seat to a white man and to go to the back of the bus, back then when white and black people traveled in different transportation means. It was the time of the so-called boycott.⁸

The initiative to form Corporación Rosa Parks emerged in 2010 after a training offered by the Secretariat for Women, which was attended by a group of women

⁸See details in Capriolo (2013). *Rosa Parks: La lucha contra el Racismo. Vicens Vives*, Barcelona. Retrieved from <http://www.vicensvives.com/>

from the district 13, including Juana. For 6 years, Juana and a group of 12 women met periodically—once every 20 days—to discuss common issues regarding local coexistence and propose business ideas to generate income for the members of the group. In 2016, they registered before the Medellín-Antioquia Chamber of Commerce, formally becoming a non-profit corporation. Currently, some of the members of the group have a career; others work as housekeepers. Among its activities, the corporation expects to become recognized by the government entities that trained them and to involve other Afro-descendant women. They do not have a defined line of programs, which does not allow them to make the specific products or goods they commercialize visible.

4 Methodological Aspects

The general approach which guided this research is of exploratory nature. However, the privileged approach is closer to an abductive process as far as certain information and conclusions coming from former studies helped drawing our own research design (Locke et al. 2008). Nonetheless, this study is a qualitative, exploratory, and propositional as it addresses some of the processes of ethnic entrepreneurship carried out by the Afro-descendant population in Medellín, a topic on which there is little information in the city. This research was conducted through a case study, considering three ethnic entrepreneurs, all located in the city of Medellín, Colombia, specifically in the district 13, San Javier.

A case study is usually considered to be part of the qualitative perspective of social research, but it is not necessarily covered by the qualitative (Gundermann Kröll 2008; Galeano 2009). “Some case studies are qualitative; others are not [. . .]. A case study is not a methodological choice, but a choice of an object to be studied. We choose to study a case, and we can study it in a number of ways” (Stake 1994, p. 236). In this sense, a case study is not defined by its interest focused on particular cases, nor its methodological nature, but by the objective to be achieved with the research.

The following was the question that guided this study: What are the characteristics of the Afro-Colombian population that has developed black business initiatives in the District 13 of Medellín? Based on this, and given the purpose of the research, the interpretive paradigm was chosen as the most suitable for its development. According to Ceballos (2009), this paradigm considers reality as an ontological issue created by people involved in a situation being studied. In addition, it is used when the purpose of a research is not to discover reality, but to build an increasingly clear and solid reality that could answer a systematic doubt.

With regard to data collection methods, document review, participant observation, semi-structured and structured interview, and focus groups were used. For its development, the research went through several phases: approach in the field, description, and deepening.

The following were the criteria used to select the social actors: to be ethnic entrepreneurs, to be Afro-Colombian with active organizations, and to agree to participate in various moments of the research.

The first stage addressed the ethnic entrepreneurship practices and the institutional relationships of the participants of the study, as well as their subsistence activities related to informal and formal economies that provide them stability and sustenance. The District 13 of Medellín was selected due to the considerable number of Afro-descendants involved in social processes, and the cases were chosen taking into account that they gather a significant qualitative sample of the diversity of black entrepreneurship observed in this district.

After the field work, some preliminary findings were established based on the literature review with regard to the subject of ethnic entrepreneurship. Moreover, the conceptual model proposed by Volery (2007) and Ramadani et al. (2014) was adopted. These authors believe that notions such as ethnic strategies, opportunity structures, institutional context, and ethnic cultural resources are key to understand the entrepreneurial process of ethnic minorities. With the purpose of encouraging the comprehensive dialog about the phenomenon, it is suggested to analyze the data emerging from the research based on these concepts.

5 Conceptual Model of Ethnic Entrepreneurship

Literature on entrepreneurship agrees that the following key elements are always present in this phenomenon: innovation (opportunity recognition), risk acceptance (opportunity evaluation), and combination of factors of production, creation of an initiative, obtaining of profits, and guarantee of business growth (opportunity exploitation) (Ramadani et al. 2014). In ethnic entrepreneurship, these elements are developed by people who are not members of the majority population and whose purpose is mostly to ensure prosperity for themselves, their families, and the community, based on a management in which the ethnic component is paramount (Dana and Morris 2007).

According to Ramadani et al. (2014), these entrepreneurs usually create small, family-owned companies that operate mainly in the service sector with a small startup capital, low revenue, and high failure rates.

These authors also state that the main characteristics of ethnic entrepreneurs include that most of them have a low educational level, start their ventures for economic reasons to improve their income, develop management methods in accordance with their cultural values, and usually do not have much experience in business management. Likewise, these entrepreneurs use informal advice sources, such as their own personal networks and those of their communities (Ramadani et al. 2014).

Volery (2007) points out that ethnic entrepreneurship has been studied at least from two theoretical approaches. First, there is a sociological perspective that favors an explanation based on the disadvantages these entrepreneurs deal with. Since they

are regarded as minorities, they lack the resources and possibilities to execute success-oriented initiatives and have to perform mere subsistence activities (Fregetto 2004). This approach analyzes the significant disadvantages ethnic entrepreneurs encounter in the places where they settle to execute their initiatives. These disadvantages, on the one hand, are due to the gaps in the human capital, such as the lack of educational competences and experience, which leads to not obtaining well paid jobs and, therefore, to choosing self-employment as the only alternative; and, on the other hand, to situations of scarcity, poverty, or discrimination by the dominant culture against ethnic minorities.

The second approach is a cultural perspective (Masurel et al. 2004) according to which ethnic entrepreneurs are qualified with certain cultural characteristics that allow them to be resilient, brave, and public-spirited. For that reason, they have some key resources to generate entrepreneurship initiatives, such as commitment to hard work, sense of belonging to a united community, shared economic situation, risk acceptance, adherence to patterns of social values, solidarity and loyalty, and self-employment vocation.

During the last decades, Ramadani et al. (2014), based on Waldinger et al. (2006) and Volery (2007), have proposed a model that summarizes both perspectives. These authors find that ethnic entrepreneurs are related to the strategies that individuals implement to manage an ‘opportunity structure’ and a series of ‘resources.’ The former consists of the market conditions, the access to ownership, the job market conditions, and the legal and institutional frameworks that the context offers entrepreneurs; generally, it consists of limited opportunities. The latter includes cultural traditions and ethnic social networks, which may leverage the success of the entrepreneurship. In ethnic entrepreneurs, both aspects interweave in a complex manner. Figure 2 synthesizes these elements.

The elements of this model may be identified in the cases studied in the District 13 of Medellín. Therefore, it is interesting to understand how the cultural traits of this population’s identity play an important role in the development of sociocultural networks that strengthen entrepreneurs of its inhabitants, whose informal

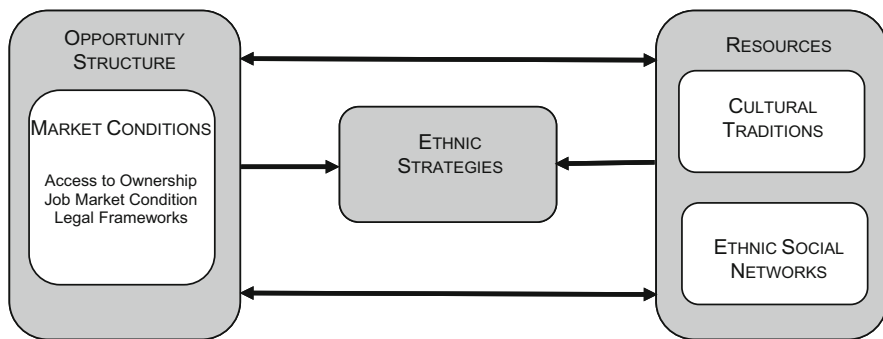


Fig. 2 Interactive model of ethnic entrepreneurship. Source: Ramadani et al. (2014), based on Waldinger and colleagues (2006) and Volery (2007)

economy and pursuit of formal economy, simultaneously, become one of the paths that give rise and continuity to their initiatives.

6 Findings and Discussions

6.1 *Disadvantages of the Afro-Descendant Population and Sociocultural Resources*

The two perspectives—the disadvantage theory (Fregetto 2004) and the cultural theory (Masarel et al. 2004)—that explain the ethnic entrepreneurship phenomenon are relevant in the cases analyzed in this chapter. Both help understand the processes that Afro-descendant entrepreneurs have been developing in the District 13, specifically in the organizations studied. Table 2 concisely shows the disadvantages (problems and barriers) and the sociocultural resources the three organizations reported.

The disadvantages that individuals have had to deal with can be observed in the entrepreneurships of the three organizations. Indeed, the Afro-descendant entrepreneurs of the three organizations studied state that they arrived in the city under forced displacement circumstances, due to political violence situations or to extreme poverty conditions in their hometowns. Therefore, they have to face social vulnerability situations that get worse when they are women who are heads of household displaced with their small children and with no support from relatives or close cooperation networks that help them settle in the city. As a consequence, they are forced to find alternatives to generate an income that allows them to subsist, at the expense of abandoning their loved ones and working informal or illegal jobs. In that regard, the women who are part of Corporación Malí state the following:

We arrived in the city of Medellín as single mothers with small children. I, for one, had nowhere to go. I stayed at my aunt's place. I was unemployed when I arrived and I still am, but I don't stay at home with my children because I have to go out and work in whatever turns up. That's how I sometimes neglect my home. Many options turn up, but I only accept decent jobs (M. Córdoba, interview, November 27, 2017).

Table 2 Disadvantages and sociocultural resources of the Afro-descendant population in the District 13, Medellín

Disadvantages	Resources
<ul style="list-style-type: none"> • Condition of forced displacement • Ethnic discrimination • Inequality in employment opportunities • Low educational levels • Illegitimacy • Limited access to capitals 	<ul style="list-style-type: none"> • Self-recognition as Afro-descendant (identity) • Culinary knowledge • Women's and family support networks • Knowledge of the city context • Participation in community spaces

Source: Authors

One of the first challenges these individuals have to face, in the case of those who come displaced to the city, is to recognize the urban context and acquire the sufficient information that allows them to ensure their subsistence. Furthermore, those who are regular inhabitants of the city have to face the historical social stigma that lingers nowadays. These challenges are barriers for the implementation of entrepreneurship initiatives, since the lack of knowledge and understanding of the context hinders the entrepreneurship process: business opportunity recognition, evaluation, and exploitation.

When they do not find stable means of subsistence, temporary jobs such as cleaning services, in the case of women, and masonry (construction), in the case of men, are common employment alternatives for the Afro-descendant population with lower income and lower educational levels. This frequently means that they have to put up with informal hiring processes that do not include any kind of social insurance or do not adhere to legal contracting.

To offset these disadvantages, the interviewees express that they use the socio-cultural resources available to them, such as their identity as Afro-descendants. Regardless of their origin, all of them assert the existence of a historical emancipation and reparation process for the slavery and social exclusion to which their ancestors were subjected in the past (J. Berrío, interview, November 20, 2017). This contributes to the establishment of ethnic self-recognition and affinity that could be defined as a kind of ‘social capital’ that allows them to create strong networks and alliances amid adversity. In that regard, Juana Jordán, leader of Corporación Malí, says:

We, Afro-descendants, are particularly brave, strong, and honest. We like to work and we care for our families and the community, not only the money. [...] We are united by a common past and future (J. Jordán, interview, December 9, 2017).

The above suggests that cultural heritage has played an important unifying role in the type of networks these individuals establish; in the case of the organizations studied, it is especially interesting that, besides a strong historical identification, they also perceive their cultural knowledge and activities as unifying elements. One of those resources is the skills Afro-descendant women have for the preparation of food and the knowledge of exquisite recipes and dishes:

What is it that black women know how to do very well, that we learn since kids, and for what we are well known? What we know is in the kitchen: we are good cooks. Go to any restaurant you want and you will always find the same: a morena.⁹ People like our food; it is very well appreciated. That’s something from our culture that allows us to have always something to do, whenever we go (C. Malí, focal group, December 17, 2017).

These culinary skills are connected to their ancestral roots and are well known among the average population. Therefore, the entrepreneurship initiatives in which Afro-descendant women of the three corporations studied participate include food preparation as a usual alternative to generate income, either formally, working for private or public entities, or informally, setting up stands to sell food in neighborhood

⁹“Moreno” or “morena” are common colloquial ways to call Afro-descendants in Colombia.

corners or sites where many people pass by, for instance. Thus, this resource becomes a cultural feature of Afro-descendant women and, consequently, they usually identify with it.

Juana Jordán, the leader of Corporación Rosa Parks, adds that these types of networks that they establish are not simply a relevant matter; they also have to do with deep identity bonds connecting people, especially Afro-descendant women, merely for the fact of being Afro-descendants.

Sure, that's what it's about: getting ahead by creating businesses, not with anybody, though, but with Afro-descendant women. . . I've wanted to create a business with black women for black women. Am I racist for that? What I've considered is that I've been through difficult situations and I'd like to get ahead, but helping my Afro-descendant sisters on the way, so they also do well (J. Jordán, interview, December 9, 2017).

These identity bonds guarantee support and advice networks that not only make displacement of Afro-descendants to the city easier, but also allow them to develop subsistence activities, taking advantage of their traditions and social resources.

6.2 *Ethnic Strategies and Formal and Informal Opportunities*

Ethnic strategies may be understood as actions that populations with a common origin develop to propose, position, and preserve their diverse initiatives applying their own cultural processes and logic. What the cases studied in Medellín have in common is that they have developed actions both to boost formal entrepreneurship and to strengthen informal entrepreneurship of subsistence. Sociocultural networks and their black traditions are resources that have served to take advantage of the opportunities and overcome the restrictions that the market and institutions impose.

During the last 20 years, the city of Medellín has been the stage of the implementation of a public policy promoting business entrepreneurship. Thanks to “Cultura E,”¹⁰ a public-private program, the city understood that there are diverse entrepreneurial profiles in the territory, differentiated by their socioeconomic conditions: from entrepreneurs associated with the city's private business sector to young university entrepreneurs and independent entrepreneurs from minority groups, such as Afro-descendants. The promotion of entrepreneurship includes support to the business initiatives, training, and contests; all of which attract the entrepreneurs of the city to consolidate an ecosystem that is currently considered mature and successful (Franco 2017). Taking advantage of this city platform has been an important opportunity for COAFRO, one of the cases studied.

¹⁰The purpose of strengthening the “Cultura E” program as a strategy for the business development of Medellín and Valle de Aburrá has been to transform values, attitudes, and competences in the population, through comprehensive actions that have an impact on all the entrepreneurial processes, from the simplest to the most complex, covering the aspects of education, training for work, support to business creation, strengthening of the existing business fabric, business formalization, financing, and innovation processes (Arboleda and Zabala 2011, p. 5).

Located in the district 13, COAFRO is a singular organization, on the one hand, because it is one of the few organizations whose entrepreneurial purpose is exclusively oriented to the Afro-descendant population (many of the organizations that gather this population often have rather social, educational, and political purposes); and, on the other hand, because it has achieved an outstanding position in the local market by developing food preparation entrepreneurship that have generated a significant number of jobs. It aims to continue raising investment capital to develop new proposals in the food and construction sectors and, at the same time, to go on supporting organizations recently settled in the district 13.

The literature sets out that ethnic ventures are generally characterized by their owners' low capacity to innovate due to their low educational levels, few social skills, and reduced knowledge of the context (Volery 2007; Ramadani et al. 2014). However, the case of COAFRO is diametrically the opposite: Its strategy has consisted in the implementation of constant innovation processes that have allowed it to raise investment resources, acquire equipment, and create alliances with public and private entities to foster its growth and positioning. This organization has participated in the entrepreneurship promotion contests set up during the last years in Medellín and has established a myriad of interorganizational cooperation networks that today revitalize its activities. It is also a formalized entrepreneurship that, based on its knowledge about the context of Medellín, has been able to provide support to other emerging formalized organizations, such as Corporación Rosa Parks, and informal organizations, such as Corporación Malí. In that regard, Berrío says: "I decided to formalize my business since the beginning and, when I did well in what I was doing, I saw the need to work to engage black people from my community, so that they also did well for themselves (J. Berrío, interview, December 4, 2017)."

The literature also points out that ethnic entrepreneurs seek to obtain the required skills and capital to start a business while they are employed; then, when they feel the time is right and are confident with their skills, they take the step to create their own business (Volery 2007). That has been one of the usual plans of some of the members of the Rosa Parks organization, who have taken advantage of the fact of having a stable job to make informal sales at their workplaces. It is common to turn the current job into a stepping stone as a strategy to have new income sources and, in that way, develop initiatives that engage the other members of the organization, showing a strong sense of community and solidarity with that. Juana Jordán, leader of Corporación Rosa Parks, mentions:

You have to be very creative. When I'm unemployed or in a financial crisis, I sell tamales and cook stews on the street with my family. . . . We also prepare cookies to sell. These are informal activities we carry out all the time. . . . Also, when any of the organization members needs money, we sell raffle tickets or venture into any activity that generates income. We usually make up for the lack of money selling ticket raffles or planning playful activities with the kids from the neighborhood, so they also have fun and learn. Some members of the organization also work making clothes (J. Jordán, interview, December 9, 2017).

The case of Corporación Malí is closer to the descriptions found in the literature about female ethnic entrepreneurship: low levels of education, gaps in fundamental

knowledge about business management, reduced access to capitals, discrimination, among limiting factors (Levent et al. 2003; Ramadani et al. 2015). In fact, the members of this organization have low educational levels and their occupational profiles revolve around their role of housewives. Nevertheless, they express their interest in developing entrepreneurship that allow them to spend time with their family and, at the same time, generate income. Women of this organization have approached COAFRO with the purpose of receiving support to make progress in a series of informal entrepreneurship related to food preparation. Black festivals—including Festi Afro, Afrofest, and Festival de Gastronomía—held in Medellín have been opportunities for that. These events are community spaces promoted as strategies of integration, participation, and recognition of the city’s Afro-descendant population and are eventually used by the female Afro-descendant entrepreneurs to boost their initiatives. Mineli Córdoba, leader of the organization, states:

Our goal is to generate income while reviving our gastronomy. We cook products with cassava, flour, and coconut and prepare different-flavor panelitas. We believe our gastronomy is quite diverse and we want to turn that into a business proposal, and why not come to create our own brand? We have a long way to go, but, for now, we have the right attitude, and we’re meeting to plan how to do it. COAFRO has supported us, and, for the time being, we think of ourselves as entrepreneurial housewives (C. Malf, focus group, December 17, 2017).

Figure 3 illustrates the diagram adapted from Volery (2007) summarizing the elements presented regarding the cases studied. These elements should be seen as in a dynamic relationship that may vary in each specific case. Volery (2007) proposes that the entrepreneurship dimension exists regardless of the ethnic, cultural, or religious background of individuals and influences the search for business opportunities. That includes the entrepreneurship process as such (opportunity recognition, opportunity evaluation, opportunity exploitation), the circumstantial context where

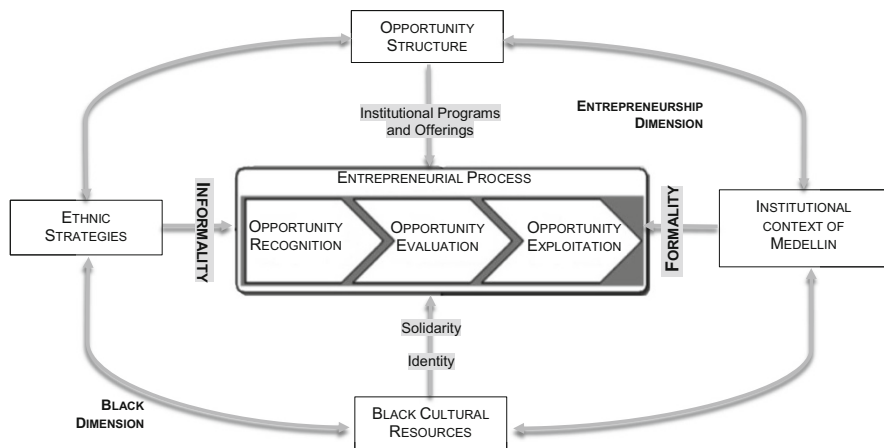


Fig. 3 Enhanced interactive model in the context of black entrepreneurship in Medellín. Source: Adapted from Volery (2007) by the authors

such entrepreneurship operates, and the ‘opportunity structure’ that consists of the market conditions, the access to ownership, the job market conditions, and the legal and institutional frameworks that the context offers entrepreneurs. In the case of the district 13, this refers to the ecosystem of business creation promotion that has been developed in Medellín, which contributes a formal context of participation (programs, contests, and entrepreneurship projects).

The ethnic dimension, for its part, addresses the sociocultural resources of the - Afro-descendant population (identity, gastronomy, support networks, context knowledge, and participation) and it is strengthened by the strategies that, as it has been mentioned above, allow the Afro-descendant entrepreneurs to take advantage of the means available to manage activities that combine formality and informality.

The approach of this chapter is exploratory and propositional; therefore, the exercise about the phenomenon of ethnic entrepreneurship covering the described cases is rather conjectural than conclusive. So far, it is possible to state that the three cases analyzed share the fact that their Afro-descendant entrepreneurs have aimed to formalize their initiatives. However, only COAFRO has been able to achieve such status and has taken advantage of the possibilities that formalization offers (access to credits, participation in public tenders, contests, advice from entrepreneurship promotion programs). Additionally, it has supported other black collectives that remain (or decide to remain) informal, performing diverse activities and jobs such as raffles, street food sales, dressmaking, caregiving, cleaning, and masonry, as in the case of Corporación Malí and Corporación Rosa Parks.

7 Conclusions

Black entrepreneurship has become a significant aspect in the social dynamics of the District 13 (San Javier). The processes of migration to the city, added to the historical phenomenon of social discrimination and vulnerability that Afro-descendants undergo in Medellín, have led to diverse initiatives that move between formality and informality. This is an opportunity that Afro-descendants have to strengthen relevant social, political, and economic spaces, as well as to obtain better quality of life conditions.

Thus, the entrepreneurship processes carried out by the Afro-descendant population of the District 13 in Medellín have been surrounded by an institutional context that these entrepreneurs have taken advantage of to develop their entrepreneurial activities. Based on the findings of this study, it seems to be clear that the Afro-descendant population that participated in the cases analyzed moves continuously between the formal and the informal economy. This means that, while they look for opportunities to generate income through informal ways (subsistence strategies such as food preparation, cleaning, and masonry), they also use formal ways (participation in institutional programs of business entrepreneurship promotion). In this regard, COAFRO has taken on the role of mediator between the formal and informal practices of collectives such as Malí and Rosa Parks, made up mainly of women who

are heads of household and who express their decision to prioritize their subsistence and that of their families through employability or the generation of business ideas that do not necessarily pursue formalization.

Although the entrepreneurship outlook in Medellín has started to include multiple stakeholders and interests, the different efforts still do not converge to impact the social entrepreneurs of minority populations in particular or to subsequently strengthen the social initiatives of historically excluded populations such as that of Afro-descendants.

It is inarguable that an entrepreneurship ecosystem has been consolidated, but, during the last years, the institutions that support entrepreneurship in the city have put a strong emphasis on a type of traditional entrepreneurship of technological nature that universities, the private industry, and international agencies favor, as evidenced by reports such as ECODES (2016). This has caused that numerous community initiatives, including those of Afro-descendant entrepreneurs, fall behind and remain entangled in countless barriers to settle their consolidations as formal initiatives.

Based on the aforementioned elements, this chapter has showed that Afro-descendant entrepreneurs in Medellín have become interested in the institutional offers concerning business creation promotion while keeping a constant relationship with the informal economy, which has allowed them to get their entrepreneurs ahead in a fluctuation of alternatives that encourage them to be alert to the institutional opportunities, without losing their cultural interests and informal ventures.

Furthermore, it has been seen that one of the most valuable cultural resources that Afro-descendants have used in their entrepreneurs is related to their culinary knowledge that seems to be highly appreciated by the general population of the city of Medellín. Likewise, although only one of the organizations studied has legal status, the three of them develop informal entrepreneurship activities that generate subsistence income and are strengthened by practices of solidarity and mutual support based on their sense of belonging to an Afro-descendant ethnic group, which has been evidenced in the social—or sociocultural—networks that they have established and that have allowed them to create an environment of support in which identity processes guarantee flows of fraternal relationships of cooperation, typical of the Afro-descendant ethnic culture in Colombia.

Results from this study questioned classic opposition between formal and informal practices. Cases studies show that, far from being congealed in one or the other, Afro Colombian entrepreneurial actions can be formal or informal, or even both at the same time. The blurring of the frontiers between formal and informal practices may be inherent to entrepreneurs themselves, that is to say the Afro Colombian entrepreneurs, but it has certainly something to do also with the cultural and institutional context of Medellín that favor back and forth practices between formality and informality. But beyond this particular context, we have to retain that any preconception of ethnic entrepreneurship cannot be solely determined by a rigorous analysis of the practices but is also the result of prejudices, discrimination and exclusion constructed all along one's society trajectory. Entrepreneurship among a specific minority and the back and forth between formality and informality is

nothing less than the expression of the occupational positioning of this minority in the broader structure of the society and the desire to integrated, while possible and desirable, the more formal structures of the dominant economic realm. To sum up, neither formal nor informal practices are good or bad for a community or a group, both have their advantages and far from being unidimensional or unidirectional, this kind of entrepreneurial practices is complex and plural in its proper essence (Heintz 2012; Dana 1997).

For future studies that continue expanding this exploration, it is pertinent to inquire into other cases of black entrepreneurship in the District 13 in Medellín—as well as in other areas of the city—in order to find new occurrences and testimonies to make progress in the understanding of this phenomenon that is just starting to be addressed by the academia. New studies should illustrate other critical aspects of this phenomenon such as employment alternatives, political participation, public policies, market conditions, and capital availability, as well as subjective elements such as the Afro-descendants' psychological characteristics that influence their entrepreneurships. It would also be convenient to include a gender perspective to address the specific realities of Afro-descendant women.

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