

**THE MAKING OF  
MIGRANT ENTREPRENEURS**



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**SOCIAL DYNAMICS OF MIGRANT  
SELF-EMPLOYMENT WITH A CASE STUDY  
OF PERUVIAN ENTREPRENEURS  
IN SWITZERLAND**

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*The Making of Migrant Entrepreneurs: Social Dynamics of Migrant Self-Employment  
with a Case Study of Peruvian Entrepreneurs in Switzerland*

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# 1. INTRODUCTION

The last decade has seen a significant rise in studies and policies related to migrant entrepreneurship or migrant self-employment. The greater academic and political attention given to these phenomena has been matched by an increased number of international migrants to and within developed countries, as well as a diversification of migration flows and forms of migrant integration<sup>1</sup>. These contemporary, more diverse, or even “super-diverse” (Ram et al. 2013) migrant populations have commonly been classified as a new phenomenon, in contrast to the more homogeneous, older, guest-worker migrant communities<sup>2</sup>. Due to these shifts in migration inflows and changes in the structure of migrant populations on one hand and economic restructuring of OECD countries on the other, migrant self-employment has become a more frequent and simultaneously more diverse form of economic incorporation. This is reflected in changes in the volume, structure, and sectorial distribution of migrant enterprises (OECD 2011:151).

## 1.1. Partially Contradicting Views on Migrant Entrepreneurship

The increased interest of policy makers in migrant self-employment and entrepreneurship during the last decade is not only in line with these changes, but also with the importance with which small, innovative, and flexible post-industrial firms are accredited in the current system of production (cf. Sennett 1998, 2006; Sassen 2001; Kloosterman 2013). Policy makers have recognised migrant entrepreneurs as potentially important economic agents in an increasingly global economy, characterised by the greater movement of products, services, and labour. The movement of skilled labour is considered essential for the competing “*knowledge economies*” (Machlup 1962; cf. Powell and Snellman 2004) or “*knowledge-based economies*” (Sahal 1981; OECD 1996; cf. Cooke and Leydesdorff 2006)<sup>3</sup>, and migrant entrepreneurs have been attributed the potential to create jobs, increase entrepreneurship, stimulate

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<sup>1</sup> The same assertion can be made for South-South migration (IOM 2010). However, as most studies and policies focusing on migrant entrepreneurship and migrant self-employment have dealt with South-North migration or migration between developed countries, and since most countries that have developed specific policy measures are OECD countries, the developments regarding migration between developing countries do not seem to be a driving force for the rise of this topic.

<sup>2</sup> Cf. Chapter Six for a short description of the Swiss immigration history.

<sup>3</sup> This becomes even more relevant regarding the ageing population, the low labour mobility, and the rising need for dedicated skills in many OECD countries (cf. Zimmermann 2005).

innovation, and boost international trade levels (thanks to their transnational ties) in their host countries (OECD 2011:159; Guerra 2012:6). Moreover, entrepreneurial migrants who are willing to take their fate into their own hands seem to be appealing in times of declining welfare states and expanding marketisation. In technical terms, entrepreneurship is thought to “ensure a more efficient allocation of resources, since discriminated or dissatisfied individuals, as well as [those] more talented or less risk averse, may turn to entrepreneurship in order to increase their motivational returns” (Guerra 2012: 6).

Accordingly, in various OECD countries, specific measures targeting self-employed migrants have been implemented. On one hand, these measures are aimed at “enhancing their human, social, and financial capital in order to tackle the relative disadvantages they face compared with native-born entrepreneurs. A key element is to ensure equal access to finance among migrant and native entrepreneurs” (OECD 2011:140). On the other hand, due to the global competition for highly skilled migrants, some countries (most prominently Canada) have developed specific immigration policies, or at least permits, for business migrants, like Switzerland, for example. Thus, these countries “select those entrepreneurs whose human and financial capital and business projects are likely to meet the country’s economic needs and ensure the success of their businesses” (OECD 2011:197). However, the importance of the second set of measures must be contextualised, as migrant entrepreneurs accepted through these programmes represent only a small fraction of all migrant entrepreneurs (OECD 2011:197).

The contributions of migrant entrepreneurs also extend beyond economic functions. Daniel Hiebert (2002 as cited in de Vries 2011: 2) praises migrant businesses as a “promising springboard for immigrants’ social integration”<sup>4</sup>, while authors such as Lois Labrianidis and Panos Hatziprokopiou (2010), referring to Ivan Light and Jeffrey Gold (2000), point to the potential function for diasporic communities: “Ethnic economies become points of reference for migrant communities and provide a space for socialisation and a source of identity, often at the local neighbourhood level of the enclave, where economic and community life involves mutual support and sustenance” (Labrianidis and Hatziprokopiou 2010:196). Migrant entrepreneurship has also been linked to the upgrading or revitalisation of deprived neighbourhoods by filling vacant business slots (e.g., Kloosterman and Rath 2001; Sepulveda et al. 2005) and these migrant businesses thereby play an important role for cities as “focal points of urban life” (Hillmann 2011). The latter is also due to migrant businesses’ contribution in widening the range of products and services, and thus backing cultural diversity and the interweaving of

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<sup>4</sup> The quality of this integration, or in other words, whether migrant entrepreneurship really contributes to individual social mobility, has been the subject of numerous debates (cf. Chapter Two).

different regions and countries. Therefore, migrant entrepreneurs can perform pivotal transnational functions.

This very optimistic view of migrant entrepreneurship as a latent success story – frequent in migration and integration policy-relevant papers and programmes – is partially contrasted with another typical, recurrent view of migrant self-employment associated with the smallest scale of petty trade, such as small shops catering to the needs of their fellow migrants or selling ethnically specific goods or services (Zhou 2004). In this context, migrant entrepreneurship has very often been equated to forms of ethnic business and ethnic enclave economies and/or (one-sidedly) related to precarious forms of self-exploitation, low returns, irregular work arrangements, exclusion from mainstream society, and low levels of social mobility. Indeed, these precarious forms of socio-economic integration have been the subject of numerous social scientific studies (cf. chapter 2.2 in this book). Many of these studies have focused on highly visible and discriminated migrant entrepreneurs, on wholesale and retail trade, as well as on traditional labour migrant or refugee communities from poorer countries to which are often attributed a distinct, business-relevant, “exotic” culture (cf. Rath and Kloosterman 2000).

The contradiction between the two views is only partial, as studies on smallest scale entrepreneurship by discriminated minorities frequently cherish a success narrative that depicts migrant entrepreneurs on the way from rags to riches (Jones et al. 2012:3160). Those studies show that both success stories and discrimination are justified research objects; however, considering that the range of activities in which self-employed migrants are active is often comparable to that of natives (OECD 2011:151, cf. Chapter Four for the case of Switzerland), it is important to keep in mind that migrant entrepreneurs are recurrently neither economically successful nor operating on small scales and that the social scientific body of literature on migrant entrepreneurship is not exempt from biases.

These biases are directly linked to questions about the socio-economic consequences of migrant entrepreneurship and how to measure them, which has led to intense debates that have not produced any unanimous answers (cf. Chapter Two). Similarly, the reasons leading to the occurrence of migrant entrepreneurship and to distinct performances in terms of economic output and social integration have been frequently questioned: Is migrant entrepreneurship to be understood as a rather marginal or sometimes successful escape from discrimination or other disadvantages – an option they would not choose if they had equal access to the labour market – or should it be construed as an attractive springboard for highly talented individuals that will eventually lead to a substantial improvement of their position in society? These two questions have been central for the development of migrant entrepreneurship studies and are also central to both the first part of this book, featuring a general overview on migrant entrepreneurship and migrant

self-employment, as well as the second part, which presents a case study of highly skilled Peruvian small-scale entrepreneurs in Switzerland.

Finally, dealing with reasons and consequences raises the question of whether migrant entrepreneurs should be treated as a distinct category from native entrepreneurs. Why study migrant entrepreneurs instead of just entrepreneurs? It could be argued that a focus on ethnicity or the migration background actually inspires a bias towards ethnic business or petty trade, thus increasing the risk of restricting entrepreneurs to the migrant category, eventually essentialising their ethnicity, and losing sight of the broader societal and economic contexts. However, treating migrant entrepreneurs just as entrepreneurs with less host country-specific cultural capital and more foreign cultural capital may obscure the different circumstances with which migrants are confronted (e.g., different labour market prospects due to legal restrictions or discrimination) and sometimes different business strategies (e.g., in the case of ethnic businesses relying on ties among members of an ethnic minority). This seems to be justified once more as numerous studies found that migrant entrepreneurs have a different propensity to become self-employed, even after controlling for individual background characteristics such as education, financial capital, age, economic sector of activity, *et cetera* (e.g., Borjas 1986; Fairlie 1996; Piguet 1999; Zhou 2004; OECD 2010a, 2011; cf. chapter 2.2). Thus, writing about migrant entrepreneurs or self-employed migrants requires not only scrutinising the images and narratives in the field, but also reflecting on and contextualising the particulars of self-employed migrants in order not to enclose them into the ‘migrant box’.

## 1.2. Migrant Self-Employment, Integration, and Skills

While much of the migrant entrepreneurship research in managerial studies has focused on business strategies and market performances of ethnic businesses, the social sciences and economics have often focused on (predominantly economic/functional) integration into society as a consequence of or precondition for migrant self-employment. As the book title indicates, this book will also focus on the integration of related aspects of migrant self-employment. More specifically, the case study will focus on processes of social integration, which will be understood by David Lockwood’s very basic definition as “the orderly or conflictful relationships between the actors” at the level of face-to-face interaction. This concept is inherently related to, but epistemologically separated from, system integration, which is defined as “the orderly or conflictful relationship between the parts of a social system” (Lockwood 1964:245). Moreover, we will also focus on the socio-economic integration of the migrants correspondingly comprehended as participation in interpersonal relationships in the sphere of the production and provision of

goods or services, which leads to income, social status, and power, thereby having an important impact on their quality of life.

Going beyond purely economic or functional dimensions of integration, the participation in these economic relationships directly relates to individual well-being and provides resources for identity, recognition, and self-consciousness, as work is much more than just a rational activity to earn money, as Hegel and Marx have already argued<sup>5</sup>. Work is a defining element in modern societies, and professional status is usually indicative of a person's prestige, as well as a source of the respect that an individual encounters in a society and a source of personal value and dignity. The French sociologist Dominique Schnapper sees in work, along with citizenship, the core principle of modern societies: "Les sociétés modernes se construisent autour de l'activité professionnelle, de la citoyenneté et de l'articulation entre les deux"<sup>6</sup> (Schnapper and Petit 1997: 15). In order to participate as a full member of a society, work and political citizenship are necessary. Thus, considering that non-nationals are impeded in accessing full citizenship and that political citizenship is not disconnected from economic contributions, the importance of the socio-economic integration of foreigners for social integration becomes even more evident.<sup>7</sup> Consequently, the quality of the socio-economic and thus social integration processes enabled through self-employed professional activity is an important sociological and political question that has become more relevant in recent years as migrant self-employment has increasingly been seen as "a way to curb unemployment and combat exclusion among certain groups, women, and immigrants who suffer social and labour discrimination and marginalisation" (González-González et al. 2012:360).

One essential element for any professional activity is professional competences, so it is therefore unsurprising that skills have been found to be one of the most significant factors to explain migrant self-employment (Portes and Yiu 2013). Thus, in addition to the reasons that lead to self-employment, to integration-related consequences, and to forms of migrant self-employment, special attention will also be given to skills and competences of migrant entrepreneurs, thereby linking to another field of migration research that has developed considerably since the mid-1990s: highly skilled migration research. Although policy-oriented research has linked migrant entrepreneurship to innovation and knowledge, most research on highly skilled migrants has not focused on the creation of new businesses by highly skilled migrants

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<sup>5</sup> For Georg W.H. Hegel and Karl Marx, work is the essential part of the *conditio humana* (Cf. Marx 1959 or Hegel 2005).

<sup>6</sup> Translation: "Modern societies revolve around professional activity, citizenship, and the union of both.

<sup>7</sup> This argument has more recently also been brought forward by scientists advocating economic citizenship to be understood as a right of equal access to spaces of economic participation (cf. Kessler-Harris 2003; Riaño 2010).

(OECD 2011:140), but rather on their insertion in the labour market as employees. This is despite the importance of the question of whether (and in what circumstances) self-employed migrants can deploy their skills more fruitfully than in an employed position – a question that should be of special interest to policy makers in countries relying on knowledge-intensive economies. Can the migrant entrepreneurs make use of the competences they acquired along their professional history? In other words, are their skills captured by the receiving economy or are we instead confronted with a situation of skills underutilisation and wasted knowledge?

At first, it may appear obvious that the question of skills underutilisation is related to whether migrant self-employment is to be understood as an answer to discrimination or other disadvantages or rather as an attractive springboard for highly talented individuals. On one hand, migrant entrepreneurship as a strategy for excellence (mirrored in the aforementioned success narrative) finds its theoretical foundation in basic neo-classical human capital theory, which claims that self-employed migrants are more highly skilled and more risk-taking than employed or unemployed migrants. Accordingly, highly skilled self-employed migrants can expect higher returns on their human capital than they could from a dependent position, as they do not have to share those returns with other less endowed individuals. Consequently, they opt to invest in their own business (Borjas 1986). Skills underutilisation is not considered in this model. However, a conclusion that can be drawn from the human capital argument is that skills underutilisation in the case of self-employment cannot hamper the expected returns so much that self-employment becomes unattractive.

On the other hand, many authors have argued that migrants are pushed into self-employment because they suffer discrimination or encounter other obstacles in the labour market (e.g., Aldrich and Waldinger 1990; Maxim 1992; Bates 1997)<sup>8,9</sup>. Two of these obstacles could be that they do not have the necessary skills or that their skills are not sufficiently transferable to the new work contexts in their country of residence. The latter corresponds to a situation of professional disqualification, which is linked to skills underutilisation but it is not clear to what extent self-employment could mitigate this

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<sup>8</sup> The human capital argument and the discrimination argument need not be irreconcilable, assuming that both reasons, avoiding discrimination and maximising the returns on human capital, can be motivating at the same time, as one can imagine that migrant entrepreneurs are both skilled and discriminated against.

<sup>9</sup> In Switzerland, self-employment rates among foreigners are, according to the numbers of the Swiss Federal Statistical Office, only about half the number of Swiss native entrepreneurs, although the unemployment rates of foreigners were 2.5 times higher than the rates of Swiss natives in 2012 (FSO 2013). Thus, at first glance, migrant self-employment does not seem to be a very prominent answer to economic hardship, which would be expected according to the disadvantage hypotheses, which state that foreigners are pushed into self-employment.

problem, as the utilisation of one's skills is not presupposed to be a decisive factor for the decision to become self-employed, as in human capital theory. Both highly skilled and low-skilled migrants might choose to become self-employed and if one does not presuppose that migrants are only active in petty trade businesses, which supposedly do not demand much human capital, a conclusion about the extent of skills underutilisation cannot be drawn without further research.<sup>10</sup>

Both questions, whether self-employment can potentially reduce skills underutilisation, and whether and how the skills acquired along one's professional biography are decisive for the decision to become self-employed, were relevant for the case study of highly skilled Peruvian small-scale entrepreneurs in Switzerland in the second part of this book. This case study aims to elucidate the decision and strategies to become self-employed, and how professional competences influence the decision and strategies. .

### 1.3. Case Study: Peruvian Migrant Entrepreneurs in Switzerland

The second part of this book *A Case Study of Peruvian Migrant Entrepreneurs in Switzerland: Biographies, Strategies, and Competences* consists of an updated and extended version of a study that I conducted for my graduate thesis in social sciences in 2007 (Zimmermann 2007). It sheds light on the methods and the reasons why immigrant entrepreneurs from Peru have made the shift into self-employment in Switzerland. It tries to elucidate the complexity of the business foundation in the cases of five Peruvian entrepreneurs. A biographic perspective will be applied to understand the sense of self-employment because an entrepreneur does not start his business from one day to the next; nor are professional competences static phenomena. Moreover, strategies, resources, situational constraints, and situational opportunities for the business foundation are identified. Eventually, we will turn our attention to the applied skills, and especially to the correspondence between acquired competences and actual work.

Whereas Peru has become a country with high emigration rates, Switzerland, renowned today for high wages and low unemployment rates, has experienced various long periods of steady immigration since the end of the 19<sup>th</sup> century. Today more than 20% of Switzerland's inhabitants do not have a Swiss passport. So far, no research has been carried out on the migration from Peru to Switzerland. Furthermore, research on the Latin American immigrant population in Switzerland is also very limited. This case study touches on three fields to which social research has thus far only given

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<sup>10</sup> I suggest that the grounds on which the decision to become self-employed is made influence the correspondence between the current work and the qualification. If we want to know how immigrant entrepreneurs can successfully utilise their skills, we must comprehend how and why they founded their businesses.

limited attention: The Latin American emigration to Switzerland, immigrant entrepreneurship in Switzerland, and the point of contact where the research on immigrant entrepreneurship and the skilled migration research come together - the skills of migrant entrepreneurs. Similarly, the body of research on skilled migration is decidedly undeveloped in Switzerland, even though a significant percentage of the population in Switzerland does not have a Swiss passport or is descended from foreigners. This low level of scientific attention becomes understandable when one considers that the majority of the immigrants who arrived in Switzerland over the last 60 years were labour migrants (the so-called *Gastarbeiter*) who were hired for jobs that required limited skills. Therefore, neither skilled migrants nor immigrant entrepreneurs corresponded with the “traditional” immigrant. Furthermore, the heretofore limited academic interest in migrant entrepreneurship or migrant self-employment can be explained by the predominance of the guest-worker model. Moreover, Switzerland does not have any important segregated ethnic enclave economies, as do, for instance, the US or the UK (Guerra 2012). In comparison to other nations, Switzerland has a relatively low proportion of self-employed individuals, with only 10.7% in 2011, compared to 16.6% for the EU27 countries (OECD 2013, both natives and foreigners), while the number of self-employed migrants is only about half that of self-employed natives. However, given the importance attributed to migrant entrepreneurship by institutions such as the OECD and considering that the reasons for immigration to Switzerland and the immigration patterns among foreigners in Switzerland have diversified when compared to twenty years ago, migrant entrepreneurship and self-employment are important research subjects. They present interesting examples of diversified patterns of economic and social integration because the official statistics show that migrant self-employment and entrepreneurship are relatively rare forms of socio-economic integration in Switzerland, in comparison to other OECD countries.

### 1.4. Outline of the Book

This book is organised into two parts. In the first part, *Foundations*, a general overview of the field of migrant entrepreneurship and self-employment research will be given. In Chapter Two, central concepts such as migrant entrepreneurship, migrant self-employment, and ethnic entrepreneurship and businesses are examined. Then, the book moves into a broad *tour d'horizon* of more than 40 years of social scientific research dealing with self-employed entrepreneurial migrants which will present a typology of different research approaches and developments that have defined and shaped the field. Special attention is given to the skills and human capital of self-employed migrants in Chapter Three, which serves as an exemplified discussion of that important factor influencing self-employment and shows the complexity of the phe-



nomenon, as well as its irreducibility to single determinants. Chapter Four gives a detailed picture of the structure, factors, patterns, and consequences of migrant self-employment in Switzerland, synthesising results from the heretofore limited body of research on this phenomenon in the Swiss context.

Chapter Five, which is the first chapter of the second part of this book, *A Case Study of Peruvian Migrant Entrepreneurs in Switzerland: Biographies, Strategies, and Competences*, presents the research purpose and presents the methodology that was applied to collect and analyse the data; particularly, Gabriele Rosenthal's biographic analysis and Grounded Theory by Anselm Strauss and Barney Glaser. Chapter Six provides a brief history of emigration from Peru and immigration to Switzerland, and discusses various statistical indicators to gain a better perspective of the general migration from Latin America; specifically, from Peru to Switzerland. Chapter Seven answers the question, "Why do Peruvian entrepreneurs become self-employed?" for our five entrepreneurs. Once the sense of the business foundation has been achieved, Chapter Eight aims to answer the question, "How do Peruvian entrepreneurs become self-employed?" It focuses on the immigrants' strategies, resources, and constraints and gives special attention to the competences of the interviewed Peruvian entrepreneurs in Switzerland. On the grounds of the findings in Chapters Seven and Eight, the conclusion proposes a number of hypotheses about Peruvian and Latin American entrepreneurship and its relationship to economic and social integration in Switzerland.

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# **PART I - FOUNDATIONS**

## **SOCIAL DYNAMICS OF MIGRANT SELF-EMPLOYMENT**



## 2. FOUR DECADES OF MIGRANT ENTREPRENEURSHIP RESEARCH

The aim of Chapters Two, Three, and Four is to acquaint the reader with the broad field of migrant entrepreneurship research and to review theoretical considerations and selected empirical findings related to our research interest: The reasons leading migrants to self-employment, the strategies applied, as well as the skills and other resources used to start and run a business. First, in Chapter Two, the body of research focusing on migrant entrepreneurship will be presented in a general manner. Only a relatively small amount of this literature concentrates on the skills of immigrant entrepreneurs or deals with highly skilled immigrant entrepreneurs in particular. This literature will be discussed and linked to findings from previous research on the mobility of skills and the migration of highly skilled migrants in Chapter Three. Thus, Chapter Three not only links two important fields, but also illustrates the complexity of the migrant entrepreneurship phenomenon in the case of one specific important factor, as well as its relationship to other factors that influence migrant business formation. While Chapter Three elucidated one particular factor, Chapter Four elucidates one particular empirical context: Switzerland, which is also the geographical setting of the case study presented in the subsequent chapters.

Modern migrant entrepreneurship has been incorporated in academic research since the early 1970s<sup>11</sup>, at which point the establishment of this research topic in different national research contexts reflected the importance migrant entrepreneurship had in the corresponding countries. (Reis 2011:1; Kloosterman and Rath 2003:3). Correspondingly, the rise of migrant entrepreneurship research was first observed in the United States and somewhat later in the United Kingdom; subsequently, researchers in Australia and continental Europe followed suit (Kloosterman and Rath 2003:3). Today, the US, Canada, Europe (especially the UK, Germany, and the Netherlands), and Australia remain the geographical locations of most studies.

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<sup>11</sup> The onset of the scientific discourse focusing on ethnic or immigrant entrepreneurship is commonly attributed to Ivan H. Light's seminal book, *Ethnic Enterprise in America – Business and Welfare Among Chinese, Japanese, and Blacks*, published in 1972 (Waldinger 2001:302). Even so, its academic origins can be drawn further back to such classics as Max Weber's and Werner Sombart's writings on Protestant ethics and the significance of Judaism, respectively, for the development of modern capitalism, as well as to Georg Simmel's writings on 'the stranger' or Robert Ezra Park's 'marginal man'.

Robert Kloosterman and Jan Rath counted more than 1,700 books, reports, monographs, chapters, journal articles, and special issues focusing on aspects of immigrant entrepreneurship and stated: “Immigrant and ethnic entrepreneurship has become a recurrent theme at international conferences of anthropologists, historians, sociologists or geographers” (2003:3–4). They could have added (political) economists and scholars from management studies. This was ten years ago. It can be estimated that since then, approximately 700 to 800 additional scientific publications on the topic have been written in English alone.<sup>12</sup>

Notwithstanding the precision of the total number of publications, this body of literature is too vast to be discussed in detail here, and although the last years have seen various extensive literature reviews (e.g., Zhou 2004; Vinogradov 2008; Ram and Jones 2008; Ilhan-Nas et al. 2011; Nestorowicz 2011; Aliaga-Isla et al. 2012; Ma et al. 2012), there is still no widely shared or comprehensive classification of the existing research approaches or theoretical frameworks within migrant entrepreneurship literature. However, in order to orient the reader to the spectrum of research in the field, important topics, concepts, and theoretical frameworks to approach migrant entrepreneurship shall be presented and exemplified by the selected studies. Before that dissemination of information, some terminological issues need to be clarified.

## **2.1. Immigrant or Ethnic Entrepreneurship – or just Self-Employed Migrants?**

Who are migrant entrepreneurs and what distinguishes them from other migrants or native entrepreneurs? These questions have been central to the study of migrant entrepreneurship, which can have many different forms, ranging from the small, precarious, family-run food stall to big companies such as CA Technologies, with nearly \$5 billion USD revenue<sup>13</sup>. The OECD

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<sup>12</sup> A search on Google Scholar for publications between 2004 and 2013 for at least one of the expressions "migrant entrepreneurs", "immigrant entrepreneurs", "ethnic entrepreneurs", "migrant entrepreneurship", "immigrant entrepreneurship", "ethnic entrepreneurship", "migrant business", "immigrant business", "ethnic business", "self-employed migrants", "self-employed immigrants", or "ethnic enclave economy" in the title found 778 documents. A search for publications with at least one of these expressions in the document title on Scirus gave 704 hits. A search for these expressions as key words was less successful, delivering only 69 publications, most of which carried one of these expressions in the title as well. (Date of search: 5/3/2013).

<sup>13</sup> CA Technologies, formerly known as Computer Associates International, is a large software company based in New York and co-founded by Charles B. Wang, an immigrant from China. CA Technologies has earned an annual revenue of \$4.814 billion USD in 2012 (CA Technologies Reports Fourth Quarter and Full Fiscal Year 2012 Results). Wang is also the owner of the New York Islanders ice hockey team.

International Migration Outlook 2011 states that, “even if a high proportion of foreign-born entrepreneurs works in sectors more traditionally associated with migrant businesses (i.e., wholesale and retail trade), the range of activities that foreign-born entrepreneurs undertake in their host countries is as wide as that of natives” (p. 151). However, migrant entrepreneurship has traditionally been associated with small-scale ethnic businesses working within ethnic enclaves. Correspondingly, as Min Zhou writes, in the layman’s eye, “ethnic entrepreneurs [and migrant entrepreneurs in general] often carry images of petty traders, merchants, dealers, shopkeepers, or even peddlers and hucksters, who engage in such industries or businesses as restaurants, sweatshops, laundries, greengrocers, liquor stores, nail salons, newsstands, swap meets, taxicabs and so on” (Zhou 2004:1041).

There is a bias in the perception of migrant entrepreneurs, or in other words: When asked to name a typical migrant entrepreneur, who would spontaneously mention Nicolas Hayek, one of the founders of the internationally renowned Swatch Group most known for their colour- and playful Swiss watches? Swatch Group is a flagship for the creation of a Swiss brand identity and at the same time, the brainchild of a man who had emigrated from Lebanon.<sup>14</sup> One reason for this bias might be the different visibility of some migrant groups and migrant business activities. In the US or Switzerland, an Indian restaurant, just like its Indian restaurant manager, is more visible (and “more exotic”) than the medical practice of a Hungarian physician. Neither has social scientific research been completely exempt from this bias, as much of the migrant entrepreneurship literature has focused on smallest scale migrant entrepreneurship (Zhou 2004:1041), thereby producing a one-sided image of migrant entrepreneurs.

According to Trevor Jones and his associates (2012), a second narrative, which has been built up since the 1970s, can be found in the field of migrant entrepreneurship studies and similarly distorts the scientific perspective on migrant entrepreneurship. This narrative is an optimistic one and tells the story of immigrant entrepreneurs, Asians above all others, who are:

The ultimate in ‘rags to riches’ success stories, prosperity achieved in the face of colossal odds despite severe disadvantage. . . . Somewhat surprisingly, this mindset is by no means confined to populist writing where hyperbole might be expected, but has also attracted no little

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<sup>14</sup> Hayek emigrated from Lebanon before he founded his first company in Switzerland. Nicolas Hayek was born in Beirut to a Lebanese family. After moving to Switzerland in 1949, he founded his first company in 1963, Hayek Engineering, a business consultancy that still exists today and has offices in Zurich, as well as Germany and France. Only one year later, he acquired Swiss nationality (Handelszeitung 5.9.2006; www.hayek-group.com (3.5.13)).

support in scholarly writings where objectivity might be presumed to take precedence over a ‘good story’. (P. 3160)

Therefore, following this argument, social science has for a long time cherished the imaginary idea that migrant entrepreneurs basically start as poor immigrants, but become rich thanks to strategic investments, favourable business culture, or work ethos. Jones and his associates argue that “objectivity” would have shown that immigrant business (in Great Britain) mostly consists of small firms operating in low-value sectors of the economy, where mere survival, rather than fast growth, is the usual case. According to the authors, many migrant enterprises exist rather precariously on the fringes of the economy, involve a very high degree of labour-intensity, and are subsidised by family members and co-ethnic workers; most migrant businesses never experience a success story. Hence, is this petty trade image of migrant business that Zhou denounced as misleading still the more accurate one for most migrant entrepreneurship?<sup>15</sup> Even if the two views on migrant entrepreneurship are not completely mutually exclusive, their opposition shows the importance of reflection on the imaginary ideas of the very nature of migrant entrepreneurship that different studies make use of, as well as on the omissions and connotations that go along with them. This is especially imperative as the opposition of the two views is deeply rooted in the field, generating some of the main debates on the outcomes of migrant self-employment (cf. chapter 2.2).

Whether the role of migrant entrepreneurship and self-employment is an economic survival strategy or a means of individual and collective mobility has actually been the main subject of debate in the research field for a long time and it remains an important issue (Portes and Yiu 2013). A great deal of empirical literature on the subject has been accumulated. However, it is not the goal of this book to clarify this issue, which to some extent has already been done elsewhere (e.g., Portes and Yiu 2013; Zhou 2004). Instead, the partial opposition of the petty trade image and the success narrative should expose the need for distinction, reflection and clarification of the concepts related to migrant entrepreneurship. First, the concepts of immigrant and ethnic entrepreneurship shall be discussed, before the notions of self-employment and entrepreneurship can gain shape and clarity.

The distinction between the two terms, immigrant entrepreneurship and ethnic entrepreneurship, is not clear-cut. They are sometimes treated as synonyms in the literature, as many studies on ethnic entrepreneurs investigate ethnic communities whose members are often first or second-generation

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<sup>15</sup> It is important to note the country-specific validity of these assumptions. Jones and his associates’ claims rely on data for Great Britain, for which their statement seems to be justified. The data for Switzerland, however, seems to indicate a different picture (cf. Chapter Four).



immigrants, such as Roger Waldinger, Robin Ward, and Howard Aldrich's seminal *Ethnic Entrepreneurs: Immigrant Business in Industrial Societies* (1990). This study discusses "small business and ethnic entrepreneurship trends in the US and compares the experiences of four ethnic groups: African Americans, Chinese, Koreans, and Cubans" (p. 14). The widespread mingling of the two terms is already apparent in the book title and the selection of the four ethnic groups displays the use of ethnic entrepreneurs as an umbrella term for both American ethnic minorities whose presence pre-dates the foundation of the USA and minorities with a considerable portion of their members being first or second-generation immigrants who frequently have strong transnational ties to their countries of origin. Today, 24 years after Waldinger and his associates' *Ethnic Entrepreneurs*, the commingling of ethnicity or race and nationality continues and the four aforementioned ethnic groups still seem to be very prominent within ethnic (or immigrant) entrepreneurship research as Ma Zhenzhong; Tangting Wang, and Yender Lee (2012) recently found while analysing citation data from the Social Sciences Citation Index (SSCI): "International ethnic entrepreneurship studies focus on Chinese ethnic entrepreneurs, followed by Cubans, Koreans, and blacks"(p. 173).. The prevalence of these four ethnic groups in the literature reflects the important position that North American scholars have had in the development of the field.

Although the terms "immigrant entrepreneurship" and "ethnic entrepreneurship" have often been used interchangeably, they ideally reflect different ontologies and research foci, so a closer look at the differences may be instructive.

Waldinger and his associates (1990) define ethnic entrepreneurship as "a set of connections and regular patterns of interaction among people sharing common national background or migration experiences" (p. 3). In accordance with this definition, yet more specifically, Zhou (2004) states:

Ethnic entrepreneurs are often referred to as simultaneously owners and managers (or operators) of their own businesses, whose group membership is tied to a common cultural heritage or origin and is known to out-group members as having such traits; more importantly, they are intrinsically intertwined in particular social structures in which individual behaviour, social relations, and economic transactions are constrained. (P. 1040)

This exemplary definition exhibits the term's close relationship with the idea of an at least partially segmented integration into ethnic communities as a distinct mode of immigrant incorporation. Ethnic entrepreneurship highlights