Immigrant Entrepreneurship
Towards the Realization of Immigrants’ Entrepreneurial Performance and Success in Norway

Master’s Thesis In Entrepreneurship, Innovation and Society
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Abstract

The area of immigrant entrepreneurship is emerging as significant research area in the field of entrepreneurship. This is especially pronounced in the countries where there has been a marked growth in the number immigrant population. In the last few decades Norway has also become one of the preferred destinations of many immigrants, and the number of self-employed immigrants is considerably increasing in the country. Despite this positive trend however, many of the immigrant ventures in Norway are prone to failure and thus, are short lived. Immigrants face other specific challenges in addition to the challenges faced by the local entrepreneurs when they embark upon running their own ventures. Studies in the area of immigrant entrepreneurship in Norway are not only few but also limited in scope. In light of this therefore, this study explores ways through which immigrant entrepreneurial performance and success can be realized in Norway. Through semi-structured interviews with immigrant entrepreneurs, this study investigates how the purpose of becoming entrepreneur influences entrepreneurial performance and success of immigrants. It also explores how the challenges and opportunities these immigrants meet in Norway on one hand, and the resources (ethno-cultural and class) they bring with them, as well as government policy and other institutional frameworks on the other hand, influence entrepreneurial performance and success of these immigrants. This study indicates that, the role of labor market experience, regardless of whether the immigrants are necessity or opportunity driven, is largely in giving them an impetus in mobilizing their resources (personal, ethno cultural, and class) in order to find business opportunities with good return potential. This study maintains that the overall entrepreneurial performance and success of immigrants is influenced by the quality of the immigrants’ resources, how well the immigrants exploit these resources in finding and sustaining good entrepreneurial opportunities, as well as external dynamics, such as the government policy (and other relevant institutional frameworks). The main argument of this study is therefore, entrepreneurial performance and success of immigrants in Norway is dependent on the type of the businesses the immigrants start, how it is operated, its target customers, the characteristics (resources) of the immigrants themselves as well as access to finance and the institutional frameworks.
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1 Introduction

Norway is one of the attractive destinations of many immigrants from all over the world. As of January 1, 2015, there were around 805,000 immigrants residing in Norway (Statistics Norway, 2015). These immigrants make up for up to 15.6 percent of the total population of Norway and the reasons these immigrants move to Norway include; work, family immigration, refuge or study. However, those who move due to work, make up for the largest group of immigrants in Norway followed by family immigration (Statistics Norway, 2015).

In the last few decades, immigrants have become a fine embodiment of the complex process of globalization in a very palpable sense (Rath, 2006). As people move from one place to another, their social and cultural traits and ideas diffuse with them, creating new and/or modifying the socio-economic and cultural landscapes (National geographic society, 2005). Many immigrants have for example introduced their own native exotic products and started businesses in the countries of their settlement, thus becoming self-employed (Rath, 2006). Likewise, there are many immigrants who have become self-employed, also in Norway. In 2012 for example, the number of immigrants’ owned enterprises was around 19,500 and immigrants were overrepresented in businesses including; accommodations, restaurants, as well as in transport and warehousing (Skårerhøgda & Torp, 2012).

Over the course of the past few years, there has been a steady rise in self-employment among immigrants in Norway. Experience in the labor market is one of the important explanations of this phenomenon, but this does not mean that all immigrant entrepreneurship is solely driven by necessity.

The Norwegian government sees entrepreneurship among ethnic/immigrant minorities, as a positive contribution to value creation in the Norwegian society and has as goal to promote and support immigrants who wish to start their own business (St.Meld. nr 6 (2012–2013) 2014). It is also stated in the current Norwegian government’s political platform that knowledge, expertise and diversity, brought by immigrants, can contribute to increased innovation and industrial development in Norway (Politisk plattform, 2013). However,
many of the ventures started by immigrant are prone to failure and are short lived (Vinogradov & Isaksen, 2007). Studies also indicate that in addition to the challenges faced by the ordinary entrepreneurs, immigrants face other specific challenges when they embark upon becoming entrepreneurs.

The objective of this study is therefore to investigate how the knowledge, expertise and diversity (both ethno-cultural and socio-economic) that the immigrants bring with them on one hand, and the structural circumstance, such as the specific challenges and availability of business ownership opportunities, and the government policy on the other hand, contribute to the immigrants’ entrepreneurial performance and success. While there is also strong tendency in Norwegian literature to focus on ethnic restaurants and shops, little attention is also given to the variety of other immigrant ventures.

1.1 Research proposition

This study proposes to gain an insight in the elements that influence immigrants’ entrepreneurial performance and success in Norway. In the literature there is a great variation in the interpretation, presentation, and hence the definition of Entrepreneurship. For example Joseph Schumpeter defines entrepreneurs as individuals who exploit market opportunity through technical and/or organizational innovation. For Frank H. Knight entrepreneurship is all about risk taking. Israel Kirzner on the other hand defines entrepreneurs, as people who are on the lookout for new opportunities (Mitra, 2012). The definition of ‘entrepreneurship’ or ‘self-employment’ also depends on the regulatory regime and differs from country to country. As a result of this, availability of empirical data is also contingent on these definitions and is thus product of national idiosyncrasies (Rath, 2006). In light of these variations, it will be essential to delineate the meaning of entrepreneurship in this study. For the purpose of this study, entrepreneurship will be defined as starting up of a business with the aim of making profit or creating value. The rational behind this definition will be detailed in the literature review chapter of this thesis.

Furthermore, immigrant entrepreneurship as a research interest was more prominent in areas where there was a marked growth of immigrant entrepreneurship as a phenomenon. This phenomenon was first observed in the United States and later in Europe, and especially in the United Kingdom. This phenomenon was reflected in a series of publications, first in
North America and later in Europe and Australia (Kloosterman & Rath, 2001). In Norway, the research on immigrant entrepreneurship was not only scarce but also limited in scope (Vinogradov, 2008).

A study was conducted by, Krogstad (2001) from the perspectives of sociology, focusing on the role business opportunities, strategies, utilization of ethnic resources, and entrepreneurial success in Norway. This thesis, however takes the above elements further by incorporating the structural perspective. Particularly the significant role, the government policy and other relevant institutions play on immigrant entrepreneurial performance and success, are addressed in this study. In doing this, the thesis employs the traditional theories and conceptual models as well as empirical research on this phenomenon. The theories and conceptual models that are employed, in this study are: labor disadvantage theory, cultural theory, opportunity structure as well as the interactive and mixed embeddedness models. These theories including, the enclave and middleman-minorities theories and the conceptual models are reviewed in chapter two of this thesis.

The phenomenon of immigrant entrepreneurship is of a complex and multifaceted nature. This phenomenon can be seen from an individual, the business, industry group, as well as different geographical levels. This thesis will be focusing on the individual (both as an individual entrepreneur and as a member of a larger ethnic group), and the type of businesses these individuals run, in a national context. The rational behind this is that individual decisions are seen as predisposing factors for taking up entrepreneurship, whilst immigrant entrepreneurship is more of a group phenomenon. Immigrant entrepreneurship is often a product of interactions between immigrants within a group and between a group and the environment they operate in (Vinogradov, 2008). Therefore the individual entrepreneurs, and the group of immigrants they belong to and the context they operate in, are the units of analysis of this thesis. This study explores the impact of the above components on immigrant entrepreneurial performance and success by focusing on immigrants who have been running businesses they have started for over three years in Norway.

The aim of this study is primarily to add to the existing knowledge on immigrant entrepreneurship in the Norwegian context, and see how policy makers can better facilitate mainstream (well performing and growth oriented) entrepreneurship among immigrants. In
order to achieve this, this study will be investigating the elements that influence immigrants’ entrepreneurial activities. This can give insight on how immigrant entrepreneurs’ engagement in a novel, financially sound, profitable, growth oriented, and sustainable ventures can be enhanced. Examining this can in turn contribute in devising targeted measures to eliminate the specific constraints the immigrant entrepreneurs face and exploit the resources these immigrants bring with them, so as to promote and facilitate more viable, growth oriented, sustainable ventures creation. The outcome of this study will also show if the theories of immigrant entrepreneurship applied and tested in other countries are also applicable in Norway. This study will provide empirical results on the role of human capital, cultural capital, social capital, as well as market conditions and institutional factors on immigrant entrepreneurial performance and success in Norway.

Immigrant entrepreneurship can play a significant role in value creation and thereby have a positive impact on the host economy’s social welfare. Entrepreneurship can be an important instrument in the integration process of immigrants. It can also be an important source of employment to a lot of immigrants and this in turn can relieve huge burden from the welfare state and generate income to the regions where these immigrants settle in. Furthermore, it can provide further entrepreneurship and employment to other immigrants through networking along the supply chain, thereby contributing to innovation, which in turn can have a positive impact on the overall economy. Studying the elements influencing immigrant entrepreneurial success will therefore give an important insight on how immigrant entrepreneurship can be facilitated so that it becomes an important contributor to the Norwegian economy and the society as whole.

1.2 Research questions

The aim of this study is to understand how the overall performance and success of immigrant ventures in Norway realized. To understand this therefore it will be important to first understand why the immigrants decide to take up entrepreneurship on the first place. Understanding the reasons or the purpose of becoming entrepreneur could give an insight on the nature of the challenges and opportunities these immigrants face in Norway, and provide good explanations on their choice of the type of businesses they choose to operate as well as the markets they target to serve. Understanding the challenges and opportunities these
immigrants meet in Norway, could further help to better understand the characteristics of the opportunity structure in Norway. Understanding the nature of the opportunity structure and the immigrants personal as well as group characteristics (resources) and the institutional framework of the Norwegian welfare state can provide an insight on how these elements contribute to the immigrants entrepreneurial performance and success in Norway.

The main research question of this study is therefore:

**How is immigrants’ entrepreneurial performance and success realized in Norway?**

And the sub questions that emerged from this main research question are:

- How does the purpose of becoming entrepreneur influence entrepreneurial performance and success of the immigrants?
- How do the immigrants’ group resources (ethnic and class resources), market conditions and intuitional framework of the Norwegian welfare state influence entrepreneurial success of the Immigrants?

### 1.3 Overview of the chapters

This study is divided into six chapters. Following chapter one, chapter two, presents the literature review on immigrant entrepreneurship. It starts by providing a justification on the definitions of entrepreneurship, immigrants and immigrant entrepreneurship, chosen in this thesis. It then looks at the meaning of immigrant entrepreneurial performance and success. It reviews the theories and conceptual models developed on immigrant entrepreneurship, and then develops and analytical framework and a model for studying the immigrant performance and success in Norway.

Chapter three presents the research methods employed in this study and provides the rational behind the choice of the methodology used in this study. It also provides an elaboration on the steps followed in the data collection and analysis process of this study. The chapter ends by discussing the ethical issues and the steps taken to ensure good ethical framework in this study. Chapter four presents the findings of the qualitative data collected through interviews with the self-employed immigrants.

Chapter five presents the analysis and discussions of the findings of the data collected presented in chapter four by incorporating the theoretical perspectives reviewed and
analytical framework and the model developed in chapter two of this thesis. Lastly, chapter six concludes the thesis by providing an answer to the research questions of this thesis. The chapter ends by discussing implications of this study and suggesting potential areas for further study.
2 Literature review

This chapter will start by examining the concept of entrepreneurship, making use of existing literature in the area. In doing so the elements that influence success of an immigrant entrepreneur will be investigated and will end by developing an analytical framework and a model for studying how immigrants’ entrepreneurial performance and success can be enhanced. This thesis mainly examined empirical research from articles found in an academic peer reviewed journals. Published books on entrepreneurship in general and immigrant entrepreneurship in particular have also been studied.

The literature review will first present the subject of entrepreneurship, before going on to discuss immigrant entrepreneurship.

2.1 Entrepreneurship

Entrepreneurship as a field of research is relatively new. However, as a concept entrepreneurship was first developed in the 1700s. Richard Cantillon, a French economist is generally accredited for devising the phrase in the context of how it is understood today in 1730 (Ahmad & Seymour, 2008). Many equate the meaning of entrepreneurship with starting ones own business. Cantillon defined entrepreneurship as self-employment of any sort and associates entrepreneur with risk taking, and her/ his function with purchasing of goods at a certain price in a bid to sell them at uncertain price in the feature (Ahmad & Seymour, 2008).

Many school of thoughts and scholars, including that of the Adam Smith’s, Jean Baptist Say, Alfred Marshal, Israel Kirzner and frank knight elaborated on Cantillon’s work, adding the notion of leadership and identifying entrepreneurship as the fourth factor of production (Mitra, 2012). The key tenets, i.e., risk taking and profit seeking however, always remained as important features of entrepreneurship (Ahmad & Seymour, 2008).

Nevertheless it was after Joseph Schumeter’s work in 1934, that the modern definition and interpretation of entrepreneurship in addition, to Innovation, entered the mainstream thinking (Ahmad & Seymour, 2008). Shumpeter defined an entrepreneur, an innovator having the function of implementing entrepreneurial (the event of) change in the market (Mitra, 2012).
Schumpeter saw entrepreneurship as a force of creative destruction. This is because he found out that entrepreneurs were involved in carrying out new combinations to help render old industries obsolete. The Schumpeterian entrepreneurial change or simply innovation, is thus defined as a commercial application of a new product, process, or method or production; exploitation of new market or source of supply; or new form of business or financial organization. This Schumpeterian entrepreneurial change or carrying of new combinations, or innovation is manifested in five ways: 1) the introduction of a new or improved goods; 2) the introduction of a new methods of production; 3) the opening of a new markets; 4) the conquest of a new source of supply; and 5) the re-engineering/organization of industries or the business management processes (Mitra, 2012).

Ten years later, i.e., after Schumpeters first work, Frank Knight, by drawing a clear distinction between risk and uncertainty defined an entrepreneur as one who is willing to take risks, and bear uncertainty in order to get a reward (Mitra, 2012). There has never been a consensus among the scholars when it comes to the definition of entrepreneurship. Unlike Knight’s perspectives for example, the Schumpeterian entrepreneur need not be a risk taker or business owner. Kirzner on his side saw entrepreneurs as people that are aware of opportunities with a potential of generating a profit (Ahmad & Seymour, 2008).

Many scholars and especially business experts such as Peter Drucker (1909-2005), argue that entrepreneurship reflects the creation of new ventures and that any individual who is responsible in starting new venture is to be considered as an entrepreneur. Durcker describes the entrepreneur as someone who actually searches for and is an agent of change. An entrepreneur responds to change, and exploits it as an opportunity. This description of entrepreneurs more or less corresponds with the Schumpeterian opening of new markets (Ahmad & Seymour, 2008).

Hornaday (1992) on the other hand, proposes a fuzzy set approach, in defining entrepreneurship. This approach defines entrepreneurs through three dimensions: organization creation, economic innovation, and profit seeking in the market sector (Vinogradov, 2008).

The lack of a single definition of entrepreneurship is mainly attributed to the diverse nature of the area. Numerous attempts have been made to study entrepreneurship from the
Ahmad & Seymour, (2008), identify four key dimensions in the definition of entrepreneurship, namely, the risk-taking role of an entrepreneur; entrepreneurs role of innovation or the creation of new products, services, processes, identifying new markets or creation of new firms; the arbitrage role of an entrepreneur as well as the process of change, appearance and/or creation. These concepts are graphically organized by, Ahmad & Seymour, (2008), to emphasize that an entrepreneur is simultaneously looking back at the resources at his disposal in order to combine them in a new and creative way, and forward to the market in order to find new and unmet opportunities (see fig.1). In order to find a fit between the two the entrepreneur is involved in a process called innovation. However the entrepreneur’ activities does not occur in a vacuum. Rather within a business context, which includes industry structures, competitive environment, as well as the national economic set up. This business context is also affected in turn by the wider economic, political, legal, cultural and (not least) natural environment.

Figure 1 - Entrepreneurial Activity in the Commercial & Wider Environment; Adopted from Ahmad & Seymour, (2008)
The three key themes that can be identified from the above discussion of entrepreneurship are therefore: (i) the human aspect of entrepreneurial activity; (ii) the availability and identification of market opportunity, assembly of unique resources and the utilization of innovative capability, and (iii) the creation of value.

2.1.1 Definition of entrepreneurship in this thesis

Entrepreneurship is defined in this thesis based on the analysis of the concept in the above section. In this thesis, for a person to be considered an entrepreneur, the condition that has to be met is that, the person has to be a founder of a business with a purpose of creating value. Founding or starting up of a business has a great deal of risk and uncertainty associated with it. So an entrepreneur has to be risk taker and one who operates in a business context in an industrial environment. People who don’t meet the above criteria are not considered as entrepreneurs in this study. People who run inherited businesses are for example not considered as entrepreneurs in this thesis. Thus in this thesis, entrepreneurship and entrepreneurs are defined as:

Entrepreneurship – is a process of starting up of a business with the purpose of making profit or value creation

Entrepreneur- is a person who creates value by opening up of a business.

The scope of this thesis is confined to one part of the field of entrepreneurship, namely the area of immigrant entrepreneurship. Many literatures on entrepreneurship are careful in synonymizing entrepreneurship with self-employment believing that, entrepreneurs are only innovators (Vinogradov, 2008). In this thesis however self-employment will be used as a synonym to entrepreneur because opening up of a business also involves some degree of innovation (Vinogradov, 2008).

2.2 Immigrant entrepreneurship

This section will look into the literature of migration and entrepreneurship to come up with the definition and description of the concept of immigrant entrepreneurship.

2.2.1 Migration

Migration is defined in the Miriam-Webster dictionary (2015), as the movement of people from one place in the world to live or work in another. Migration involves forced or
voluntary movement of people from one place to another with a permanent or temporary settlement intentions. There is no country in the world that has not been affected by migration as a place of origin, transit, destination or a combination of these (United Nations, 2009). According to the United Nation (UN) estimates there are around two hundred million people (3% of the world’s population) that are living outside the country of their birth (United Nations, 2009).

Norway is also an attractive destination for many immigrants. According to the numbers from the statistics Norway, there were 669 400 immigrants and 135 600 Norwegian-born to immigrant parents in Norway at the beginning of 2015 (Statistics Norway, 2015).

The figure 2 shows the growth in immigrant population (immigrants and Norwegian-born to immigrant parents) from 1970 to 2015 in Norway:

![Figure 2 - Immigrants and Norwegian-born to immigrant parents, by country background](image)

In 2015 immigrants accounted for 15.6 percent of the total population in Norway and immigrants from Poland constituted for the largest immigrant group in Norway with 91 000 persons (Statistics Norway, 2015). The next largest group is from Sweden, whilst those with
Pakistani parents made up for the largest Norwegian-born to immigrant parents followed by the Norwegian-born to Somali parents (Statistics Norway, 2015). Furthermore, Oslo had the largest population of immigrants and Norwegian-born to immigrant parents, both in relative terms and absolute figures according to Statistics Norway (2015).

With the advent of globalization in the early 21st century International migration has become fundamental global labor market phenomenon. Even though the reasons for international migration are numerous, globalization is mainly attributed for this increase in the international mobility of individuals [International Organization of Migration, 2003]. Migration affects population patterns and characteristics. It affects the social and cultural patterns as well as the economic and physical environments (National geographic society, 2005).

Hence, in the last decades of the twentieth century many advanced economies, and especially their larger cities have acquired a cosmopolitan outlook. This is partly thanks to the significant inflow of immigrants from distant places (Rath, 2006).

In this thesis, someone is considered, as an immigrant: *if s/he is born and raised outside, but immigrated to Norway with a permanent or temporary settlement intentions in the country.*

Having seen entrepreneurship and immigration separately, it is appropriate to look now at Immigrant entrepreneurship as a phenomenon. Immigrant entrepreneurship as a concept will be first defined and then discussed in the sections that follow. This in turn will provide a framework in understanding, the elements that influence the performance and success of immigrant entrepreneurs in Norway.

### 2.2.2 Immigrant entrepreneurship

To begin with, the term ‘ethnic entrepreneurship’ is becoming very much ‘en vogue’ and in many literatures the term ‘immigrant entrepreneurship’ is used interchangeably with ‘ethnic entrepreneurship’ (Masurel, Nijkamp, Tastan & Vindigni, 2002). Generally however, it refers to the small and medium sized enterprises’ activities undertaken by entrepreneurs with a specific socio-cultural or ethnic background (Masurel et al., 2002). In a Norwegian context, an immigrant entrepreneur is a business owner born outside Norway from foreign parents, who is involved in economic innovation, organization creation and profit making activities (Vinogradov, 2008).
Research on immigrant entrepreneurs stipulate that immigrant entrepreneurs initially open up their ventures, to cover the needs of immigrants of various ethnic or socio-cultural classes and are mostly concentrated on the lower segments of the labor market (Kloosterman & Rath, 2001; Waldinger et al., 1990). Through time however a gradual expansion of their market segments towards a much broader market can be attained (Masurel et al., 2002). Additionally they provide a set of connections and regular patterns of interaction among people sharing common national background or migration experiences (Waldinger et al., 1990).

In the earlier research on immigrant entrepreneurship, there was a general consensus that the immigrant ventures were meant as the only way of survival in the host country (Waldinger et al., 1990). Currently however, the concept is heterogeneous and refers to many immigrant entrepreneurs who start their own business not because of the usual obstacles they face in the host country, but as a consequence of the immigrants wanting to exploit a business opportunity and make money (Chrysostome, 2010).

Immigrant entrepreneurship as a research topic even though it has taken some time, has been growing in significance in the last few decades (Kloosterman & Rath, 2001). The rise of immigrant entrepreneurship was first observed in the United States and later in Europe and especially in the United Kingdom and this rise was reflected in a series of publications, first in the North America and later in Europe and Australia (Kloosterman & Rath, 2001).

This development coincided with the marked change that transpired in the global economy in the last half-century or so. This change was mainly in terms of the shift that occurred from mass production (Fordism) to the rise of the dynamic, small and medium sized enterprises (SMEs). This shift had a huge effect in the employment pattern in that many moved from being employed in a large mass production firms to starting up their own businesses (van Delft, Gorter & Nijkamp, 1999). This self-employment pattern was especially highly pronounced among immigrants (van Delft et al., 1999). Not only was there a high self-employment rate among immigrants, but it also turned out to be very successful and consequently, immigrant businesses started to gain the interest of researchers for the first time in the 1970s in USA (van Delft et al., 1999).

In trying to explaining the growth of self employment among immigrants, Waldinger et al.,
(1990) claim that, the growth of migrant population at a time when western economies were facing slow growth and massive technological change, made ethnic adaptation and mobility central issues in ethnic research. At that time, immigrants were overrepresented among the self-employed in many countries and as a result there was in increasing interest in the area in Europe in general and Western Europe in particular (van Delft et al., 1999).

In Norway it was after immigrant owned shops and restaurants started to appear in central Oslo in the begging of 1980’s, that Immigrant entrepreneurship as a phenomenon began to appeal the attention of the public (Vinogradov, 2008). However, it was in 2001 that, the systemic national level statistics on self-employed immigrants became available for the first time in Norway (Vinogradov, 2008).

Overall, the research on immigrant entrepreneurship is concerned with explaining the propensity of certain group of immigrants toward self-employment and their entrepreneurial paths (Rath, 2002). Researches on immigrant entrepreneurship mainly aim on explaining; why immigrants are over-represented in the self-employed sector, emphasizing on the motivation and the availability of opportunities in the host society for ethnic entrepreneurs and the variations in success among immigrant groups (Rath, 2002).

In trying to understand the reasons for self-employment among immigrants some researchers found that immigrant communities have a high level of self-employment driven by labor market disadvantage in their host country (Waldinger et al., 1990). As a result of the socio-economic dynamics in the western economies, many immigrants found themselves in a marginal economic position, starting own business was therefore often seen as an important means to circumvent and overcome some of the barriers and disadvantages encountered in the labor market (Waldinger et al., 1990).

According to Waldinger et al., (1990), the motivation and opportunities for and the barriers to ethnic entrepreneurship can help to identifying critical success or performance conditions for migrant entrepreneurs. Different researchers have studied the disadvantages that immigrants face in the labor market. Many agree on two factors; lack of employment opportunities due to discrimination in the general labor market (Waldinger et al., 1990); and lack of personal resources i.e., lack of host country language, education and specific skills (Kloosterman & Rath, 2001). The implication of these findings is that there is a need to
analyze not only the characteristics of the immigrant groups, but also the context in which they operate, i.e., the exogenous elements in the host country.

Light (1972) categorizes immigrant entrepreneurship stimulating factors as supply and demand factors. The supply factors are made up of the factors that place emphasis on the qualities and skills of the individuals who become entrepreneurs, whereas the demand or structural factors emphases on the external factors affecting immigrant entrepreneurs. The external factors include, the institutional and public policy, prevalence of labor market discrimination and the like (Rath, 2006). Most of the researches on immigrant entrepreneurship conclude that immigrant self-employment is an adaptive strategy, rather than a free choice.

In his through review of research on immigrant entrepreneurship in Norway, Vinogradov (2008), found that research on immigrant entrepreneurship in Norway was not only scarce but also limited in scope. Most of the research on immigrant entrepreneurship tends to focus on lower segments in the market (such as restaurants and small shops). For example, Brøgger & Wiberg (2006) found that immigrants started businesses in segments that required less educational, skill and financial resources, and that co-ethnic network such as family and friends played an important role in sharing expertise and business insight. Hidle, Ellingsen, Nesje & Vangstad (2007), found immigrants started businesses not only because of labor market disadvantages but also as a result of opportunity seeking activities. They conclude that immigrants contribute to the overall value creation by starting up businesses that would not otherwise have been started. Krogstad (2001) on the other hand, found that Immigrant entrepreneur’s success depends on interaction of ethnic strategies, demand for exotic goods and use of ethnic resources in a specific urban/rural context.

The disadvantages immigrants face in their host countries create greater group cohesion and solidarity among the immigrant groups. This sense of ethnic solidarity enables a prospective immigrant entrepreneur to draw from the pool of resources that exist within the immigrant community (Waldinger et al., 1990).

Hence, the socio-economic benefits of immigrant entrepreneurship can be attributed to the various dimensions of the phenomenon. The socio-cultural networks create flexible ways to attract working personnel and financial capital (Wilson & portes 1980). There is also great
tendency of organizing business at the interface of two cultures (host and country of origin cultures) by providing exotic products and services. A good example here is restaurants and travel agencies. Immigrant entrepreneurs can create niches for specific cultural products, such as cultural foods and music to the extent that they become normalized as normal goods. Chinese food and Italian pizza are typical examples (van Delft et al., 1999).

However, the major effect of immigrant entrepreneurship is the role it plays in resolving the unemployment situation among other group of immigrants. Furthermore it has the potential for the revitalization of local economies (Masurel et al., 2002). Furthermore immigrant entrepreneurship leads to an increase in the aggregate supply of jobs and the employment of immigrant workers without crowding out indigenous work force (van Delft et al., 1999).

Other benefits of immigrant/ethnic entrepreneurship for the local economy according to van Delft et al., (1999) are that:

- It may satisfy the increasing demand of a large contingency of foreign migrants
- Successful immigrant entrepreneurs may serve as role models for young immigrants
- Successful immigrant entrepreneurs can strengthen the ties between host country and their country of origin as they serve as bridges between the two countries.

In this thesis the term ‘immigrant entrepreneurs’ will refer to those who have emigrated from other countries and ended up becoming self-employed in Norway. The terms ethnic and immigrant might have their own differences in a strictest sense. However, in this study they will have an equivalent meaning. When it comes to the notion of entrepreneurship, even though all the undertakings of the immigrants’ businesses activities might fall short of being innovation per se in strict Schumpeterian sense, all will nevertheless be referred to as entrepreneurs. This is mainly due to the activities of these immigrants entail a great deal of risk taking, planning, organization and value creation activities that are significant features of a typical entrepreneur.

The aim of this study is to understand how entrepreneurial performance and success of immigrant entrepreneurs in Norway is realized. It is therefore important to also outline the meaning of the immigrants’ entrepreneurial performance and success.
2.2.3 Immigrant entrepreneurial performance and success

Defining performance and success strongly hinge on interpretations, whether in chosen quantitative factors or in more qualitative feelings about situations and events (Rath, 2006). Performance and success are more or less used in a same tone, according to Rath (2006) however, these things have to be treated critically. For example, Performance, as related to migration as a whole, is often assessed in terms of assimilation or integration into the labor market of the host country. Performance is hence often tied to and quantified by macro economic and integration indicators.

Success, on the other hand, tends to take a more specific angle based on the individual circumstance involved (Rath, 2006). Evaluation of success in an economic sense can be looked at in terms of financial measures or market expansion and advancement of technical knowhow, but it is also more of socially constructed phenomenon, as what may be beneficial for one can be detrimental for another. For instance, a business may flourish financially and have continual growth, but then this might be accomplished through low wages and poor working conditions. Demonstrating that measures, definitions or interpretations of success vary a great deal (Kloosterman & Rath, 2001).

Tengeh, (2013) argues that, in order to measure success, one has to make sure that a standard benchmark has initially been set against which the result would be compared. For example for an immigrant business, acquiring the necessary resources for business start-up and operation as well as survival or numbers of years that the entrepreneur has been in business, which is ultimately indirectly linked to profit (in that a business that does not break-even is doomed to close down) can be a good indicators of success (Tengeh, 2013). Accordingly, a successful immigrant entrepreneur can be defined along the following lines: 1) the longer an immigrant survives in business the more successful s/he is, 2) The faster the process of incorporating new information than relying on past experience, the more successful the immigrant entrepreneur is 3) The greater the sales volume, the more successful the entrepreneur is (Tengeh, 2013). However many agree in that the length of stay in business and sales volume are seen as the fundamental indicators of immigrant entrepreneurs’ success.

Performance is however, implicitly tied to existing groups of immigrants and hinges both on
various forms of networks and other factors related to the opportunity structure and embeddedness at any given time and therefore points to related impacts of past policies targeting immigrants. However it is also important to look forward to recently emerging migration trends (e.g. highly skilled migration), new economic sectors, and hence a changing opportunity structure and places where new benefits may ensue (Rath, 2006).

Furthermore, while the verdict is not straightforward, there is a tendency for judgments about the success and performance of immigrant entrepreneurship among researchers, to line up with the institutional divide between American and Western (and northern) European welfare states (Ley, 2005). It is worth taking in to consideration that, while the powerful myths of assimilation and the melting pot provide an ideological mantle encouraging a more positive assessment of immigrant enterprise in the United States, in Western Europe, the segmented and commonly disadvantaged status of immigrants have frequently led to less optimistic conclusions (Ley, 2005).

As implied above, entrepreneurial success and especially performance is multifaceted in nature. It goes beyond the financial measures and also includes owners’ satisfaction as well as growth in terms of sales and the number of employees.

In this thesis, immigrant business performance and success is defined in terms of growth in revenue (cash inflow), rise in the number of employees, and reduction in the opportunity cost of being self-employed, as well as the overall life of the business and the general satisfaction of the immigrant entrepreneurs.

Vinogradov & Isaksen (2007) investigated the survival rate of businesses founded by immigrants and natives in the Norwegian context and found that, the survival rate was lower for businesses established by immigrants, compered to those established by natives. This was partly explained by the fact that immigrants are more likely to locate their businesses in urban areas (exposed to high competition) and the perceived novelty (as the introduction of untraditional products and services may be risky). While human capital was not found to explain immigrant vis-à-vis native’s difference in business survival rates.

Krogstad (2001) on the other hand found that immigrant entrepreneurs had a comparative advantage compared to the natives, as they enjoyed the advantages presented by ethnic networks, such as free and loyal work force. She further argues that immigrant business
have a good chance of succeeding provided that the markets where their products, knowledge and behavior matches to the consumption patterns of the overall population. She also found that the immigrant owned shops and cafes served as important meeting points for social interaction (Krogstad, 2001).

The aim of this study is to get an insight on how entrepreneurial activities of immigrants can be realized and enhanced. It is therefore important to understand the challenges and opportunities and group resources (human and social capital) on one hand, and the external factors such as the legal and other socio-economic, political and institutional aspects, on the other hand influence the entrepreneurial performance and success of immigrants entrepreneurs in Norway. Meaning the indicators of entrepreneurial success and performance discussed in this section are useful instruments (criteria) in the immigrant business selection process when analyzing how they could be achieved among the successful immigrant entrepreneurs in Norway.

The next section of the thesis will be devoted to discussing the theoretical perspectives of immigrant entrepreneurship. This in turn will help in developing an analytical framework of the study of the performance and success of immigrant entrepreneurs in Norway.

### 2.3 Theoretical perspectives of immigrant entrepreneurs

This section will examine the theoretical perspectives of the study of immigrant/ethnic entrepreneurs that will be used in analyzing entrepreneurial performance and success of immigrants in Norway. Theoretical framework of immigrant entrepreneurs is developed based on the contribution made by sociology, anthropology and labor-economics literatures (Volery, 2007). These literatures’ conceptions such as, the stranger as a trader, combined with societies social structures and universal religious canons have greatly influenced the subsequent literature on and the study of immigrant/ethnic entrepreneurship (Volery, 2007). The main theories that are developed on the study of ethnic/immigrant entrepreneurship are; middleman minority theory, ethnic enclave theory, labor disadvantage theory, cultural theory and opportunity structure theory (Volery, 2007).

#### 2.3.1 Middleman minority

As a term, *Middleman minorities* was coined by Huber Blalock in his work, “Toward a Theory of Minority-group Relations” (1967). Middleman minorities are minority
entrepreneurs who mediate between the dominant and subordinate groups, i.e., between immigrant markets and suppliers of the dominant group, and their customers are typically members of marginalized racial or ethnic groups that are segregated from the majority group (Tucker, 2007). Edna Bonacich’s article “A Theory of Middleman Minorities” (1973) remains the seminal work on the subject.

There is a general consensus that a number of ethnic groups around the world have assumed a similar position in a social structure (Bonacich, 1973). Bonacich, offers an explanation for the development and persistence of middleman minorities as minority groups serving an intermediary position between the majority group and other segregated minority groups. Typical example of middleman minorities are, the Jews in Europe the Chinese in Southeast Asia, Asians in East Africa, Armenians in Turkey, Syrians in West Africa, Parsis in India, Japanese and Greeks in United States and so on (Bonacich, 1973).

In contrast to many ethnic minorities the middlemen occupy a unique position of intermediate rather than low status as they operate in selected occupations (e.g., bankers, barbers, brokers, launderers, and restaurateurs) between the elite and the masses between the producers and the consumers (Bonacich, 1973). Key characteristics for Bonacich for the tendency of middleman minorities is to be sojourners (people who intend to return to their country of origin) and because of this there migration is economically driven (Tucker, 2007).

Volery (2007) claims that middleman minorities theory can be an important economic explanation for immigrant entrepreneurship. Immigrant businesses flourish with expansion of immigrant communities and include businesses such as travel agencies, garment shops, specialized grocery shops, tearooms and fast-food stands. Two conditions have to be met, for Immigrant businesses serving the needs of immigrant population to pop up and succeed according to this theory. The first condition is that there must be enough customers for the products sold by these businesses, and secondly, the immigrant entrepreneurs (middleman minorities) in contrast to Bonacich’s sojourners, should have an intention to permanently settle in the host countries. Meaning, they have to also bring their families along, otherwise, the immigrant community may be too small to generate demand for the products, and investments for the business may not be available if money has to be remitted home to
family and relatives, thereby negatively impacting the availability of, for example, start-up capital (Volery, 2007).

Middleman minorities as a phenomenon was discovered in the first decade of the last century in a study comparing Italian and Jewish immigrants to New York, where Italian immigrants were found to be lacking in new investments because they had to remit money to support families and relatives back in Italy (Waldinger et al., 1990). Research conducted since the 1970s in the US found that Korean immigrants had a concentration of retail businesses in low-income African-American and Latino neighborhoods. The reasons given for this was the low spending capacity and high crime rate, mainstream businesses were reluctant to set up in these neighborhoods, thus creating a niche, where the Korean businesses became middlemen by bridging the mainstream suppliers with minority customers, even though they did not share a heritage (Min & Kolondy, 1994).

Min & Kolondy (1994) claim that the middleman minority phenomenon was largely the product of preindustrial and colonial societies, closely related to their socio-economic, and political structures. They for example found that a middleman minority group in the United States displaying the following characteristics: (1) concentration in small business, (2) providing services to minority customers, (3) dependence on U.S. corporations for their supply of merchandise, (4) strong ethnic cohesion, (5) subjection to stereotyping, and (6) hostility from the host society.

Many researchers on immigrant entrepreneurship agree that the conceptualization of middleman minorities has some shortcomings today. For example, theoretically, the contemporary Norwegian society (example used for illustrative purpose) in the advanced stages of technological and economic globalization and not least the prevalent immigration and settlement patterns are unlikely to be conducive to the development of a middleman minority in Norway. The theory rather describes the experience of certain immigrant groups historically (Tucker, 2007). The emphasis on sojourning is also another area that needs adaptation, as many middleman minorities have settled or intend to settle while others are transitional migrants, maintaining ties in the country of origin and host countries (Tucker, 2007).
2.3.2 Ethnic enclave theory

The idea behind enclave theory is that newly arrived immigrants can find opportunities in locations where there are businesses that are already set up by group of immigrants from the same ethnic group. Alejandro Portes together with Kenneth Wilson published for the first time 1980, an article in the American Journal of sociology that identified ethnic enclaves as a distinct form of economic adaptation. Ethnic enclaves are characterized by spatial concentration of businesses owned and operated by immigrants from the same country of origin (or their direct descendants) to serve their own market as well as the mainstream society. A substantial proportion of workers from the same country (Co-ethnics) are employed in these firms and the firms were not limited to a single economic niche, but rather in variety of manufacturing and commercial sectors (Portes & Shafer, 2006).

Wilson & Portes (1980) claim that: 1) the enclave was a distinct economic sector, separate from the “primary” and “secondary” sectors of the mainstream labor market; 2) the economic payoff for human capital brought from the home country was higher in the enclave than in the sectors of the mainstream economy that employed immigrant labor; 3) enclave entrepreneurs received higher economic returns than co-ethnics having comparable human capital even when the latter were employed in the better sectors of the mainstream economy.

According to Bohon (2001) the four underlying arguments behind Portes & Wilson’s theory for greater success in ethnic enclaves are that: (1) language fluency is not necessary for employment and native language skills may actually improve employment chances, (2) “bounded solidarity” and “enforceable trust” create a sense of camaraderie that encourages employers to hire more co-national employees and spurs employees to work harder for their employers, (3) cultural differences that would impede workforce integration into the mainstream economy are dampened, and (4) immigrants’ skills will be in high demand because the enclaves trade in ethnically-defined goods.

Wilson & Portes (1980) came up with an empirical evidence for their argument on ethnic enclave based on a longitudinal survey and observations on a sample of Cuban exiles that arrived in Miami, in the United States in the early 1970s and were followed through the decade. They employed discriminant analysis to demonstrate the existence of an enclave
sector different from the primary and secondary sectors of the mainstream labor market. Earnings regressions, within and across sectors were then used to support the remaining hypotheses (Portes & Shafer, 2006). Using the same data set as Wilson & Portes, Portes & Bach (1985) conducted a comparative analysis of employment and income among Cuban and Mexican immigrants in the late 1970s, and their results went beyond those reported earlier by focusing on determinants of enclave entrepreneurship. They found that the principal determinants of self-employment among Cubans in Miami were parental human capital, education, and most importantly having been employed in a co-ethnic firm at an earlier time (Portes & Shafer, 2006).

Many scholars have challenged enclave theory. For example Sanders & Nee (1987) after doing a comparative study on Chinese and Cuban workers who resided in an enclave and other locations, found that the immigrant minority workers outside the ethnic enclave received higher returns on human capital. Similarly it was found that Asian immigrants in the greater Los Angeles area preferred to work outside the enclave, where wages were considerably higher and work rules fairer.

Portes & Jensen (1992), in attempt to defend Wilson & Portes’ position argued that the enclave economy offered a possible avenue for upward mobility of both the self-employed and the workers in other sectors. They found that the networks of small enterprises offered employment comparable to the mainstream economy and also created opportunities for entrepreneurship that were absent elsewhere. On the other hand Waldinger (1993) contends with especially that Portes & Bach (1985) were trying to explain an increase in the proportion of self-employment in Cuban immigrants and a higher wage for Cubans employed by Cuban firms than in other firms. He claims that there was no evidence that show that ethnic solidarity was the source of these phenomena (Waldinger, 1993).

Portes & Shafer (2006) on their side claim that the early attempts at applying the concept of ethnic entrepreneurial enclaves tended to yield positive results. The justification provided by Portes & Shafer was the ethnographic study of New York’s Chinatown conducted by Zhou & Logan (1989), where it was found that employment in this enclave had positive effects both for entrepreneurs, in the form of higher incomes and for employees in the form of opportunities for self-employment. They claim that there was a tendency in that workers,
initially receiving low wages and working longer hours, however these disadvantages were compensated for by on-the-job training and social ties, facilitating their acquisition of their own business after some years (Portes & Shefer, 2006).

2.3.3 Labor market disadvantage theory

The disadvantage theory of business enterprise suggests that entrepreneurship is a common response by minorities to blocked opportunities in the economic mainstream (Boyd, 2000). Here it is suggested that it is the set of structural circumstances, which the immigrant groups encounter in the host country that channels them into entrepreneurship (Lo, Teixeira & Truelove, 2002). The theory argues that, disadvantage in the labor market, such as unemployment or fear of unemployment or under employment often compels members of underprivileged minorities to pursue an independent means of livelihood (Boyd, 2000). This theory implies that most immigrants have significant disadvantages hampering them upon arrival, but which at the same time steer them to be self-employed as it is simply their only alternative to unemployment (Volery, 2007). This is because, firstly, they lack human capital such as language skills, education and experience, which prevent them from obtaining salary jobs, leaving self-employment as the only option. Secondly, a lack of mobility due to poverty, discrimination and limited knowledge of the local culture can lead ethnic minorities to seek self-employment.

Research findings suggest that among ethnic minorities, entrepreneurship is a way to cope with low prospective returns to salary work because of discrimination, language barriers, incompatible education and training, non-transferability of human capital and blocked promotional paths (Bates, 1990). After examined the patterns of self-employment by immigrants using the USA census data, Light (1972) suggests that immigrants’ disadvantages in the job market push them to enter self-employment. Another study found that Immigrants with high home-country education had a higher propensity for entering into self-employment in non-professional sector compared to equally educated natives and immigrants with Canadian education (Beaujot, Maxim, & Zhao, 1994). For immigrants, human capital acquired in the home country is often not transferable to the primary job market in the host country, but can be applied toward self-employment. It was also found that a lack of proficiency in English among Hispanics, limiting opportunities in the US job
market and preventing immigrants from benefiting from their education, work or life experience to the fullest extent, (Tienda & Rajman 2004). Therefore, self-employment appear more attractive than the wage and salary sector because it promises higher earnings, enhanced professional standing, a greater sense of independence and flexibility to accommodate family needs (Fairlie & Meyer, 1996).

Labor market disadvantage theory is often criticized for failing to explain differences in self-employment rates between equally disadvantaged immigrant groups (Vinogradov, 2008). Vinogradov, (2008), claims that it is the more advantaged ethnic groups, measured by wage/salary earnings, self-employment earnings, and unearned income and not the more disadvantaged groups, as predicted by the blocked mobility thesis, that have often the highest self-employment rates and success. Furthermore this theory is also criticized for overplaying the structural dimension at the expense of cultural processes (this shall be treated in the coming sections) (Vinogradov, 2008).

Labor disadvantage theory can be applicable in understanding the reasons for taking up self-employment by immigrant entrepreneurs in Norway. The aim of this study is to get an insight on how entrepreneurial success among the immigrant entrepreneurs is influenced in Norway. The reasons that trigger entrepreneurial activities among immigrants can be important indicators of success or entrepreneurial performance among immigrant entrepreneurs. Hence, it will be interesting to see in this study the significance of the labor market disadvantage in impacting entrepreneurial performance among immigrant entrepreneurs in Norway.

### 2.3.4 Cultural Theory

Cultural theory or as it is commonly called ‘Cultural thesis’ states that immigrants bring with them unique characteristics that assist them in succeeding in doing business in the host society (Lo et al., 2002). This theory is one of oldest explanations for overrepresentation of some immigrant/ethnic groups among entrepreneurs. Max Weber in his seminal work “The Protestant Ethic and the Spirit of Capitalism” (1958) suggested that, due to their traditions and culturally embedded values such as hard work and asceticism, some immigrant groups are more entrepreneurial than others. Cultural values and tradition were found to providing preconditions for business development, such as investing, the culture of saving, and
entrepreneurial initiative (Weber, 1958). Weber argues that Protestants have shown a special tendency to develop economic rationalism, which cannot be observed among Catholics. Furthermore, in India the influence of Hinduism, and of the emergent caste system, which interlaced with it, effectively inhibited any economic development comparable to modern European capitalism (Weber, 1958).

Cultural theory suggests that ethnic and immigrant groups have culturally determined features such as commitment to hard work; living in austerity; membership in a strong ethnic community; accepting risk; accepting social value patterns; and orientation towards self-employment (Masurel et al., 2002). According to (Lo et al., 2002), the unique characteristics that assist immigrants in succeeding in doing business can be classified as: (1) ethnic resources; these include group solidarity, self-reliance, flexibility, willingness to work long hours, access to an ethnic network that provides credit and workers, and the possession of a capitalist culture; (2) Class resources; these refer to the educational qualifications, financial capital, business acumen, and entrepreneurial skills which immigrants possess.

Culture theories applicable for immigrant entrepreneurship studies may be subdivided into orthodox and reactive theories (Vinogradov, 2008). The orthodox cultural theory attributes the business success of a particular immigrant groups directly to the cultural values brought from their home country. This view is in line with Weber’s theory seen above. Reactive cultural theory on the other hand, suggests that the cultural traits promoting immigrant entrepreneurship are formed as an adaptation to scant opportunities in the host society (Vinogradov, 2008). The later theory is context-based, and combines the disadvantage and cultural approaches (Vinogradov, 2008).

Cultural characteristics are predominantly used to explain the tendency of Asians becoming self-employed (Volery, 2007). For example Leung (2002) after studying the features of the Chinese catering system in the UK suggested that there is a certain predisposition of the Chinese cultural value and family structure that determines their participation and contributes to the entrepreneurial success. The strong presence of the Chinese in the catering
sector in the UK has led many to believe that certain traits of Chinese culture are important factors determining their participation in that specific economic sector (Leung, 2002). New studies, however, have argued that these assumptions do not consider other critical aspects of this phenomenon, such as employment alternatives, immigration policies, market conditions and availability of capital (Volery, 2007).

The study done by Leung (2002) has highlighted that cultural theory is not as useful as one might think in explaining immigrant entrepreneurship, because it only focuses on cultural aspects and ignores other socio-economic and political factors. Another study found that, the poor entrepreneurial performance of the African Caribbean in the UK was as a result of individuality and other conditions, such as the political and socioeconomic environment, and personal qualities, including character, rather than the cultural attributes and ethnicity (Okonta & Pandya, 2007).

The cultural theories are criticized for their overemphasis on ethnic solidarity and collective cooperation, while neglecting internal class differences and cultural explanations, especially reactive ones, are not universally applicable (Vinogradov, 2008). Furthermore, some immigrants are well educated and exploit the same legal regulations as natives entering business ownership in the ways not predicted by cultural theories and foreign born entrepreneurs from less entrepreneurial cultures are found often to outperform natives in traditionally entrepreneurial countries (Vinogradov, 2008).

Again it will be interesting to see in this study the influence of the immigrant entrepreneurs’ cultural characteristics in impacting entrepreneurial performance, as also cultural theory will be an important tool in analyzing the entrepreneurial performance and success in Norway.

2.3.5 Opportunity structure theory

The idea behind the opportunity structure theory is that the host country has demands for small-scale commercial activities although such demands do not favor the big scale distribution and production or appeal the interest of the native entrepreneurs (Zhang, 2010). Here the barrier of entry is low for the immigrants to achieve access to business ownership. Another typical opportunity can emerge from the development of a new ethnic community, as these communities have specific needs which only co-ethnics are capable of satisfying (Volery, 2007). Therefore when immigrants cannot find employment in the mainstream
society, a viable option they have is to rely on their ethnic resources and open up businesses to serve these niches (Zhang, 2010). Furthermore, immigrant entrepreneurs, who are involved in serving co-ethnic markets, have the advantage of knowing their co-ethnic customer preferences and offering reliable service because they speak the same language and have skills to serve their co-ethnic customers. Their co-ethnic customers like to go shopping within their co-ethnic community and form a protected market (Zhang, 2010).

In addition, they serve the non-ethnic market in which mainstream businesses are not interested (Waldinger et al., 1990). Therefore the greater the cultural differences between the ethnic group and the host country, the greater the need for ethnic goods and the bigger the potential niche market (Volery, 2007).

An opportunity structure can also include other conditions, such as the legal and institutional framework. These can for example limit opportunities no matter how big the market is (Volery, 2007). Unlike markets with low economies of scale that do offer opportunities for an immigrant (of which a typical example is the taxi business), the existence of high entry barriers, can limit opportunities to immigrants wanting to enter the open market, which is occupied by local entrepreneurs (Kloosterman & Rath, 2001). Kloosterman & Rath (2001) on the other hand claim that immigrant entrepreneurs not only take advantage of the opportunity structure, but also have the tendency to create their own opportunity through innovative ideas that may not have previously existed. A good example of this is the introduction of ethnic (exotic) food to the mainstream population.

According to Waldinger et al., (1990), immigrant entrepreneurs enter the mainstream market if: 1) they are underserved or abandoned by the natives, 2) they have low economies of scale, 3) they are unstable or have uncertain demand and 4) they are markets for exotic goods and services. These niches are characterized as: risky and demanding long working hours, small turnovers, but negative opportunity cost when compared to home country income. Meaning income from doing business in host country is way better than the forgone income that would have resulted from income generating activities in the home country. The niche is further characterized by high reliance on families and/or available co-ethnic resources in comparison to larger local firms (Zhang, 2010).

Opportunity structure is also criticized for failing to consider the external environment and
the differences between ethnic groups on immigrant entrepreneurship (Zhang, 2010).

Many of the conceptual theories described above, including opportunity structure and cultural theory, have been integrated into Models to explain the phenomenon of immigrant entrepreneurship as a whole. These models will especially be helpful in singling out the key elements (variables) of immigrant entrepreneurship success and understand how the interplay between these elements defines entrepreneurial success among the immigrant entrepreneurs in Norway.

2.3.6 Interactive model

The interactive model recognizes the existence of an interaction between group characteristics and the opportunity structures. The primary argument here is that entrepreneurship is socially embedded, and this view can be seen as representing a combination of the cultural and labor disadvantage theories (Lo et al., 2002). Waldinger et al. (1990) developed the interactive model to explain why certain groups are overrepresented among entrepreneurs. This model emphasizes on the interaction between the opportunity structure and ethnic group characteristics. Waldinger et al. (1990) argues that immigrant entrepreneurship is a result of the qualities and resources attributable to certain immigrant groups and the legal framework in the host country. The model suggests, that the growth of ethnic business cannot be traced back to particular characteristics believed to be responsible for the entrepreneurial venture. The success of ethnic business, rather depends on the intricate interaction between opportunity structures and group resources, two key dimensions that steer the strategies an ethnic entrepreneur has to implement in order to create a viable business in an alien environment (Volery, 2007).

The interactive model developed by Waldinger et al., (1990) is demonstrated in the figure below:
As can be seen from figure 3, the opportunity structure is made up of market conditions, access to ownership, job market conditions, and legal framework. Whereas the group resources are resources that are shared by the immigrant groups from the same ethnic or national origin and include, cultural traditions and ethnic social networks (Volery, 2007).

The above figure suggests that immigrant business ownership can be influenced by the opportunity structures relating to market conditions. Market conditions may favor only businesses serving ethnic community needs at first and the demand for co-ethnic products demonstrated by co-ethnic clients is critical as the entrepreneurial opportunities are very limited here (Volery, 2007). Nevertheless, ethnic entrepreneurs are gradually forced in to expanding their business to reach out to the wider non-ethnic markets because of the fierce competition they face in the co-ethnic markets as a result of their very specific and limited knowledge and skills (Vinogradov, 2008).

Opportunity structures can define the types of businesses that may be supported by the market. Given the limited resources and lack of relevant business experience, immigrants
are expected to enter labor-intensive niches avoided, or abandoned by natives (Vinogradov, 2008). New immigrant firms are unlikely to arise in industries characterized by extensive scale economies and high entry costs. The niches that are occupied by the immigrant entrepreneurs are characterized by; low entry barriers, low economies of scale, high failure rates, high uncertainty and instability (Waldinger et al., 1990).

If immigrants are to exploit the prevailing business opportunities, there are also some conditions that have to be fulfilled, of which access to business ownership is key. Access to business ownership is dependent on the extent of competition from natives and the host government’s policy towards immigrants (Waldinger et al., 1990). Meaning, immigrants’ gain access to business ownership opportunities in areas where natives are reluctant to enter. Host country governments’ policy is also another factor that influences the opportunity structure, as immigrant businesses regulation as well as their special distribution when they first arrive can shape their feature career choice (Waldinger et al., 1990). Access to finance and particularly, government support programs aimed at helping immigrant entrepreneurs may also provide the needed financial capital and business-specific knowledge. For example a “preferential treatment” like policies of immigrant business can create a protected market for immigrant-owned businesses (Vinogradov, 2008).

Furthermore, due to lack of language skills, relevant education and training, some immigrants are predisposed towards starting up own business (Waldinger et al., 1990). Their limitations mean that they have few alternative ways of securing socio-economic mobility (Zhang, 2010).

The process of migration can be self-selective. Some immigrants are risk seeking and they posses psychological characteristics associated with entrepreneurship (Waldinger et al., 1990). Immigrants may be willing to become self-employed because they are ready to work longer hours and to be content with lower levels of profits. Moreover, due to their specific traditions and cultures, immigrants may perceive their job status differently than natives. In line with the middleman minority theory, some immigrants may be more concerned with economic mobility than with social status (Waldinger et al., 1990).

Immigrants can also tap in to the resources of their ethnic communities, as these communities are mostly equipped with infrastructures and resources that these immigrants
require when starting up their businesses (Volery, 2007). Volery, (2007) warns that the importance of cultural traditions should not be overemphasized and that they need to be considered with caution. This is because it can be a handicap for the growth of the business. The significance of family and frequent interaction and interdependence between co-ethnics, the feeling of commonality is, however, undisputed. Ethnic networks may provide advantages to immigrants in terms of access to financial capital, business information and training. The possibility of employing co-ethnics also provide additional advantage to immigrant businesses because co-ethnic workers are expected to be reliable, loyal and, most all, inexpensive or even for free (Vinogradov, 2008). These inter-relational connections play a crucial role in the success of an ethnic enterprise and can compensate for many disadvantages immigrants face in an alien environment (Volery, 2007).

Based on the particular opportunity structure and their group characteristics, the immigrants develop strategies (ethnic strategies), which is a central element in the interactive model. These strategies emerge from the interaction of opportunities and group characteristics, as ethnic groups adapt to their environments (Waldinger et al., 1990). The difference in the entrepreneurial activities between immigrants can be explained by the interaction of the individual immigrant groups’ characteristics and opportunity structure on the one hand and pre and post immigration circumstances on the other hand (Vinogradov, 2008). Ethnic strategies are solutions to the specific problems ethnic entrepreneurs encounter as a result of the interaction between the opportunity structures of the host society and the characteristics of their group. Some of problems ethnic entrepreneurs must contend with include; the gathering of information, availability of financial capital, human resources, training and needed skills, customers and suppliers, political attacks and competition (Volery, 2007).

Waldinger et al.’s interactive model has been criticized for it’s over use of ostensive definitions. Ostensive definitions according to Vinogradov (2008), list the conditions under which a phenomenon appears. Ostensive definitions of opportunity structures provided by Waldinger et al., (1990) are claimed to remain too low on the abstraction ladder to isolate causal relationships. Moreover, ostensive definitions are subject to endless reappraisal whenever someone revises the list of conditions. These problems can be addressed by defining economic opportunities through potential monetary rewards (Vinogradov, 2008). Kloosterman & Rath (2001) also identify the pitfalls of the interactive model, in that it
ignores local economy influences on immigrant entrepreneurship. Another criticism is on its methodology and lack of attention devoted to class and gender issues (Zhang, 2010).

### 2.3.7 Mixed embeddedness model

The concept of this model is a further development of opportunity structures and ethnic resources (Volery, 2007). This model provides an extension to the social embeddedness aspect of the interactive model and incorporates a politico-institutional dimension to immigrant entrepreneurship (Teixeira, Lo & Truelove, 2007). The mixed embeddedness approach argues; in addition to the role of ethnic minority community networks in the opening and operation of small businesses, the impact of laws, public institutions, and regulatory practices upon immigrant entrepreneurship must also be taken into consideration (Kloosterman & Rath, 2001). Thus, this approach attempts to contextualize the interaction of micro-level cultural forces within the broader political, social, and economic setting of the host society (Teixeira et al., 2007). This is because the structural system of the local economy together with the legal-institutional factors have strong influence on the creation, as well as existence in general of the small business economy (Volery, 2007).

The mixed embeddedness model seeks to explain the opportunity structure of immigrant entrepreneurship by taking into account the supply side characteristics of the of immigrant entrepreneurs, the demand side, opportunity structure and the institutions that mediate between aspiring entrepreneurs and openings to start a business (Kloosterman & Rath, 2001). According to Volery (2007), the mixed embeddedness model is based on three assumptions:

1) high barriers of entry or regulations should not block opportunities;
2) opportunity must be recognized through the eyes of a prospective entrepreneur as one that will provide adequate return;
3) the entrepreneur should be able to grasp the opportunity in a tangible way.

Immigrant entrepreneurs in Norway do not operate in vacuum, this approach can therefore be helpful in studying their entrepreneurial activities and hence performance and success.

This model is however criticized for its failure to explain the comprehensive inter-ethnic differences within the entrepreneurial concentration and its lack of historical perspective as
it is essentially focused on the lower end of the market (Zhang, 2010).

The theories discussed above provide an insight into the elements or frameworks through which immigrant entrepreneurship is fostered or hindered. No single theory offers a comprehensive explanation of the phenomenon of immigrant entrepreneurship and all of the theories have their own strength and weaknesses. Nevertheless, they offer valuable tools in the investigation of the entrepreneurial success phenomenon among immigrants in Norway.

Yet, it is important to find a balanced approach that considers how and under what circumstances immigrants engage in fruitful entrepreneurial activities and move successfully upwards in the host countries’ macro political and economic structures. As seen above, Kloosterman & Rath (2001), propose a more elaborate concept of the opportunity structure with their theory of mixed embeddedness, arguing that different national institutional frameworks create divergent self-employment trajectories.

This concept takes into account three dimensions: the characteristics of individual immigrant entrepreneurs (the supply); the shape of the opportunity structure (the demand); and the institutional regulations mediating between the two (the mediator or condition). Furthermore, without neglecting the significance of social embeddedness (utilization of social capital and other socio-economic processes), Kloosterman & Rath (2001) also suggest three possible types of markets where business opportunities may arise for immigrant entrepreneurs: vacancy-chain openings (Traditional market for immigrant businesses), post-industrial/low skilled options (businesses that specialize in personal services, with high potential market growth) and post-industrial/high skilled options (include many high tech industries with positive growth potential that require high human capital).

By elaborating on the interactive model developed by Waldinger et al., (1990), mixed embeddedness model attempts to consider the macro political economic structural changes (Top-down) and micro level (endogenous) social capital, class and ethnic resources of the ethnic minorities and immigrants (bottom-up).

Thus, in addition to the propositions of labor disadvantage theory discussed above, it is also important to bear in mind two essential components: that some individuals (immigrants) are from a different ethnic group, and these individuals (immigrants) are entrepreneurs (Volery, 2007). Meaning the entrepreneurship dimension exists independently of a potential
entrepreneur’s ethno-cultural or religious background and influences the pursuit of entrepreneurial opportunities, as even people with the same background (this could be in terms nationality or from the same ethnic group), can have differences in the way they recognize and pursue opportunities (Volery, 2007). Additionally the concept of immigrant entrepreneurship has also become heterogeneous referring to many immigrant entrepreneurs who start their business not only because of the usual obstacles faced by immigrants in the host country, but also as a consequence of the immigrants wanting to exploit a business opportunity and make money (Chrysostome, 2010).

Chrysostome (2010) categorizes immigrant entrepreneurs in to necessity and opportunity immigrant entrepreneurs. Opportunity immigrants are comprised of the group of immigrants commonly referred to as high-skilled immigrants. This group includes; immigrants who moved to their host country with the purpose of undertaking entrepreneurial activities, immigrants who came to the host country primarily for academic or professional training and decided to stay after their training, and/or immigrants who came for job opportunities and decided later to start their company to take advantage of a business opportunity. Necessity immigrant entrepreneurs are those who start business as a result of the circumstances explained by the labor market disadvantage perspective, seen above.

Keeping the above discussion in mind therefore the next section will delineate an analytical framework that will provide a guideline for this thesis, in analyzing the immigrant entrepreneurial success and performance in Norway.

2.4 Analytical framework for studying immigrant entrepreneurial performance and success

The theories and perspectives of success and performance of immigrant business can be categorized in to supply side perspectives, such as the; cultural and neo classic perspectives; demand side, such as the; labor disadvantage perspective and the condition or the context which shapes the interplay between the demand and supply perspectives, i.e., the institutional perspective.

As discussed above the labor market disadvantage perspective, indicates that it is the desperate situation that the immigrants face upon arrival that prompts them to take up self-employment, as it is the only option they have in the host country (Volery, 2007). From this
perspective the elements that influence entrepreneurial success and performance are the commitment and the determination to succeed of the immigrant, as self-employment is the only viable job alternative (Chrysostome & Arcand, 2009). The cultural perspective on the other hand suggests that, immigrants move to a host country with entrepreneurial abilities they have already developed in their home country. According to this perspective, the pre-migration cultural tradition of entrepreneurial mentality, the ethnic social network and the ethnic niche market are the elements that are critical for the immigrants’ entrepreneurial success and performance (Chrysostome & Arcand, 2009).

According to the Neo-classic perspective, entrepreneurship is a result of arbitration between the earnings expected from self-employment and the wages expected from being an employee, hence, entrepreneurial performance and success is influenced by risk management, innovative ideas, managerial skills, education level and work experience (Chrysostome, 2010). Similarly, the institutional perspective, argues that the institutional structure is critical in the emergence of business ventures. According to this view entrepreneurial performance and success will vary depending upon the policy initiatives designed by the government (Kloosterman & Rath, 2001).

Thus, based on the above discussions, the elements that influence the entrepreneurial performance and success among immigrants can be categorized in to five categories namely: ethno-cultural, financial, managerial, behavioral and institutional framework (Chrysostome & Arcand, 2009). The coming sections will be devoted to discussing these five categories as outlined by Chrysostome & Arcand, (2009) and Chrysostome, (2010).

2.4.1 Ethno-Cultural elements

As seen above the key components of the ethno-cultural elements, that are critical for the immigrants’ entrepreneurial success and performance elements are the ethnic niche market, ethnic social network and ethnic labor.

The term market niche in immigrant entrepreneurship context refers to the market in which mainstream entrepreneurs are not doing business given the opportunity structure of the host country (Chrysostome & Arcand, 2009). This is very important to the success and performance of immigrant entrepreneurs. Some of the reasons for the success of immigrant entrepreneurs can be explained by the low interest of native entrepreneurs in such markets
because they are deemed not to be generating sufficient economic rewards and the lack of appropriate skills by the natives. According to Chrysostome & Arcand, (2009), there is two types market niche: the ethnic and non-ethnic market niche. The ethnic niche market refers to the co-ethnic consumers of the immigrant entrepreneurs. In general this market is targeted with an ethnic product such as ethnic food, ethnic newspapers (Chrysostome & Arcand, 2009). Kloosterman & Rath (2001) on the other hand, suggest three possible types of markets where business opportunities may arise for immigrant entrepreneurs: vacancy-chain, post-industrial/low skilled options and post-industrial/high skilled options. Most businesses in the vacancy-chain Openings are small scale, low-skilled, labor intensive and highly competitive and the limited profit earning potential in this market means that, this is the traditional market for immigrant businesses and often becomes a fertile environment for informal economic activities (Kwak, 2013). This character further reinforces a strong embeddedness in the ethnic community that is rooted in ethnic trust or close social networks (Kwak, 2013).

In this market the immigrant entrepreneurs; in addition to providing an ethnic product to their ethnic market, they can easily develop a profitable social network with their co-ethnic consumers because he or she shares the same culture and identity with them (Chrysostome & Arcand, 2009). The ethnic market niche is critical element in the performance and success of the immigrant entrepreneur because of their competitive advantages. The immigrant entrepreneurs operating in this niche have critical skills that the native entrepreneur does not have and cannot imitate (Chrysostome & Arcand, 2009). The ethnic solidarity the immigrants get from their ethnic communities through various social actions can also help maintain or increase his or her ethnic market share.

In general however, the chances for success are rather limited. Even though these businesses offer relatively easy access, most businesses in vacancy-chain openings are easily trapped within the confines of co-ethnic markets, even go to as far as reaching the saturation point (Kwak, 2013). Therefore the size of the ethnic market share of the immigrant entrepreneurs also becomes the most important factor for the performance and success of their businesses. The size of the ethnic market share of the immigrant entrepreneur is influenced by the size of the ethnic community, and if the size of the ethnic market share is not large enough to
generate a sufficient volume of sales to cover the costs incurred in operating the business, the critical ethnic skills of the immigrant entrepreneur will become useless (Chrysostome, 2010). Otherwise the immigrant entrepreneurs will need to ‘break-out’ or become innovative in their business ventures (Kwak, 2013).

Businesses in the non ethnic market niche on the other hand does not require any ethnic product or ethnic community and unlike the ethnic market niches that cannot be considered by the native entrepreneurs because of their limited skills for such a market niche, this markets are in general neglected by native entrepreneurs because of the insufficient return they offer and the effort that targeting such markets requires (Chrysostome & Arcand, 2009). A typical example of this type of market is the taxi business.

The success of the immigrant businesses in this market is influenced by the fact that the immigrant entrepreneurs in this market do not face any significant competition from mainstream entrepreneurs because they are not attracted by the effort required to satisfy the non ethnic market niche and the low return it provides. Another non-ethnic market is the post-industrial/High Skilled markets as proposed by Kloosterman & Rath, (2001), that include many high tech industries with positive growth potential that require high human capital. However the importance of social networks in non-ethnic market niches is equally important as in the ethnic niche. Here the immigrant entrepreneurs may rely on co-ethnic suppliers in their home countries, they also reach out to customers in other ethnic groups as well as mainstream consumer market (Kwak, 2013).

The third market where immigrant entrepreneurs operate, as proposed by Kloosterman and Rath, (2001) is the post-industrial/Low skilled market. Here the immigrant businesses are involved in providing personal services. This market attracts many innovative entrepreneurs because it has high market growth potential. According to Kwak (2013), the innovative nature of this market means that the state regulations are often slow to intervene and control the actual development of business operations and accordingly, it requires only low levels of skill or sometimes no qualifications at all. This market tends to include many sectors previously monopolized by the state, such as education and care services and many other personalized services in developed countries and due to the effects of neo-liberalization, the businesses are in many cases the product of privatization and deregulation, usually they
cater to more affluent customers (Kwak, 2013).

Similarly, ethnic social networks as a key component of the ethno-cultural elements can be critical in influencing the immigrants’ entrepreneurial performance and success. Ethnic social networks as a concept refers to a multi-faceted phenomenon in which variances in culture, religion, language or socio-economic position plays an intertwined role. According to (Masurel et al., 2002), social networks comprising of the community and the family play a major role in the operation of ethnic enterprises. The ethnic social network signifies the formal and informal ethnic connections. Informal connections are particularly important to the immigrant entrepreneur and these connections of the immigrant entrepreneur include his or her family members and friends in the host country and his or her connections in other countries (Chrysostome, 2010). The ethno-cultural networks have the potential to play an important role in shaping incubation possibilities for ethnic business, as access to more sophisticated information sources and professional (and non-professional) personnel is often a prerequisite (Masurel et al., 2002).

When it comes to the very context of kinship relationships and social bonds it is plausible that there are special connections between ethnic-minority business firms and their co-ethnic customers.

According to Masurel et al., (2002), social networks are comprised of ethnic related attributes and structures that provides ethnic business owners with a potential comparative advantage when undertaking their businesses. Through social networks immigrant business can gain a flexible and efficient possibilities for the recruitment of personnel and the acquisition of capital. Ethnic businesses are heavily reliant on the labor that co-ethnics provide. Similarly, networks can also provide easy and informal access to borrowed capital that is especially crucial in the start-up phase. Furthermore, thanks to the mutual trust within the networks there is an informal exchange of information. Especially the weak ties provide valuable information, because this information often comes from distant parts of the social system (Brüderl & Preisendörfer, 1998).

The existence of social resources such as rotating credits, a protected market and a labor source is also crucial for the success of ethnic minority business firms. (Masurel et al., 2002) maintains that, the lack of access to ethnic resources, especially finance, and access to new
markets are the main constraints to successful diversification and development of ethnic businesses. It is further claimed that networks can also serve as a bridge into moving to become a mainstream business.

The mechanisms through which network support improves success is summarized by Brüderl & Preisendörfer (1998) as follows:

1) Social relations and social contacts are important channels for gaining access to information. Compared with information received from formal sources, information received from network ties is often assumed to be more useful, reliable, exclusive, and less redundant.

2) Furthermore, network contacts give access to customers and suppliers. Finding enough customers obviously determines the success of a new business. A diverse network might be very helpful for this, because friends and acquaintances as the first customers might spread information on the new firm via their own networks a description of such “snowball effects”.

3) Network contacts may open the possibility to broaden the financial basis of a new firm. Given the financial restrictions many new firms are confronted with, the credit raising function of social relations seems to be important.

In addition to the above mechanisms, family network is also important in that it gives access to unpaid family work, provides emotional support, and compensate for financial restrictions, especially during the start-up phase (Masurel et al., 2002).

Immigrant entrepreneurs’ participation in broader networks and activities beyond their co-ethnic communities can also further determine, how they can improve upon social networking and capital mobilization activities in their non co-ethnic population (Ho, 2010). This in turn will help them to become members of many associations in order to attract customers and mobilize labor and capital from the mainstream community. Thus developing a network building strategy and engagement with non-ethnic networks is crucial for the success of the immigrant business.

The social networks’ quality according Kristiansen (2004) is dependent on the; number of relations, strength of ties, variety or diversity of networks and network dynamics.
When it comes to the effect on the development of social capital and entrepreneurial resources, the number of social relations one has on their network is crucial, as number matters in business. Kristiansen, (2004) argues that the number of relationships, it could be total or partial, is the significant network strength indicator. Fostering (quality) network by increasing the number of contacts is advantageous for the entrepreneurial success and performance because it can provide access to specific resources. Whereas the strength or (density) of ties, is measured in terms of; the length of time two actors spend time together, the degree of trust and acquaintance between the related persons, the emotional intensity between two actors, the time that the relationship has lasted and the frequency of interaction (Kristiansen, 2004).

Variety or diversity of networks is also important because immigrant entrepreneurs with divers network have access to new information from various sources, can obtain novel information when compared to those with restricted networks. Furthermore immigrant entrepreneurs who have several high-status and wealthy individuals within their networks are normally associated with large amount of resources. This diversity includes also the geographical extension of social ties. It is argued that the more extended the network, the higher the chances of picking up new ideas and information of value for business development (Kristiansen, 2004).

Social networks are flexible and dynamic if there is a frequency of tie formation and dissolution. The frequency of changes in networks, i.e., new persons coming in, is important for the quality of social networks. Especially in the knowledge intensive ventures, dynamics and flexibility in the networking structure is vital. Dynamics includes also the frequency with which new ideas or business-related issues appear in relations within an existing network.

However many researchers argue that, immigrant businesses profit from ethnic co-ethnic networks only during the start-up phase from. Later on, networks become irrelevant and factors like human capital and gain importance (Masurel et al., 2002).

As touched upon in the above discussion, one of the benefits the immigrant entrepreneurs get, from their ethnic social network is, access to easily accessible, low-cost and loyal labor. This Ethnic labor is one of the most important competitive advantages the immigrant
entrepreneurs can have access to, through their ethnic social network (Chrysostome & Arcand, 2009). Difficulty immigrants face in the job market when they first arrive in the host country as a result of limited qualifications and particularly poor language skills creates a condition for the formation of an ethnic labor pool that is very favorable to the immigrant entrepreneurs (Masurel et al., 2002). The larger the ethnic labor pool there is, the better the access of the immigrant entrepreneurs to co-ethnic workers as they can have access to low cost ethnic co-workers who are loyal and willing to accept demanding work schedules (Chrysostome, 2010).

The work relationships the immigrant entrepreneurs have with their ethnic labor are to some extent a way to express ethnic solidarity, as in many cases the co-ethnic workers are family members or ethnic acquaintances of the immigrant entrepreneurs. This is because for the ethnic co-workers, the job offered by the immigrant entrepreneurs is a means of survival in the host country and sometimes to integration in the host country society. For the immigrant entrepreneurs on the other hand, employing the co-ethnic workers is a way to help his or her ethnic community and also to have access to the help that he or she cannot find in the mainstream job market (Chrysostome & Arcand, 2009). Another crucial advantage as suggested by Chrysostome & Arcand, (2009) is the fact that ethnic co-workers is their mastery of the ethnic language as well as specific skills and given that the market niche targeted by many of immigrant entrepreneurs is in many cases a niche formed by co-ethnic consumers, making use of co-ethnic workers helps to create and maintain satisfying business relationships with the ethnic niche market.

Furthermore Emotional support immigrant entrepreneurs get from their ethnic social network is also critical resource because they have to run a business (activity which is risky and very stressful) in an environment that is culturally very challenging and sometimes hostile. Emotional support can be very helpful when the immigrant entrepreneurs are specially facing critical uncertainties (Chrysostome, 2010).

2.4.2 Access to finance

One of the most important barriers preventing would-be entrepreneurs from starting businesses and small businesses from growing is inadequate access to financial capital (Fairlie, 2012). Immigrant entrepreneurs particularly, find it very difficult to have access to
financial resources from the formal financial sources, such as banks and other types of financial institutions. This situation can even be worse for the necessity immigrant entrepreneur because their businesses generally do not involve any innovative product or activity that can impress financial institutions (Chrysostome & Acrand, 2009).

Fairlie, (2012), claims that there is a strong positive correlation for example between startup capital and business performance, as firms with higher levels of startup capital are less likely to close and have higher profits and sales, and are likely to hire more employees. This positive relationship is consistent with the inability of some immigrant entrepreneurs to obtain the optimal level of startup capital because of borrowing constraints, since these immigrant entrepreneurs are constrained in the amount of startup capital that could be used to purchase buildings, equipment, and other investments and expenses, such as those related to the advice of lawyers and accountants, their businesses are less successful than if they could have invested the optimal amount of capital (Fairlie, 2012).

However, immigrant entrepreneurs need financial resources to effectively face the start up and operating expenses of their businesses. According to Fairlie (2012) the most common source of startup capital for immigrant firms and is from personal or family savings. The second most common source of startup capital used by immigrant businesses is personal or business credit cards and another common source of startup capital is a business loan from a bank or financial institution, nevertheless immigrant businesses are slightly less likely to use this source. In addition to personal savings immigrant business owners also commonly use personal and family assets and home equity loans to finance business start up (Fairlie, 2012).

### 2.4.3 Human capital/managerial resources

The managerial aspect of the immigrant business owner is also important determinant of immigrant business performance and success, and is mainly associated to the educational background and previous experience of the immigrant entrepreneurs. Brüderl et al., (1992) distinguishes between general and specific human capital. The general human capital is measured in terms of years of schooling and years of working experience. The notion of specific human capital can be further divided in to industry specific and entrepreneur specific human capital. The most important indicator of entrepreneur specific human capital
is years of schooling and the prior self employment-experience. A second indicator is the leadership experience i.e. experience in managing and directing employees. The third indicator is the parental self-employment.

Educational level plays an important role in the performance and success of the immigrant entrepreneurs, in such a way that it helps the entrepreneurs understand the challenges faced in the host country and devising the best approaches to meet them (Chrysostome & Acrand, 2009). According to Fairlie & Lofstrom, (2013), although its role in explaining entry into business ownership is unclear, education is also likely to generate skills that are associated with greater success, such as the analytical ability, communication skills, and other skills needed to run a business successfully. In other words, the education level plays an important role in the decision process of the immigrant entrepreneur (Chrysostome, 2010).

As indicated above the immigrant’s previous experience can also be crucial for immigrants’ entrepreneurial activities. This especially refers to two types of experiences: previous work experience (such as the leadership experience including experience in managing and directing employees) and previous business ownership experience (Brüderl et al., 1992). Previous business ownership experience of the immigrant entrepreneurs is a critical for performance and success of the immigrant businesses (Vinogradov & Isaksen, 2008). For example, having the experience of exposure to the challenges related to starting a new business, can make the immigrant entrepreneurs to learn and develop relevant managerial skills in their home country before they leave for their host country (Chrysostome & Acrand, 2009).

Some of the challenges according to Vinogradov & Isaksen, (2008) are related to establishing relationships with key stakeholders, adjusting to market demands, human resources allocation, and internal facilitation of communication within the organization. Another example is, children of entrepreneurs often have access to their parents’ workplaces from childhood on acquiring entrepreneurial qualification and at the same time self-employed parents may also serve as role models (Brüderl et al., 1992). Learning can result from both positive and negative previous experiences. When a previous venture was successful, the immigrant entrepreneur tends to replicate the previous successful business practices, but learning can also be very productive in the case of failure of a previous
venture, as the immigrant entrepreneur tends to avoid the mistakes that led to the previous failure (Chrysostome & Acrand, 2009).

### 2.4.4 Individual behavioral elements

Behavioral factors include some of the important personality traits that are crucial when one runs a business. Behavioral factors include wide array of elements that defines a person. Individual behavioral factors in this thesis’s context include, the important personality traits that are crucial when one runs a business. Risk aversion and commitment can especially be important indicators of entrepreneurial performance and success.

Tang & Tang, (2007) describe risk-taking propensity as an individual’s current tendency to take or avoid risks. Risk taking is considered to be a fundamental part of entrepreneurship because a person cannot know with certainty if the desired products can be produced to meet the needs of consumers, or profits can be generated before a new product or service is introduced (Tang & Tang, 2007). It was found that managers’ risk aversion and their investment decisions, are negatively correlated (Chrysostome & Acrand, 2009). The higher the degree of risk aversion, the lower is the earnings. Entrepreneurs with higher motivations are expected to exhibit lower level of risk aversion propensity because they have the desire to fulfill their need for self-actualization even if the situation they are facing are full of uncertainty and unpredictability (Tang & Tang, 2007).

Risk aversion can be a serious impediment to entrepreneurship in general and immigrant entrepreneurs in particular given their specific circumstances, because immigrant entrepreneurs who have high risk aversion tend to overestimate the probability of loss resulting from strategic choices that have uncertain or unforeseeable outcomes, the immigrant entrepreneurs who have a low risk aversion on the other hand tend to overestimate the probability of gains (Chrysostome & Acrand, 2009). This is because the risk avers immigrant entrepreneurs by limiting their exposure to risk, also limit their chances of success by not taking advantage of business opportunities they could have exploited. Therefore, low risk aversion is a critical element for the performance and success immigrant entrepreneurs.

Commitment is also critical for necessity immigrant entrepreneurs as it assures the continuous existence of the business given the very challenging circumstances of their
businesses. Especially for the necessity immigrant entrepreneurs, starting up a business represent the last resort in the host country and they face a lot of challenges, such as financial and market constraints along with those activities (Chrysostome & Acrand, 2009). According to (Chrysostome, 2010), some necessity immigrant entrepreneurs, commitment can stem from family values, particularly if they were earlier exposed to a family business. For example, some Chinese, Jewish and Iranian immigrant entrepreneurs are particularly prepared for such commitment because family business is almost part of their cultures. The failure of their entrepreneurial activities is seen in general as a failure of a dream they have been nurturing for many years and they are aware of the various psychosocial consequences that such a failure can have on them. Therefore they make an incredible amount of sacrifices by; working long hours, their readiness for demanding work and less time for both family and social life, and inadequate salary in order to overcome the challenges they face (Chrysostome, 2010).

2.4.5 Institutional framework

The policy on immigrant entrepreneurship is mainly focused in the stimulation of immigrant businesses development through education and training, information provision and temporary relaxation of regulations as well as through financial incentives and loans. According to Masurel et al., (2002), such initiatives may include inter alia skills training program, development of socio-cultural competence, language courses as well as business training programs. Waldinger, et al., (1990), on the other hand argue that the general government policies can affect the opportunities available to immigrants to start a business or the types of businesses they start. For example, many communities have zoning and regulations, which prohibit certain types of businesses from operating or which dramatically increase the start-up costs for a business in order to comply with the local regulations.

van Delft et al., (1999) observe that there is strong tendency in some policy measures to overemphasize the weaknesses of immigrants such as the lack of language or entrepreneurial skills. Less attention is given to the fact that these presumably weak points could actually be positive assets. Thanks to the easily exploitable and informal networks, the ethnic resources such as; social capital, financial capital, human capital and cultural capital as discussed above, can positively enhance performance of immigrant businesses.
True as it is though, Immigrant entrepreneurs lack access to a formal knowledge and consequently lack awareness about host countries laws and regulations. This might contribute in such a way that the ethnic resources may have positive or negative impact on the performance of immigrants businesses. When they are positive, the question is how these characteristics can be put to use, but if they are negative, the question has to be on how these barriers can be removed (van Delft et al., 1999).

van Delft et al., (1999), argues that there is no uniform panacea that may act as simple remedy (policy measure) as the group immigrant entrepreneurs are of a diverse in nature. The success and failure of a specific policy targeting immigrant entrepreneurship as intimated above is dependent on the condition of the immigrants. A fine-tuning of supply and demand by assessing the needs of the immigrant entrepreneurs is therefore vital. For example the provision of training courses should be fine-tuned to the needs of the immigrant entrepreneurship. Mastery of the host country language is key, but the success of the policy, and hence, the success of immigrant businesses is also conditioned by their provision of reliable service, business ethics and good corporate citizenship and not least professionalism as well as assessing the conditions for higher education enrolment is also important performance contributor (van Delft et al., 1999).

As mentioned above, lack of information is a major weakness of immigrant businesses especially in the start-up phase. According van Delft et al., (1999), there is a need for the establishment intermediaries or agencies that could co-ordinate movement of information. The presence of clear financing scheme is also important especially to the maturity of immigrant businesses (Chrysostome, 2010). The facilitation of these financial support schemes for specific ethnic entrepreneurial initiatives might include, the provision of risk capital, lease of buildings, franchising, local enterprise funds, trust funds, soft loans…etc. These support schemes may also be extended towards real estate and land policy as well as towards the enhancement of the image of immigrant entrepreneurship.

An effort is also needed so that immigrant entrepreneurs have more clear and formal profile in the economy. This could be done through participation in entrepreneurial boards and in area-based planning initiatives or through access to official advice and guidance agencies (van Delft et al., 1999). Furthermore tax incentives can also be used to enhance the
entrepreneurial performance of the immigrant entrepreneurs whose financial resources are limited, as these tax incentives can alleviate the burden of the expenses they face for the growth of their business. But this system of tax incentives should be tailored to meet the specific needs of especially the necessity immigrant entrepreneurs (Chrysostome, 2010).

According to Desiderio, (2014), targeted business-support programs for immigrant entrepreneurs may include measures from one or more of the following categories:

*Business skills*; including (business) language courses, multilingual financial literacy and entrepreneurship training modules, an introduction to the host-country’s business culture and environment, information on local business regulations and stakeholders and on available mainstream and targeted business-support services.

*Mentoring and network-building initiatives*; that facilitate the acquisition of country-specific business skills and social capital including business-to-business advice and training, and enhanced opportunities to connect with the mainstream business community, business associations, potential suppliers, and customers.

*Tailored counseling and assistance programs*; on the administrative procedures, recruitment practices, and compliance with tax regulations, labor law, and social security obligations.

*Targeted actions to facilitate access to credit*; such as the provision of guarantees and quality-assurance labels to improve the creditworthiness of immigrant enterprises, awareness-raising campaigns among mainstream credit institutions on the behavior and bankability of immigrant groups, diversity training for mainstream credit institution agents, and enhanced microcredit opportunities and access to other unconventional finance, such as credit union loans.

Based on the above analytical framework, this study proposes a model of elements influencing immigrants’ entrepreneurial performance and success, which will be useful in the understanding of and analyzing immigrant entrepreneurial performance and success in Norway (see fig. 4).
This literature review has managed to show that the general theories on entrepreneurship and immigrant entrepreneurship are also applicable in studying immigrant entrepreneurial performance and success.

The development of the phenomenon of entrepreneurship in history has been discussed along with the various interpretations and definitions of who an entrepreneur is. The conceptual theories developed on immigrant entrepreneurship indicate that both the immigrants ethno-cultural characteristics together with the circumstances these immigrants face in the host country can have an effect on their inclination in pursuing entrepreneurship and on their subsequent performance and success. Especially, the models developed in the area show that how the interplay of the different theories can have an effect on the entrepreneurial performance and success of the immigrant.

Furthermore the meaning of immigrant entrepreneurial success was delineated and the elements that affect entrepreneurial success and performance were reviewed and critiqued. The theories and perspectives of success and performance of immigrant business were categorized in to supply side perspectives, such as the; cultural and neo classic perspectives; demand side, such as the; labor disadvantage perspective and the condition or the context which shapes the interplay between the demand and supply perspectives, i.e., the institutional perspective. Accordingly, the elements that influence the entrepreneurial performance and success among immigrants are further categorized in to five categories.

Figure 4 – Model of elements influencing immigrants’ entrepreneurial performance and success

2.5 Summary
namely: ethno-cultural, financial, managerial, behavioral and institutional framework. The review of these elements shows how these elements individually and their interaction affects entrepreneurial performance and success of immigrants.
3 Methodology

The purpose of this chapter is to discuss the methodology employed in the investigation of the entrepreneurial performance and success of immigrants. The first part of this chapter will discuss the research philosophy and research approach adopted in this thesis. Method of data gathering, sampling technique used, and data analysis will be presented subsequently. The chapter will then conclude by discussing possible ethical ramifications of this study.

3.1 Research philosophy

Research philosophy is important because the assumptions of the research paradigm guide how we do our investigation. Understanding the philosophical issues is important because it helps in determining and clarification of a research design that is effective to the study (Lincoln & Guba, 1994).

According to Lincoln & Guba (1994), paradigms hold worldviews that define for their holders the nature of the world, individuals’ place in it and the range of possible relationships to that world and its distinctive parts. The notion of paradigms is often used in the social sciences and can have several meanings. According to Sounders, Lewis & Thornhill (2009), paradigms can be defined as a way of investigating social phenomena from which a particular understanding of these phenomena can be gained and an explanation attempted. Paradigms are important to a scientific inquiry, because the interpretation of natural history is based on an implicit body of intertwined theoretical and methodological selection that permits selection, evaluation and criticism (Khun, 1996). A paradigm shapes the nature of inquiry and mainly refers to the researchers belief systems with regards to ontology, epistemology and methodology (Guba, 1990). Ontology deals with what the nature of knowledge is. Epistemology determines the relationships between the inquirer and the inquired/knowable while methodology describes the way to find out the knowledge (Guba, 1990).

Hence, it is necessary to determine the appropriate paradigm of inquiry before starting to conduct a research, together with an appropriate methodology, and not least methods of data gathering (Saunders et al. 2009). The two dominant research paradigms are the positivistic and phenomenological paradigms.
Positivistic paradigm is mainly associated with large amount of numerical data that scientifically deal with a social fact that’s detached from value and attached to the doctrine of mathematical proof (Collis & Hussey, 2003). Positivist researches focus on measuring and analyzing relationships between variables in a controlled, well-organized and structured environment (Guba & Lincoln, 1994). According to Saunders et al., (2009), the philosophy of positivism is likely to adopt the philosophical stance of the natural scientists. The end product of the positivists’ research is generalizable theories, rules and laws as in the physical and natural sciences. Researchers mostly use prevailing theories and develop hypotheses that are then tested to either be confirmed or rejected (Saunders et al., 2009).

The positivistic, also known as quantitative research is objectively measurable and is less susceptible to researchers’ bias and lends itself to statistical analysis (Saunders et al., 2009). This particular methodology is mainly based on questionnaires and is largely concerned with either confirming or refuting hypotheses. The weakness of this approach is basically that it does not take into account subjectivity, individual values and perception as well as the social meanings and interactions (Collis & Hussey, 2003).

The phenomenological paradigm on the other hand tries to understand human behavior from the perspective of the research participant’s own frame of reference (Collis & Hussey, 2003). This method comprehends events in a real life context and investigates how people experience their reality (Guba & Lincoln, 1994). Here the researcher assumes that reality is socially constructed and that the world is what people perceive it to be. This approach stresses that there is no single reality and mainly advocates a qualitative research methods with a view to understand and interpret the research area (Saunders et al. 2009).

According to Denzin & Lincoln (1998), Phenomenological approach helps researchers to study things in their natural settings. It further helps in trying to make sense of or interpret phenomena in terms of the meanings people associate with them. This approach helps to understand the world the way people perceive it to be, their feelings and ideas as well as motivations. This particular approach is primarily associated with a small population sample and lends itself to the interview process where a high level of detail is sought by the researcher (Collis & Hussey, 2003). Phenomenology is also referred to as interpretivism or qualitative (Collis & Hussey 2003). The term qualitative will mainly be used for the purpose
Qualitative research methods can be subject to bias, because the study is based on the researchers subjective interpretation of the data gathered. This method can be used effectively when there is a need for understanding of how things occur, when there is a need for an interpretation, description and appraisals, so as to reveal the nature of events and gain insight on a phenomenon (Collis & Hussey, 2003).

The aim of this study with in this paradigm will be to understand the subjective experiences as well as investigate and describe the perspectives of actors and individuals directly involved (Immigrant entrepreneurs) in the social process (immigrant entrepreneurship). Qualitative research method is therefore suitable, as it best serve the purpose of this study.

<table>
<thead>
<tr>
<th></th>
<th>Positivistic Paradigm</th>
<th>Phenomenological Paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data Collection</strong></td>
<td>The use of large samples</td>
<td>Small sample is used</td>
</tr>
<tr>
<td></td>
<td>Reliability is high</td>
<td>Reliability is low</td>
</tr>
<tr>
<td></td>
<td>Validity is low</td>
<td>Validity is high</td>
</tr>
<tr>
<td></td>
<td>Data is specific</td>
<td>Data is subjective</td>
</tr>
<tr>
<td><strong>Role of Researcher</strong></td>
<td>Detached and objective</td>
<td>Researcher is part of what is being observed</td>
</tr>
<tr>
<td><strong>Research Approach</strong></td>
<td>Formulation and testing of hypotheses</td>
<td>Focus on meanings</td>
</tr>
<tr>
<td></td>
<td>Numerical expression of data</td>
<td>Minimal numerical expression</td>
</tr>
<tr>
<td></td>
<td>Reports are presented in an abstract language</td>
<td>Reports are presented in a descriptive language</td>
</tr>
<tr>
<td></td>
<td>The use of questionnaires and cross-sectional studies</td>
<td>The use of focus groups, interviews and case studies</td>
</tr>
</tbody>
</table>

Table 1 - Positivistic Vs. Phenomenological paradigm: Adopted from, Collis & Hussey, (2003)
3.2 Research approach

The immigrants’ group characteristics, their real life experiences as well as the challenges and opportunities they face and the resulting influence of these above dimensions on the performance and success of immigrant businesses is multifaceted in nature. A questionnaire checklist approach cannot capture the elements that affect the performance and success of immigrant businesses in their natural settings. Quantitative approach is not that helpful to make sense of or interpret this phenomenon. The phenomenological paradigm is therefore used, as it is better suited to understand the performance and success factors of immigrant business.

Qualitative approach mostly emphasizes the socially constructed nature of reality. It involves recording, analyzing and attempting to uncover deeper meaning and significance of human behavior and experience, and not withstanding contradictory beliefs behaviors and emotions. The aim of this thesis the is to gain a rich and complex understanding of people’s experience and not in obtaining information that can be generalized to other large group, as the research phenomenon of this thesis i.e., performance and success of immigrant entrepreneurship is a socio-cultural, interactive, practical and creative process that cannot be isolated from the surrounding world. In this thesis the immigrant entrepreneurs account for the entrepreneurial reality of the Norwegian business environment that they live in.

The qualitative approach makes use of a language of concepts and cases, and examines social processes and cases in their social context and tries to look at interpretations or to establish meanings in specific settings (Miles & Huberman, 1994). Literature in the fields such as sociology and anthropology indicate that fieldwork is useful means of conducting a qualitative research methodology. This is mainly a combination of observation and semi-structured interview in the research setting. Qualitative interviews are essentially considered to be interactive, dynamic and flexible. Interviews are active channels to the exploration of rich and complex body of information possessed by individuals. According to Cavana, Delahaye & Sekaran, (2001) Interviews operate on three levels:

1. The content level where the interviewer listens and records the information provided by the interviewee.
2. The process level where the interviewee uses the skills of rephrasing and uses
probing questioning techniques to get more information out of the interviewee.

3. The executive level where the interviewer needs to be aware of the time spent, and how much time is left for the interview.

It is also important that the interviewer is sensitive towards the energy level of the interviewee so as to make considerations as to when to continue or to take it slow or even stop.

Semi-structured interview is an all-embracing term used to portray a range of different forms of interviewing most commonly associated with qualitative research (DiCicco- Bloom & Crabtree, 2006). Here the questions are in a form of an interview schedule, but the sequence of questions can be changed. Semi-structured interviews are organized around interview guide. The interview guide contains the topics and themes or the areas to be covered during the course of the interview. The guide serves as an aide memoire and is designed to draw out the interviewee’s ideas and opinions on the topic of interest. This means that the interview is not highly structured with close-ended questions, nor is it unstructured where the interviewee can talk freely about whatever that comes in to his/her mind (DiCicco-Bloom & Crabtree, 2006).

Sounders et al. (2009) state that when there is a need for eliciting the participants’ insights, opinions, attitudes as well as their general experiences, the researcher is likely to adopt qualitative interviews and the semi-structured interview is a well suited instrument that is likely to get the desired results for the study. Indeed the reasons for opening up of own business and the experience, i.e. both the challenges and opportunities of becoming a successful entrepreneur and the subsequent fate of their enterprises lends itself to an in-depth interviews. A semi-structured, in-depth interviews, allow for the full expression of the interrelationships between the elements of ones reasons (motivation) of becoming an entrepreneur on entrepreneurial success, as well as the impact of the various elements that influence immigrant business performance and success. Therefore, a qualitative research method was used to get an insight on the impact of the reasons for becoming self-employed and the elements (such as; the group resources, opportunity structure and the institutional framework) on the performance and success of immigrant business in Norway.
3.3 Respondents

The selection of participants in a qualitative research is a process of selecting the respondents from a group of individuals in order to obtain information regarding a phenomenon. It is the study’s research objectives and the characteristics of the targeted group of individuals such as the size and diversity that determine which and how many to select (Nielsen, 2011). The focus of this study is on immigrant entrepreneurs in Norway. However there is no any business association like organization/institution or a register for the immigrant entrepreneurs “only” in Norway, so it is difficult to single out the immigrant owned businesses. Therefore the standardized probability-sampling methods would not succeed in locating this group of entrepreneurs in Norway.

Grinnell & Unrau (2005) suggest that, when faced with this type of situation the researcher has to employ, either, quota sampling, snowball sampling or purposive sampling. In the quota sampling method selection is made to characterize a sub population. Purposive sampling on the other hand is employed when the selection is done based on the knowledge of the research problem that helps in deciding to select participants in the sample (Grinnell & Unrau, 2005). The snowball is used where the researcher is aided by the respondents to locate other respondents for the study (Grinnell & Unrea, 2005).

This study adopted the purposive sampling methods. Because purposive sampling allowed me to make use of my judgment in selecting participants who were best suited to answer the research questions and satisfy the objective of the study. This method is also known as judgmental sampling as the judgment of the researcher is key here compared to the probability sample. In the purposive sampling, the aim is not to obtain a representative sample, but rather to distinguish purposive cases that represent specific group in a given phenomenon (Teddle & Yu, 2007). The informants are representative in an informal sense as they reflect the important aspects of people’s ideas and experiences that have the generally applicable understanding to the social phenomenon under study.

Hence, in the process of hiring participants, a list of pertinent businesses that immigrants are often involved in was prepared, by taking the age of the business as a first suitability criterion for selection to an interview. Three years was taken as a minimum criterion in the selection of participants, as according to Chrysostome (2010), three years is a good indicator
of a survival of a business. A direct visit was then made afterwards to the businesses in order to inquire with the owners if they were willing to participate in the study.

In a non-probability sampling technique, there is no defined rule in choosing a sample size. Sample size is rather dependent on the objective of the study and the research questions (Saunders et al., 2009). This is especially true in a qualitative data collection using interviews. The understanding and insights gained from the data as well as their validity, is dependent on the data collection and analytical skills than the sample size (Sounders et al., 2009). Sounders et al (2009) suggest on conducting a number of interviews until the point where data saturation is reached.

Alder & Alder (1987), propose a sample size of 12. They claim that this number gives the ability of planning, organizing and structuring interviews. It also helps in conducting and partially transcribing the interviews, and generating quotes. More than this number seems impractical taking the time and resources constraints in to consideration (Adler & Adler, 1987). Hence, taking the time and resources available for this study, into consideration, this study set out to conduct 12 in-depth interviews.

The interview guide was prepared in English. However, the fact that many of the informants did not have a good knowledge of the English language meant that some of the interviews had to be conducted in Norwegian. The fact that i had working knowledge of the Norwegian language, led to the interviews being conducted without any inconvenience. Informants who couldn’t speak either English or Norwegian were not considered for the study because of resources and time constraints.

3.4 Method of Data gathering

Primary data was collected through semi-structured face-to-face interview with the immigrant entrepreneurs themselves. The original plan was to interview 12 respondents in accordance to the data collection procedure suggested by Adler & Adler (1987). However, responses started to become repetitive, and the saturation point was reached at the 9th interview. Hence, the researcher decided that it was sufficient with 10 interviews. The rest of the selected participants were informed by telephone that their responses wouldn’t be required. The interviews took from 50 minutes to 1hour and 15 minutes, and were conducted at places chosen by the respondents themselves.
Nevertheless, out of the ten interviews only eight were considered in this research, as the researcher doubted the reliability of two of the participants. In both cases, due to personal acquaintance, the participants wanted to be more helpful, but at the same time, they were trying to give an impression that everything was perfect with their businesses by providing exaggerated responses.

In a typical face-to-face interview, the researcher has the opportunity to make adjustment to the questions s/he asks according to the circumstances and ask follow up questions to clarify doubts (Cavana et al., 2001). Face-to-face semi-structured interview provides the researcher with the flexibility in gathering information from the respondents. It helps ensure that responses given by respondents were properly understood. It gives the chance to repeat the question or ask the same question in another ways or even apply probing techniques to ensure honest answers are being given. Semi-structured interview gives the opportunity to ask questions in situations where the researcher wants the respondents to provide an explanation or build on their responses (Saunders et al., 2009).

It also gives a chance to note non-verbal aspect of the interview situation, such as body language and facial expressions. Cavana et al., (2001) states however, that the major weakness of the face-to-face interview was that respondents might not give honest response because they might feel uncertain of their anonymity. To minimize this uncertainty it was necessary to repeatedly assure the respondents on the anonymity of their responses. They were further assured that this study was being conducted solely, for academic purposes.

The interview was developed on the basis of the literature review and the pattern of the interview was based on the Cavana et al. (2001)’s strategy of development and execution steps:

Entrance time investment (warm-up) – as a starter an explanation was given to the interviewee, on the context and objective of the study. The interview usually started with greetings and small talk. Next, I proceeded to talking about my self and the objective of the study. In the phase that followed, the respondents were informed about their anonymity and the confidentiality of the information they give, as well as the purpose of audiotape being used was explained. Then general information on the interview questions such as the number of questions and the amount of time required to complete the interview was given.
The last phase of this stage was the commencement of the interview by asking about the respondents’ general background.

The next stage was where the full-fledged interview started and was recorded on audio-recorder. Here the respondents were asked probing questions and clarifications were sought when necessary. Here the interview progressed deeper and the respondents were comfortable expressing their feelings and emotions.

In the last stage the respondents were asked to give final comment and the interview was then concluded with common courtesy.

### 3.5 Participants’ demographic information

The demographic information of the research participants is summarized in table below.

<table>
<thead>
<tr>
<th>Participants</th>
<th>Gender</th>
<th>Country of Origin</th>
<th>Type of Business</th>
<th>Year of migration to Norway</th>
<th>Year business Founded</th>
<th>Job prior to migration</th>
<th>Job held in Norway prior to self-employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant 1 (P1)</td>
<td>Male</td>
<td>Tunisia</td>
<td>Arab grocery store</td>
<td>1999</td>
<td>2007</td>
<td>Architect</td>
<td>None</td>
</tr>
<tr>
<td>Participant 2 (P2)</td>
<td>Male</td>
<td>Sri Lanka</td>
<td>Vacation apartment rental</td>
<td>1989</td>
<td>2011</td>
<td>Student</td>
<td>Department Engineer</td>
</tr>
<tr>
<td>Participant 3 (P3)</td>
<td>Female</td>
<td>Liberia</td>
<td>African cosmetics and beauty saloon</td>
<td>2003</td>
<td>2009</td>
<td>Worked in a family business</td>
<td>Health worker</td>
</tr>
<tr>
<td>Participant 4 (P4)</td>
<td>Male</td>
<td>Turkey</td>
<td>Pizzeria and fast-food</td>
<td>2002</td>
<td>2012</td>
<td>Student</td>
<td>Restaurant Worker</td>
</tr>
<tr>
<td>Participant 5 (P5)</td>
<td>Male</td>
<td>Poland</td>
<td>Construction</td>
<td>2007</td>
<td>2008</td>
<td>Salesman</td>
<td>Summer worker (construction)</td>
</tr>
<tr>
<td>Participant 6 (P6)</td>
<td>Male</td>
<td>Mexico</td>
<td>Mexican Restaurant</td>
<td>2003</td>
<td>2008</td>
<td>Chef</td>
<td>Chef</td>
</tr>
<tr>
<td>Participant 7 (P7)</td>
<td>Male</td>
<td>Iran</td>
<td>Supplier of engineering and fabrication</td>
<td>1986</td>
<td>2008</td>
<td>Student</td>
<td>Civil engineer</td>
</tr>
</tbody>
</table>
As can be from the above table, the type of businesses the participants are involved in varied from grocery store, restaurants, taxi business to engineering company. Two participants opened business to mainly serve the needs of the immigrant population. Seven out of the eight participants were employed before starting up of their own business. However, only three were employed prior to migrating to Norway. When it comes to gender only one of the participants is female. Even though it would have been an interesting dimension, the scope of this study meant however that the role of gender was not emphasized. Apart from one participant, the sector they chose to start up business in is completely different to the one they were employed in.

### 3.6 Data analysis

Miles & Huberman (1994) describe three broad tasks in qualitative data analysis, namely; data reduction, data display and drawing of conclusion or verification. The nature of this study is exploratory with a thematic focus on the performance and the success elements of immigrant businesses. The process of data analysis in this study therefore involved, amalgamating the data together, relating various specifics, making the implicit as explicit possible and linking consequences to antecedents (Morse, 1994). Morse (1994) argues that the process of speculation, correction and modification are also part of the qualitative data analysis process.

As stated by Beins (2004), the analysis of entrepreneurial behavior involves discussions on how the immigrant entrepreneurs experience and feel events and other happenings in their businesses and social life.

The detailed interview transcript and the notes taken during the interview, were edited, reduced and sometimes extended as argued by, Miles & Huberman (1994), so as to make them ready for analysis. As proposed by Morse (1994) it was first concluded that enough data was gathered before going on to write a detailed and lucid portrayal.

However, one of the difficult tasks of qualitative research is the necessary task of data
reduction. An effort was made to accurately reflect the viewpoints of the respondents. Nevertheless, it was my interpretation of what was important to the participants that ultimately shaped this thesis, but this is not a technical limitation rather a natural outcome of the qualitative study that has to be taken into consideration.

The data analysis of this thesis was organized by adopting the data analysis model developed by Walker, Cooke, & McAllister, (2008):

**Interview discourse description:** in this stage as proposed by Walker et al. (2008) the interview discourses were produced (transcribed) as plain conversations among the participants, written as detailed text with the help of the notes taken during the interviews. The transcripts were read and reread, in order to get the utmost familiarity with the content of the interview. At this stage of data analysis, no judgment was made about the gathered data. Rather everything relevant in the interview process, including the expressions, emotions of the interviewees, where appropriate, was included in the interview discourse.

**Identification of relevant discourses:** through reading and rereading the transcripts, relevant discourses were identified from each participant’s transcribed interview. Then a summary of the identified relevant discourses were forwarded (and in some cases read to them on the telephone) and accordingly confirmed by the respondents that it reflected the essence of their experiences (responses) (Walker et al., 2008). After receiving the confirmation from the respondents, the transcript was grouped into different categories (with the help of the literature review); i.e., the reasons for self-employment (motivation), ethno-cultural elements, financial sources, managerial ability, behavioral elements and institutional framework, to generate core information which would then be conceptualized into broader themes.

**Extraction of core information:** here segments of the identified relevant discourses were coded to extract core information to a particular category i.e. reasons for entrepreneurship, ethno-cultural elements, access to financial sources, managerial ability, behavioral elements and institutional framework. The coding process was guided by the literature review and the research question of this study. The main purpose of the coding or extracting of the core information was categorization or theory development (Flick, 2009).

**Themes generation:** At this stage, themes were generated based on the coded or extracted
core information. This core information was mainly specific to the performance and success elements of immigrant businesses. In the end major themes were identified and the literature review had a key role in the constriction of a meaning.

Summary: themes generated from the respondents in the interviews were summarized.

Discussion: in this section as proposed by Walker et al. (2008), the meanings incorporated implicitly or explicitly in the empirical findings will be explored and linked with theoretical frame of reference and conceptual models. The fully synthesized themes of the interviews will then be used to develop a theoretical model of this study’s understating of the phenomenon.

3.7 Trustworthiness in a qualitative research

Discussion on the general trustworthiness in the data collection as well as analysis process is important in determining the reliability and validity of the qualitative research. Guba (1981), proposes four criteria that he believes should be considered by qualitative researchers in pursuit of a trustworthy study, namely; the credibility, transferability, dependability and confirmability criteria.

The purpose of this study is to get a deeper understanding on the elements that influence entrepreneurial performance and success of immigrants in Norway. Hence, it can be argued that the findings of this thesis are carefully induced from the 8 interviews with the immigrant entrepreneurs in a reliable and unbiased manner. The findings of this research are also neutrally assessed against theoretical frame of reference. The table below outlines some of the core elements to be considered in an assessment of the quality of qualitative research (Hannes, 2011). However, the concept of confirmability might not be applicable to approaches inspired by phenomenology or critical paradigms (Morse, 2002 in Hannes, 2011).

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Qualitative term</th>
<th>Quantitative term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Truth value</td>
<td>Credibility</td>
<td>Internal Validity</td>
</tr>
<tr>
<td>Applicability</td>
<td>Transferability</td>
<td>External Validity or generalizability</td>
</tr>
<tr>
<td>Consistency</td>
<td>Dependability</td>
<td>Reliability</td>
</tr>
<tr>
<td>Neutrality</td>
<td>Confirmability</td>
<td>Objectivity</td>
</tr>
</tbody>
</table>

Table 3- Critical appraisal criteria on findings of a qualitative research: Adopted from, Hannes k. (2011)
3.7.1 Credibility

The issue of credibility deals with the question of how congruent the research findings is with the reality. Lincoln & Guba (1985) argue that ensuring credibility is one of the most important factors in establishing trustworthiness. Credibility is an important research appraisal technique (Walsh & Downe, 2005). It is therefore important that the researcher becomes more open minded and flexible so as to come up with a reliable data. The procedures employed, such as the line of questioning pursued in the data gathering sessions, and the methods of data analysis, were derived, where possible, from those that have been successfully utilized in previous comparable researches. Additionally, it was important to put perceptions aside as it could potentially jeopardize the stability of the investigation process.

Furthermore relationship of trust had to be established with the informants as proposed by Lincoln & Guba (1985). This is because, prolonged engagement between the investigator and the participants helps to develop an early familiarity with the culture of participating parties (the immigrant entrepreneurs). This was mainly achieved through preliminary visits to the immigrant businesses and at times through communications on the telephone before the very first date of the interview.

Lehner (1979) sees reliable data as reproducible and the process of collecting it as repeatable yielding similar results. However this is more of a positivist approach. Lillis (2006) emphasizes on the importance of error and bias minimization. Because researchers are faced with situations that can potentially threaten the credibility of both the data collection and analysis processes. Atkinson & Shaffir (1998), state that the reader should see in to the logical criteria of relevance, sufficiency and acceptability throughout the research process.

Purposive sampling method was used to avoid unwanted circumstances, and the data was gathered in a way that didn’t jeopardize the credibility of the data gathered. To this effect, it was very important to inform the respondents on their anonymity, data confidentiality and that the interview was voluntary. The informants were also given the opportunity to withdraw from the study with in two weeks without providing any reason for doing so. This
was particularly important to ensure that the data collection sessions involve only those who were genuinely willing and prepared to take part in the study. They were also informed, that there was no right answer to the questions they were being asked and that the study would be used only for academic purposes. This was significant in eliciting honest responses from the respondents, as they can have the tendency to perceive risks and hence, consider interviews as endangering their credibility, privacy as well as having a negative consequence on their businesses (McCracken, 1988).

On the other hand, Young & Selto (1993) argue that, respondents are predisposed to dilute reality if they get the feeling that the researcher is digging into sensitive issues of the business or the respondent’s social life. This particular issue transpired with most of respondents, when asked especially on the growth of their profit margins. They were therefore told that they could answer in percentage as opposed to having to answer in raw figures. In addition to this the researcher used probing techniques to make sure honest responses were being provided. As a result, two participants had to be removed from the study, as the credibility of their responses was highly doubted.

Jamal, Kline & Herremans (2006) argue that misunderstanding of the questions that the researcher is asking can also affect the reliability and validity of the research. This is because respondents can provide inaccurate answers, leading to validity and reliability concerns. Thus, the researcher had to make sure that the questions were prepared in as much as clear and easily understandable manner to the respondents. In the end the informants were asked to read the transcripts of dialogues in which they have participated, to see if they consider that their words match what they have actually intended to say.

As proposed by Lillis (2006), to minimize the danger of data inaccuracy it was important to rely on the theoretical foundation of the study. Theories and conceptual models on immigrant entrepreneurship were examined. Additionally, previous research findings on immigrant business success, performance and survival were also reviewed, and the questions on the interview guide were prepared based on the theoretical framework on immigrant entrepreneurship. The findings were solely based on the responses given by the respondents and the transcripts contained the respondents’ answers only to avoid any potential bias. Examinations of the previous research findings were also used, in assessing
the degree to which the thesis’s results are congruent with those of past studies.

3.7.2 Transferability

The findings of a qualitative research are specific to a small number of particular environments and individuals. It is thus impossible to demonstrate that the findings and conclusions are applicable to other situations and populations (Shenton, 2003).

It is however easy for researchers to develop a preoccupation with transferability. Nevertheless, the results of this qualitative study must be understood within the context of the particular characteristics of the participants i.e. the immigrant entrepreneurs and, perhaps, geographical area in which the fieldwork was carried out. In accordance to Shenton (2003)’s propositions, similar research employing the same methods but conducted in different environments could well be of great value in order to assess the extent to which findings may be true of the immigrant entrepreneurs in other settings. This accumulation of findings from studies staged in different settings might enable a more inclusive, overall picture to be gained (Shenton, 2003).

3.8 Ethical considerations

In a qualitative study, ethical consideration is very important as it involves contact with and interaction with people in the form of interviews. Understanding the ethical issues is especially important to avoid unwanted difficulties, misunderstandings and problems in the research process as well as in the presentation of the research findings (Saunders et al., 2009).

Participation in the research was voluntary. Apart from their place of origin, and this because of its significance to the research findings, the names of the participants were kept anonymous. The respondents were assured that the results of the interviews would only be used for the purpose of this study. And, in case they changed their mind and so decide to opt out from participation in the study, the respondents were provided with the my contact information and were informed to notify the me within two weeks after the interview. Nevertheless, none of the respondents contacted me with the intention of opting out from the study with in the given time frame. No monetary or any other form of incentives was given to the respondents.
4 Results

This chapter will present the results of the empirical analysis conducted on the semi-structured interviews. The result is organized based on the analytical framework and the resulting model developed in the literature review chapter of this thesis. As discussed in the previous chapter the empirical data is gathered through conducting interviews with immigrant entrepreneurs in the Trondheim area.

According to the interactive model developed by Waldingers el al., (1990), immigrant entrepreneurs develop ethnic strategies based on the interaction between the opportunity structure and the immigrant groups characteristics. The opportunity structure of the interactive model is comprised of labor market conditions, market conditions (customers), and the business environment such as access to ownership and the financial, legal and institutional factors. The second element of Waldinger et al’s interactive model is the ethnic resource. Here immigrants have the opportunity to mobilize and exploit resources provided by their culture and/or their ethnic social networks.

The aim of this study is to get an understanding of how these resources determine or contribute to the over all performance and the success of the immigrant entrepreneurs in Norway. Based on the literature review conducted in chapter two of this thesis, the elements that influence the success and performance of immigrant entrepreneurs are categorized as; the purpose of becoming an entrepreneur, ethno-cultural factors, personal resources (human capital), social capital, behavioral factors, as well as access to finance and institutional factors.

This chapter will present the findings on the role of the above elements on performance and the success of the immigrant businesses. This section will deal with the contribution of the reasons for self-employment (motivation) by emphasizing on the experience of the immigrants on the labor market, ethno-cultural resources, personal resources (human capital and behavioral factors), target customers (the market segment), social networks (social capital), financing and institutional factors to the performance and success of immigrant businesses. Discussion on the findings of this study will follow in the next chapter of this thesis.
4.1 Reasons for self-employment

The next section will present how the reasons for opening up own business (the purpose) contributes to the survival and success of immigrant businesses in Norway. For the participants of this study, the reasons for opening up own business are found to either be driven by necessity or to exploit a business opportunity. In this study it is found that being necessity or opportunity driven business can be a good indicator of how an immigrant businesses performs. The next sections will present both the necessity and opportunity entrepreneurs. The findings on how this affects performance will be discussed in the chapter that follows.

4.1.1 Necessity entrepreneurs

Five of the participants in this research are necessity entrepreneurs. Most of the necessity entrepreneurs in this study started businesses in absence of other opportunities such as other sources of income and to make a living out of being self-employed. Few of the necessity entrepreneurs have in fact had salaried jobs before becoming self-employed. Nevertheless, the jobs they had were either not safe or inadequate. Those who did not have salaried jobs saw self-employment as the only way out of unemployment.

Participant 1 (P1) is 55 years old of a Tunisian origin. He runs a (Arab) grocery store, which initially started to sell halal meat to the Muslim population in Trondheim. He explains the reason for opening his own business as follows:

\[
I \text{ worked as an architect for many years in my country...[However] I couldn’t get a job as an architect in Norway, and so i had to open up my own business in order to survive here.}
\]

Similarly participant 7, who is a civil engineer of an Iranian origin, indicates that it was a necessity that pushed him towards starting up his first company. He started by selling 3d(AutoCAD) designs to engineering projects in the 90s in Oslo. He puts the reason for starting up his own business as follows:

\[
After I graduated from NTNU in 1993, i had to find a job. I sent lots of CVs to numerous companies but I didn’t get any job. At that time there wasn’t that much demand for engineers. Therefore, I had to try something in order to make a living}
\]
Participant 5 is a Polish entrepreneur. He is involved in the building and construction segment. For him, starting up a business was the only way if he was to get residence permit in Norway. The fact that there is good demand for rehabilitation and small building and carpentry jobs helped the fact that he managed to open up his business and continued to live in Norway. Participant 4 is a Turkish fast-food owner, the reason for opening up his own business was that he did not have any job to take care of his family when he first immigrated to Norway. He came to find work in Norway, and according to him the fact that he did not have good education, sufficient work experience or language skills (neither Norwegian nor English) meant that it was difficult for him to find a job, opening up his own fast food restaurant was therefore his only option.

Participant 8 is from Kosovo. He had a job as a kindergarten assistant before starting his own business. However he lacked the stability he always wanted. Starting a taxi business was therefore a viable option for him.

For the above necessity immigrant entrepreneurs, the reasons for opening up their own businesses was unemployment, underemployment or lack of stability. Apart from two (the civil engineer and the grocery store owner), the others were found to having low level on human capital.

4.1.2 Opportunity entrepreneurs

Participants in this category state that they started their businesses because they saw an opportunity with a good return potential. The reasons given by all of the opportunity entrepreneurs in this study are either opportunity exploitation or to fill the gaps in the market. Unemployment was not an issue with most of these entrepreneurs. These entrepreneurs were motivated by more than just making money and most of them chose to forgo their paid salaries in order to pursue their dream of starting their own businesses.

Participant 6 is originally from Mexico. He earned higher education, by specializing in cooking and he worked as a chef in one of the restaurants in Trondheim before he finally decided to open up his own Mexican restaurant. On the decision to open up his own restaurant he states that:
I am a Mexican and I really love and am proud of my (Mexican) food. Some years back, there was no real Mexican restaurant in this city. In 2008 therefore I together with another partner decided to open a restaurant because we saw there was an opportunity to open up a real Mexican restaurant in Trondheim.

The fact that many Norwegians were visiting Mexico and the growing demand for Mexican food, coupled with the drive to use the opportunity by showing something about his culture, his country and his food were the main Reasons behind starting up of his own Mexican restaurant for participant 6. Similarly the Liberian businesswoman (P3) who has a long experience from a family business saw that there was a demand for African cosmetics and a beauty saloon.

Two of the participants of this study mention that they decided to open up their businesses because running a business was their dream. The Mexican restaurant owner (P6) for example states that he always had an ambition to work for himself and grow as businessman than to be employed and work for other people. This view was shared by the African shop owner (P3), she mentions that she always had an interest and a dream of running her own business.

One participant, (P2) mentions that being an entrepreneur was a hobby for him. He also mentioned that he opened his business because he wanted to have something to do after his retirement. Participant 2 is originally from Sri Lanka. He has studied chemical engineering in Norway. Nevertheless, even though he has a stable job as a consultant in the Trondheim municipality, he decided to open and run a business. He puts the reasons for starting up a business as follows:

The main reason I started up the business was that I needed to do something extra outside of my working hours. I have a stable job, so income did not have any influence on the decision to start up the business. The reason rather was more of a hobby than a necessity. I wanted to get a good experience in becoming an entrepreneur and be my own boss and may be have something to fall on to when I retire from my current job.

As mentioned above unemployment is not an issue with this group of entrepreneurs. Of those who studied in Norway, the owner of the Mexican restaurant (P6) mentions that he
could have earned more as salaried employee. Yet he chose the entrepreneurial path because he saw an opportunity and it was his passion.

The owner of the Mexican restaurant (P6), studied for three years in Norway to be a chef. He thinks that he wouldn’t have a problem finding a well paying job in one of the restaurants or hotels in the city if he hadn’t followed the entrepreneurial path, but he always wanted to be and grow as businessman, and he would rather be his own boss than work for someone else.

4.2 The role of ethno-cultural elements

4.2.1 Ethnic niche market

Three of the Immigrant entrepreneurs set out to exploit their ethnic resources, e.g. their skills in order to exploit the ethnic market niche. The owner of the Mexican restaurant (P6) for example indicates that he wanted to exploit the fact that Mexican food and drinks are popular around the world. This meant that it was not difficult for him to start the restaurant as he was endowed with the needed skills and thus, attract customers to his restaurant. Similarly, Polish people are renowned for being involved in building and construction. Especially in Norway, people from Poland are renowned for doing good job at a lower price. This reputation was therefore valuable when the polish entrepreneur (P5) established his small construction company.

Participant 1, as mentioned above is from Tunisia. He initially opened his grocery store to sell halal meat. Opening an Arab grocery store that sells halal food meant that it was not difficult to attract many customers, because he could easily gain their trust.

On the other hand, the Turkish entrepreneur (P4) feels that his ethnic background has contributed a lot to his business as the Turkish people have a good reputation of selling fast foods such as the kebab and pizza.

When it comes to customers only two i.e the Tunisian (P1) and Liberian (P3) immigrant entrepreneurs, responded that their customers were made up of the immigrant population in Norway. These two immigrant entrepreneurs are owners of Arab grocery store and African cosmetics and beauty saloon respectively. Targeting the immigrant population has significant implications on the performance of their businesses. Both of them acknowledge
the fact that they are in a precarious position as the barrier to entry to the market they operate in is almost none existent. They state that other similar immigrant businesses are staring to appear in the city. They fear that in few years, this might have negative consequence for their businesses.

Moreover, they have to provide lower prices in order to fend off competition presented by the big supermarkets (for P1) as well as the cosmetic shops and beauty saloons (in the case of P3) in the mainstream market. This means that they have to do with lower turnovers.

Majority of the immigrant entrepreneurs in this study, including those who are strictly involved in offering ethnic goods and services have however, mainstream customers (Norwegians for the businesses that are located in Norway) as their main customers. All of the participants acknowledge that this was vital for the success of their businesses. The question for many of the participants is rather which group of the mainstream (Norwegian) customers do they target. As the Mexican restaurant owner (P6) puts it:

*My customers range from students, working class people, families with their children to seniors in there 70s.*

*[As far as business is concerned], I would rather have many working class people come here, but it is also positive that students come to the restaurant and have good time here. Because, the working class have the money and they come to dine, but students talk and that’s good advertisement for us.*

The customers for the vacation apartments (P2) are young Russians, British as well as other young Europeans who love to travel but cannot afford to stay in hotels. Unlike the Mexican restaurant owner, participant 2 concedes that it was the number of customers rather than their composition that serves as a success factor for his business.

### 4.2.2 Ethnic social network

All of the above participants acknowledge the fact that being from a particular ethnic group means that they could get access to ethnic resources such as the know-how, business ideas, knowledge about the market, and networks. It also helped them in gaining trust from their customers. This hugely compensates for the disadvantages they face compared to the local (Norwegian) entrepreneurs. This will be discussed in detail in the chapter that follows.
Majority of the participants stated that their culture has given them the predisposition to not only becoming entrepreneurs (and in choosing the type of businesses they get involved in), but also in contributing to the performance and success of their businesses. They acknowledged that their culture (entrepreneurial) has helped them in mobilizing the needed resources that help run their businesses smoothly. Typical examples of this are the Mexican restaurant owner, Turkish fast food owner and the Polish entrepreneur. The Turkish businessman (P4) for example stated that:

Most of my countrymen, especially those from my area, are involved in restaurant businesses. You can say that it is our specialty…. You can say food business is in our gene…. So when I started in this fast food business it was not difficult for me to get important market information and loans from my family and other countrymen.

Likewise the Mexican restaurant owner (P6) stated that doing business especially the food business is very much a culture in Mexico. According to him almost everyone dreams to be a businessman and become rich since his/her childhood.

These participants also mention the ethnic solidarity among the ethnic communities as a one of the factors that contribute for the success of their businesses. This for example helped the Turkish fast food restaurant owner (P4) helped him especially in gaining access to start up capital and market information. Nevertheless this solidarity and cooperation culture varies from culture to culture.

The Turkish entrepreneur (P4) for example expressed the fact that it was common to borrow money and get advice from countrymen.

It is common to help one another as we have strong family and friendship bonds.

This solidarity is extremely important in that it enables the new beginners to overcome the difficult transition from the start up to growth phase of their businesses.

Participant 3 who is from Liberia, on the other hand states that her ethno-cultural background, apart from the (culture of entrepreneurship) helps very little when it comes to business. What is interesting in her case is that she does not have customers from her country (or people from the same area). According to her:
…[T]hey only come whenever they are in need of help. My important customers are those who are from other parts of Africa.

As indicated above, the importance of culture on opening up of and in running a business is one thing, the performance and success of these businesses however, also depends on how many people are familiar with it (or simply the size and composition of their customers), if it is going to be an asset to the immigrant entrepreneurs. In this regard the Turkish (P4), Mexican (P6) and Polish (P5) entrepreneurs stated the fact that a lot of people associate Turkey and Mexico with (good) food and Polish people with building and construction, helps a lot in amassing a lot of customers for their businesses.

All of the participants in this research in one-way or another are actively involved in and have good social networks. All said that network was very important both in the start up as well as growth phases of their businesses. The Tunisian businessman (P1) for example states:

*I functioned as a leader of the Muslim society in Trondheim. I am also active in the Muslim-Christian dialog group, so I can say that I have a huge network in the city.... This has had a huge impact in the business as many know now that I am the owner of this store.*

For the Turkish entrepreneur (P4) social networks (especially co-ethnics) was important in that it helped him in gaining access to the needed capital (from family members and friends) when he opened his business. In addition to this as presented above co ethnic networks provide access to loyal ethnic labor force. Good examples of those who have benefited from the ethnic labor provided by the co-ethnic social networks are, The Tunisian (P1), Liberian (P3), Turkish (P4), Polish (P5), and Mexican (P6) entrepreneurs.

The social networks type and size, as well as the impact of these networks have on the immigrant businesses vary from participant to participant. For instance, even though the Arab grocery store (P1) and the African cosmetics and beauty saloon (P3) owners said that they had a lot of Norwegian networks, their main target customers are immigrants. It cannot be said therefore that their non- co ethnic networks were beneficial for their businesses.

For others, being active in none-co ethnic social networks is beneficial for their businesses. The Mexican restaurant owner (P6) is a board member in the Trondheim Latin festival. This
provides him with an opportunity to meet a lot of people (both locals and nonlocals) which he acknowledges has been helpful not only in terms of getting customers but also in giving him an insight in what he has to do in order to increase the frequency of these costumers visiting his restaurant.

As mentioned above, social networks also play key role when one starts a business. For the owner of the engineering and supplier of fabricated products company (P7), it was the networks he had in the engineering milieu that helped him in starting up his first company. He used his networks in gaining access to market information, getting customers for his products, and not least in building trust among his customers.

Other participants like Tunisian (P1), owner of the African shop (P3), as well as the Turkish (P4) and Mexican (P6) businessmen mention the importance of having good formal business networks, such as with the suppliers, as it is vital for the survival of their businesses.

According to the participants of this study, the help one gets from his co-ethnic networks vary from one ethnic group (nationality) to another. And the impact of co-ethnic and non-co-ethnic networks depends on the type of business one runs. However the cases where the importance of non-co ethnic networks is minimal are very few. Therefor it can be said that non-co ethnic networks are indeed vital for the success of the immigrant businesses.

4.2.3 Ethnic labor

In many cases it is almost taken as a norm that immigrant entrepreneurs employ people from the same ethnic background or simply other immigrants. The Tunisian (P1), Liberian (P3), Turkish (P4), Polish (P5), and Mexican (P6) immigrant entrepreneurs stated that they are very much dependent on cheap labor provided either by their compatriots or other immigrants. The implication of this is that it saves them from making huge outlays in terms of salaries and other related expenses such as the employer dues. This is particularly true with respect to participants 1 (the Tunisian grocery store owner) and 3 (the Liberian African cosmetics and beauty saloon). While the first one depends on the labor provided by newly arrived immigrants (as many eventually move on to search for a better alternatives), the second one (P3) depends on family members.

On the other hand, the nature of the business can also force the immigrant entrepreneurs to rely on the labor provided by people having the same ethnic background. A good example is
the Mexican restaurant, in that all of the 20 employees in the restaurant are all from Mexico. The owner (P6) acknowledges that this was vital for the performance and success of the restaurant. This is because the knowhow these Mexicans come with gives the restaurant the much needed uniqueness and authenticity. He says:

To have a real Mexican restaurant that serves real Mexican food, it is important that you employ real Mexicans.

All in all though, ethnic resources have to be complemented by other important factors if they are to be important asset for the success of immigrant businesses. The importance of these other factors shall be presented in the following sections.

4.3 Access to finance

There is a general consensus that the immigrant entrepreneurs who tend to do well are those who get an easy access to start up capital at the start up phase of their businesses. However, it could be understood in this study that it is quite rare for the immigrant entrepreneurs to get an easy access to start up capital in Norway.

Of all the participants of this study, only two (the owner of the vacation apartments, who is originally from Sri Lanka (P2) & the taxi business owner, who is originally from Kosovo (P8)), had access to start up capital. Others did not receive any sort of loans from banks or for that matter grants from the state. Almost everyone had (or still have) a job before embarking on becoming self-employed. Meaning they used their savings and/or borrowed money (from family and friends) to start up their businesses.

The owner of the African cosmetic shop (P3) conceded that she did not have any idea on the possibility of getting loans from banks or grants from the state. The Mexican restaurant owner (P6), on the other hand indicated that he had tried to get some help from Innovation Norway, and stated that no body believed in the restaurant business. The Arab grocery store owner (P1) shares the same opinion. According to him:

The norm is that you have to come up with something new [unique business idea] if the state or the banks are to believe in you.

The owner of the vacation apartments (P2), in addition to being part time entrepreneur, he works as a consultant and project coordinator in the Trondheim municipality. He stresses on
the importance of having good knowledge about the Norwegian system. According to him, this not only helps in getting access to the needed support (of which financing is one), but also on the way one thinks. Meaning on the type of business as well as the customers (market) one chooses to target. On how he secured the start up capital he said:

*I have worked for so many years. As a result I have made some savings and have bought my own house. As you know to borrow money from the bank one has to be creditworthy. So as far as financing is concerned the apartment is financed by the money borrowed from DNB.*

Furthermore, majority of the participants are not familiar with the existence of microcredit schemes in Norway, such as the Nettverkskreditt and Cultura Bank. Those who are familiar with these schemes state that the amount of money one receives from them is not worth the time and effort one puts in applying for it. The owner of the Mexican restaurant (P6) says that he knew that he could have received kr. 20-30,000 from Nettverkskreditt, but this was too small and did not match his aspirations.

In this study it could also be understood that lack of access to start up capital tended to be compensated by the fact that either the spouses or the immigrant entrepreneurs themselves having to be employed (part time if it is the immigrant entrepreneurs themselves) to make sure that they create enough buffer to survive the initial phase of the business life cycle. The owner of the taxi business (P8) for example acknowledges that he wouldn’t make it through the initial phase of his taxi business, if it weren’t for his wife who works as a consultant at the Norwegian labor and welfare administration (Norwegian: NAV).

It can be said the same when it comes to the emergency loans. None of the participants had the access or the need to get emergency loans. So there is not much that can be said on its impact on the survival and success of immigrant businesses.

The observation made here is that, it is the ethnic and non-ethnic (in some cases) social networks that play an important role when it comes to access finance. Especially, the role that, spouses and other family members and friends in the access to finance is significant.

### 4.4 Human capital/managerial resources

The personal resources are related to what some literatures call the class resources. Apart
from the Turkish entrepreneur (P4) all of the participants come with good educational as well as business background. Education, experience in doing business are important components of the personal resources. These resources are regarded in many literature of immigrant entrepreneurship as important indicators of immigrant businesses performance and success.

4.4.1 The role of Education

Almost all of the participants in this research, apart from the Turkish entrepreneur (P4) have attended higher level of education. Majority of the participants acknowledge the fact that their education has given them an impetus in opening up opportunity driven businesses. For example the vacation apartment owner (P2) with chemical engineering education from Norway, the Liberian businesswoman (P3), with health related education from Sør-Trøndelag, University College (HIST), and Mexican restaurant owner (P6) with an education in restaurant management from Norway, opened businesses that are driven by market opportunities. Three of them acknowledge that their education has played an important role in their becoming opportunity driven entrepreneurs. This especially transpired in that both P2 and P6 did market analysis and a prepared business plan before starting up their businesses.

Participant 7, after he moved from Iran to Norway in 1993, he earned a masters’ degree in civil engineering from the Norwegian university of since and technology (NTNU). For him not being able to find job at that time served as a blessing in disguise, as he now owns an engineering and supplier of fabricated Products Company. His main customers are mainly the oil and gas industries in Norway. He concedes that he was able to make a better use of his education than he would have otherwise done at that time.

Apart from two participants (the Arab grocery store (P1) and African cosmetics shop and beauty saloon (P3)), all of the participants target the mainstream (Norwegians) as their main customers. All of these immigrant entrepreneurs acknowledge that their education has helped them in making better risk assessment. P6 (Mexican restaurant owner) and P7 (owner of the engineering company) for example state that their education has essentially helped in enhancing their ability in customer orientation.

When it comes to the formal business education though, only two (The Mexican restaurant
owner (P6) and Engineering company owner (P7)) said that they had formal business education. For P7 formal business education:

.... [H]elped me in how to effectively develop new products, ways to protect these products and maintain my competitive advantage in the market.

P6 states that formal business education gave him the idea that he has to be innovative if he was going to remain in the market for many years. Education has given him:

[T]he idea that I have to provide a continuous sensation of newness for my customers... I have a good role model in Denmark, where a Mexican restaurant there has been innovative for many years.... For me innovation in the restaurant segment doesn’t necessarily mean that I have to invent new foods and drinks. It can be in the way I serve the foods and drinks, how I create good experience for my customers, plus there is a lot that can be done with way the restaurant is set up.

4.4.2 The importance of previous experience

Apart from the owner of vacation apartments (P2), owner of the engineering company (P7) and the owner of taxi business (P8), the participants, had experience in running business from their home countries or other countries they lived in before moving to Norway, and expressed the importance of having good business experience. However many, especially those from the least developed countries, mention the fact that doing business in Norway is quite different to that of their countries. The Liberian businesswomen (P3) mentioned, that the environment is quite different here.

*We are required to follow some stricter rules and regulations that are almost non-existent in our countries.*

The Liberian (P3) and the Mexican (P6) entrepreneurs got experience in doing business from their family businesses. Nevertheless, having experience in doing business from other country helps very little in Norway according to both of the immigrant entrepreneurs. According to P3 this is mainly because,

*One has to be familiar with the totally different culture of doing business in Norway... the business environment and not least the strong rules and regulations the country has if one is to succeed in Norway.*
(P6) on the other hand mentions that the experience one has in doing business in one area does not necessarily mean that s/he gets involved in that area of business in Norway.

### 4.5 Individual behavioral elements

Individual behavioral factors in this thesis’s context include, the important personality traits that are crucial when one runs a business. This section is thus, confined to just risk aversion and commitment as the other aspects such as, belief in control over one’s life, and the need for achievement are part of the motivation or the reason one opens business.

When it comes to being risk averse, all of the participants indicated that they were used to taking risks from before (including the very decision to immigrating to Norway) and that they have taken risks when they started their businesses in Norway. Two participants (the Arab grocery store and the engineering firm owners) agree in the fact that they did not have any other alternative but to take the risk. One of the participants, the Mexican restaurant owner (P6) stated that he has taken huge risk when he started his business and that it yielded good results. He said:

> I have taken a huge risk to open up this restaurant. I had to sell everything I owned, and even more so, I had to borrow money that I was not sure if I were going to ever pay back. I did everything I could and took every risk there is to open this restaurant. Even though I knew that it would take time, I was a bit impatient because I was young; I wanted that customers to flow in to the restaurant once I opened the doors. But the reality was different. I did not get a single krone in the first year. It was the pride that kept me going. But I did not want give up at all.

He maintains that he wouldn’t be where he is now if he had not taken all the risk to start the restaurant.

On the impact of the commitment one has to his business, all of them stated that they were totally committed to their businesses. Apart from vacation apartments owner (P2), who said that he used not so much time on his business, all said that they work(ed) long hours. Almost all of them worked for more than 12 hours in the beginning. All of them, regardless of the type of business they own, acknowledge that this was key for the survival of their businesses. Taking the amount of effort they put into their businesses all of the participants are satisfied with the current performance of their businesses.
The engineering firm owner (P7), concludes that:

*Risk taking is part of the life of being an immigrant entrepreneur. When it comes to commitment, it is what drives the business forward, especially at the initial stage of its life cycle.*

He especially referred to the time he spent in building a network with potential partners and the effort he needed to make in the designing and making prototypes of the products he was developing. He further claims that:

*Now I don’t need to for example make the prototypes of new products. I have employees who are capable of implementing the ideas and designs that we come up with in the office.*

### 4.6 Institutional framework

The Norwegian labor and welfare administration (Norwegian: NAV) by hiring private entities provides business establishment (start up) course to individuals who wish to start up their own businesses. However, from the participants of this study, only one, the owner of the Arab grocery store (P1) had the opportunity to participate in the program. Others don’t even know that such programs existed in Norway. He describes the help he got from the government as follows:

*I have had a chance to participate in a business startup course arranged by NAV. Another support I got from the government is that when I was an employee in this shop. In the beginning, I was allowed to earn 50% from the shop and NAV paid 50% of my salary for the first 6 months.*

Apart from this though he can’t say that he has got any other help from the government. In addition to that the start up course was not sufficient. According to him, knowledge about the business environment and the general rules and regulation has a lot to play in the business performance. Furthermore:

*We have been through a lot of courses, both at the tax office [Norwegian: skatteetaten] and other government intuitions such as the food safety authority [Norwegian: Mattylsynet]. But in my observation, the general business environment in Norway means that it is difficult to run a business here. In addition to the huge*
amount of tax, you are required to pay lots additional fees and charges. It requires huge start up capital to start a business in Norway. Norway is more convenient for salaried workers as labor is expensive in the country.

The taxi business owner (P8) emphasizing the importance of knowledge of the rules and regulations said that it is important that one familiarize oneself with it, in order to avoid unwanted surprises. And says:

*This of course comes with time, but in business [as an owner of a start up] it could already be too late before you even realize that you made a mistake.*

Many of the participants expressed that they wished there existed a central body, office or information center, where they could get the needed information. Almost all the participants stressed on the difficulty to get accurate information, when one starts a business. The owner of the Mexican restaurant (P6) states that, information was undoubtedly important, as a business is hardly expected to make it, if it is plagued by loses at its infancy as a result mistakes made by its owners. He recalls that:

*It would have saved me a lot of time and money if it were possible for me to find some one who knew the system and guide me through all the practical things when I started this restaurant.*

The polish businessman (P5) shares similar insight and adds the importance of the knowledge of the Norwegian language:

*In the beginning I had to pay a lot of money because I did not have a good picture of the rules and regulations that specifically apply to my company. For example I did not know that I had to pay tax in advance every third month and value added tax bimonthly.*

Additionally, he did not have an accountant who could have led him through all the traps. The language barrier was paramount that he couldn’t understand the content of the letters he was receiving. As a result he faced a lot of problems in 2008. . . .

*I did not go to any business start up course. Neither did I get any consultancy services from any one. However I eventually learned the language and also learned that I needed to visit the respective offices whenever I needed some clarifications.*
The financial resources of most of the participants in this study were (are) limited. Everyone agrees in the fact that tax incentives would alleviate the burden of the expenses many of the immigrant entrepreneurs face. The engineering firm owner (P7) opines that this would play a key role for the growth of the immigrant businesses in Norway.

All of the participants state that it is not common in Norway to get tax incentives. To the contrary, regardless of the size and the age of their business all of the immigrant entrepreneurs businesses are subject to tighter regulations and required to pay too much tax. For example, the Turkish fast-food owner puts how difficult it is to run a restaurant business at this moment as follows:

The restaurant business was ok before. But people are now getting discouraged as a result of the government’s tighter rules and regulations. Now you have lots of quality control, and regulatory controls such as the alcohol control from the food safety authorities. In addition to this you are required to pay too much vats (value added tax), employer tax as well as other types of taxes. This really has an impact on our revenues.
4.7 Summary

The findings of this study are summarized in the figure below:

![Diagram of Immigrants' entrepreneurial performance and success]

Figure 5 – Findings on the elements influencing immigrant entrepreneurial performance and success in Norway

This chapter presented the empirical findings of the study based on the data collected from the face-to-face interviews. The findings have been presented with the help of direct quotes generated from the interviews. The next chapter will be devoted to discussing the findings of this study.
5 Discussion

This chapter will focus on discussing the key findings of the thesis. The results are highlighted and compared with the literature where deemed relevant. The discussion will primarily circulate around the question of how performance factors identified in the literature review contributed to the success and survival of the immigrant entrepreneurs. The discussion will mainly deal with the contribution of ethno-cultural resources, human capital/managerial resources, individual behavioral elements, access to financing and institutional factors. The conclusions and suggestions for further research will be presented in the last chapter of this thesis.

This study set out to investigate the elements that contributed to the performance of immigrant entrepreneurs in Norway. The thesis primarily sought to answer the following research questions:

**How is immigrants’ entrepreneurial performance and success realized in Norway?**

And the sub questions that emerged from this main research question are:

- How does the purpose of becoming entrepreneur influence entrepreneurial performance and success of the immigrants?
- How do the immigrants’ group resources (ethnic and class resources), market conditions and intuitional framework of the Norwegian welfare state influence entrepreneurial success of the Immigrants?

The following sections will try to answer the research questions in accordance to the findings made in the face-to-face interviews and compared with the findings in the literature. First the characteristics of successful immigrant entrepreneurs in Norway will be discussed. This will be done, by first looking at the purpose of becoming self-employed of the successful immigrant entrepreneurs. Then, the relevance as well as the effects of such as the ethno-cultural resources, personal resources, social networks, financial and institutional framework, on the performance of these immigrant entrepreneurs will be analyzed.
5.1 Reasons for self-employment

For the participants of this study, the reasons for opening up of own business are found to either be driven by necessity or to exploit a business opportunity.

Five of the participants in this study are necessity entrepreneurs. These necessity entrepreneurs started businesses in absence of other opportunities such as secure source of income and to make a living, and in one case to get a residence permit in Norway. Some of the necessity entrepreneurs have even had salaried jobs before becoming self-employed, but the jobs they had were either not safe or inadequate. This is consistent with the propositions of the labor market disadvantage theory where, disadvantage in the labor market, such as unemployment or fear of unemployment or underemployment often compels minorities/immigrants to pursue an independent means of livelihood (Boyd, 2000).

Three participants stated that they started their businesses because they saw an opportunity with a good return potential. The main reasons given by all of these immigrant opportunity entrepreneurs, for starting up their businesses are either opportunity exploitation or to fill the gaps in the market. This is more or less consistent with the notion that immigrant entrepreneurs often enter non-ethnic or mainstream markets when conditions allow access. The primary intention is to exploit underserved or abandoned markets, markets with low economies of scale, or to provide ethnic goods (Waldinger et al., 1990). However, the opportunity immigrant entrepreneurs in this study were motivated by more than just making money, as unemployment was not an issue with all of them. All three chose to forgo their paid salaries in order to pursue their dream of starting own businesses.

Unlike the opportunity entrepreneurs who are characterized by having host country education and mainstream population as their target customers, and by starting a business in order to take advantage of a business opportunity, necessity immigrant entrepreneurs are essentially characterized by, being involved in business activities because they face obstacles that hinder them from having secure employment in the host country. They are also characterized by being not highly educated, and by having limited professional experience (Chrysostome, 2010).

In this study however, it was found that people with high education from the host country and having the mainstream population as their target customers and running knowledge
intensive and growth oriented businesses, to have been driven by necessity to begin with. A typical example is the owner of an engineering firm involved in supplying products to the oil and gas industry in Norway. Another example is the African cosmetics and beauty saloon business. According to the literature the African cosmetics and beauty saloon would fall in to the category of necessity immigrant entrepreneurs, yet the owner opened the business because she saw a good business opportunity in the area.

The success of immigrant business is essentially conditioned by; the type of the businesses the immigrants start, how it is operated, its target customers, the characteristics of the immigrant groups themselves as well as its access to finance and the institutional factors. Immigrant performance and success can be understood, by taking the three-dimensional approach proposed by Kloosterman & Rath (2001), i.e., the characteristics of individual immigrant entrepreneurs (the supply), the character of the opportunity structure (the demand), and the institutional framework, mediating between the two (the mediator or condition).

In this study, motivation (i.e., the reasons for self-employment) is found to indirectly contributing to the performance and success of immigrant entrepreneurs. For example an immigrant business can be driven by necessity, but if the immigrant entrepreneur opens a business in the mainstream market, then the business has a good chance of performing well. The contribution of motivation, regardless of whether they are necessity or opportunity driven is largely in giving the immigrant entrepreneurs an impetus to mobilize their resources (personal, ethno cultural and the like) to find and exploit, business opportunities with good return potential. However, it is the quality of these resources and how well the immigrant entrepreneurs exploit these resources among other factors that largely determine the overall performance of their businesses. This particular phenomenon is very much a reflection of the interactive model devised by Waldinger et al., (1990). According to Waldinger et al., (1990), the immigrants develop strategies (ethnic strategies), based on the particular opportunity structure and their group characteristics, which is a central element in the interactive model. These strategies emerge from the interaction of opportunities and group characteristics, as ethnic groups adapt to their environments. The difference in the entrepreneurial performance and success, between the immigrants as mentioned above can therefore be explained by the interaction of the individual immigrant groups’ characteristics
and host country opportunity structure and the other exogenous factors, such as the institutional framework.

The relevance of the other entrepreneurial performance and success influencing elements in the Norwegian context and their impact on the immigrant businesses is discussed in the subsequent sections.

5.2 Ethno-cultural elements

Majority of the participants in this study acknowledge the fact that being from a particular ethnic group has somehow helped in performing well as entrepreneurs. This fact can be explained with the help of the cultural perspectives. Cultural perspectives suggest that immigrants bring with them unique characteristics that assist them in succeeding in doing business in the host society (Lo et al., 2002). This was especially the case for three of the participants in this study, where they acknowledged that their culture provided them with an entrepreneurial mentality. It helped them in searching for the ethnic and non-ethnic resources, needed to start up a business. These include, specific know-how, business ideas, and knowledge about the market, as well as networks. It also helped them in gaining trust from their customers.

 Majority of the participants stated that their culture has given them the predisposition, to not only become entrepreneurs but also in choosing the type of businesses they get involved in. This corresponds well with the findings of Waldinger et al., (1990), in that immigrants move to the host country with entrepreneurial abilities they have already developed in their home countries.

Culture contributes to the performance and success of the immigrant businesses, in such a way that it helps them make the right choice in the mobilization of their entrepreneurial resources. Three participants acknowledged that their culture (entrepreneurial tradition) has helped them in mobilizing the needed resources that helped to run their businesses smoothly. Typical examples of this are the Mexican restaurant owner, Turkish fast food owner and the Polish entrepreneurs. This can be seen in accordance to the arguments of Masurel et al., (2002), in that ethnic and immigrant groups have culturally determined features such as commitment to hard work; living in austerity; membership in a strong ethnic community; accepting risk; accepting social value patterns; and orientation towards
self-employment.

These very participants also mention the importance of ethnic solidarity among the ethnic communities to the success of their businesses. This is because it especially helps them in gaining access to start up capital, loyal employees and market information. Nevertheless it is worth mentioning that this solidarity and cooperation culture varies from culture to culture. A good example of this is the Liberian businesswoman, where the only time her countrymen visit her shop is, whenever they are in need of some help, such as money to borrow and the like.

5.2.1 Niche markets

Kloosterman & Rath (2001) suggest three possible types of markets where business opportunities may arise for immigrant entrepreneurs: vacancy-chain, which is small-scale, low-skilled, labor intensive and highly competitive market. The limited profit earning potential in this market means that, this is the traditional market for immigrant businesses and often becomes a fertile environment for informal economic activities; post-industrial/low skilled options, are markets where the immigrant businesses are involved in providing personal services and post-industrial/high skilled options, are those that include many high tech industries with positive growth potential that require high human capital.

The Tunisian (P1) and Liberian (P3) immigrant entrepreneurs are good examples of the vacancy chain markets. These two responded that their customers were made up of the immigrant population in Norway. This has significant implications on the performance of their businesses. Both of them acknowledge the fact that they are in a precarious position as the barrier to entry to the market they operate in is almost non-existent. They state that other similar immigrant businesses are staring to appear in the city. They fear that in few years, this might have negative consequence for their businesses. Besides, they have to provide lower prices in order to fend off competition presented by the bigger competitors. This means that they have to do with lower turnovers.

This is consistent with the arguments of Kloosterman & Rath (2001) in that the chances for success are rather limited for both of these immigrant entrepreneurs (P1 and P3) because, even though these businesses offer relatively easy access, most businesses in these vacancy-chain openings are easily trapped within the confines of co-ethnic markets, even go to as far
as reaching the saturation point. Furthermore, the size of the ethnic market share of the immigrant entrepreneurs is the most important factor for the performance and success of their businesses. The size of the ethnic market share of the immigrant entrepreneur is influenced by the size of the ethnic community, and if the size of the ethnic market share is not large enough to generate a sufficient volume of sales to cover the costs incurred in operating the business, the critical ethnic skills of the immigrant entrepreneur will become useless (Chrysostome, 2010). Otherwise the immigrant entrepreneurs will need to ‘break-out’ or become innovative in their business ventures.

Majority of the immigrant entrepreneurs in this study, including those who are strictly involved in offering ethnic goods and services (e.g., the Mexican restaurant owner) have however, the mainstream customers (Norwegians, for the businesses that are located inside Norway) as their main customers. All of the participants acknowledge that this was vital for the success of their businesses. This is consistent with the notion that the ethnic market niche is critical element in the performance and success of the immigrant entrepreneur because of their competitive advantages. The immigrant entrepreneurs operating in this niche have critical skills that the native entrepreneurs do not have and cannot imitate (Chrysostome & Arcand, 2009).

Other businesses in the non ethnic market niche that do not require any ethnic product or ethnic community, unlike the ethnic market niches are not considered by the native entrepreneurs because of their limited skills for such a market niche, this markets are in general neglected by native entrepreneurs because of their supposedly insufficient return they offer and the effort that targeting such markets requires (Chrysostome & Arcand, 2009). A typical example of this is the taxi business owner (P8). The success of these types of immigrant businesses, as confirmed by the taxi business owner, is influenced by the fact that the immigrant entrepreneurs in this market do not face any significant competition from mainstream entrepreneurs because they are not attracted by the effort required to satisfy the non ethnic market niche and the low return it provides (Chrysostome & Arcand, 2009). Another business, i.e., the one characterized as post-industrial/high skilled option’s (such as the engineering firm owner (P7)) competitive advantage is dependent on its innovativeness.

As indicated above, the importance of ethno-cultural characteristics on opening up of and in
running a business is vital. The performance and success of these businesses however, depends on how many people are familiar with it, i.e. the size and composition of their customers, as well as on the uniqueness of the products and services they provide, if it is going to be an asset to the immigrant entrepreneurs. In this regard the Turkish (P4), Mexican (P6) and Polish (P5) entrepreneurs stated the fact that a lot of people associate Turkey and Mexico with (good) food and Polish people with building and construction, helps a lot in getting a lot of customers for their businesses.

According to Zhou, (2004), the success of ethnic businesses depended on the size of the ethnic population. This is partly consistent with the findings of this study. Immigrant entrepreneurs mobilize their ethno-cultural resources to serve the needs of not only immigrant communities in Norway, but also natives (main-stream customers). The size of the market share and the competitive advantage these immigrant entrepreneurs have are found to be vital for the performance and success of the immigrant entrepreneurs.

This hugely compensates for the disadvantages they face compared to the local (Norwegian) entrepreneurs. The ethno-cultural background serves as a critical factor for the performance and success of the immigrant entrepreneurs because it provides them with a competitive advantage. As indicated by Chrysostome (2010), the immigrant entrepreneurs have critical skills that the native entrepreneur does not have and cannot imitate.

5.2.2 The role of social networks

All of the participants in this research in one-way or another are actively involved in and have good social networks. All of the participants of this study acknowledge that their social networks are very important both in the start up as well as growth phases of their businesses. As claimed by Masurel et al., (2002), these social networks are comprised of ethnic related attributes and structures that provide ethnic business owners with a potential competitive advantage when undertaking their businesses. Through social networks immigrant business can gain a flexible and efficient possibilities for the recruitment of personnel and the acquisition of capital and market information.

Ethnic businesses are fore example, heavily reliant on the labor that co-ethnics provide. Similarly, networks can also provide easy and informal access to borrowed capital that is especially crucial in the start-up phase. Furthermore, thanks to the mutual trust within the
networks there is an informal exchange of information. Especially the weak ties provide valuable information, because this information often comes from distant parts of the social system (Brüderl & Preisendörfer, 1998). All of the participants in this study stated that, their networks were very important both in the start up as well as growth phases of their businesses. For the Turkish entrepreneur (P4) social networks (especially co-ethnics) was important in that it helped him in gaining access to the needed capital (from family members and friends) when he opened his business.

It is almost taken as a norm, and as it was true in the case of the participants of this study, immigrant entrepreneurs employ people from the same ethnic background or simply other immigrants. The most important thing mentioned by the participants who are dependent on ethnic labor was its loyalty, easy accessibility and inexpensiveness. In accordance to arguments of Masurel et al., (2002), it is the difficulty immigrants face in in the job market when they first arrive in the host country as a result of limited qualifications and particularly poor language skills, that creates a condition for the formation of an ethnic labor pool that is very favorable to the immigrant entrepreneurs.

The nature of the business can also force the immigrant entrepreneurs to rely on the labor provided by people having the same ethnic background. As presented in the previous chapter, the Mexican restaurant is a good example in that it relies on the unique and authentic skills provided by “real Mexicans” as this is extremely vital for its survival and success as a restaurant (selling ethnic goods and services). This is consistent with the findings Waldinger et al., (1990) and Zhou, (2004) in that they found that ethnic labor was one of the most important competitive advantages, the immigrant entrepreneur can have.

The existence of social resources such as rotating credits, and a protected market is also crucial for the success of immigrant businesses (Chrysostome, 2010). According to the participants of this study, the help one gets from his co-ethnic networks vary from one ethnic group (nationality) to another. And the impact of co-ethnic and non-co-ethnic networks depends on the type of business one runs.

According to the participants of this study, the help one gets from his co-ethnic networks vary from one ethnic group (nationality) to another. And the impact of co-ethnic and non-co-ethnic networks depends on the type of business one runs. According to Masurel et al.,
(2002), the co-ethnic social networks one has can present a serious limitation if the s/he wants to grow and break out of the ethnic market serving the needs of the co-ethnics. In this study the cases where the importance of the non-co ethnic networks is minimal are very few. All the participants of this study state that the non-co ethnic networks are vital for the success of their businesses. This is because, if the size of the ethnic market share is not large enough to generate a sufficient volume of sales to cover the costs incurred in operating and hence, the growth of the businesses, the critical ethnic skills of the immigrant entrepreneurs can be rendered obsolete. This argument corresponds well with the observations made by Au, Gary, Bermans & Chan, (1998). They argue that the overall performance or sustainability of immigrant businesses is highly determined by their embeddedness in the non co-ethnic networks. This embeddedness although highly dependent on the nature of business, is mostly validated by the immigrants’ adaptation to the values and cultures of the host country (Au et al., 1998). Majority of the participants in this study feel that they are in way integrated in the Norwegian society and concede the fact that this helps in the way one (re)orientates him/her self as an entrepreneur.

Immigrant entrepreneurs’ participation in broader networks and activities beyond their co-ethnic communities can determine how they can improve upon social networking and capital mobilization activities in their non co-ethnic population. For the owner of the engineering and supplier of fabricated products company (P7), it was the network he had in the engineering milieu that helped him in starting up his first company, and to grow as an entrepreneur. He was especially able to mobilize his networks to gain access to market information, customers, and not least in building trust among his suppliers and customers.

According to McGlinn (1995) Immigrant entrepreneurs’ participation in broader networks and activities beyond their co-ethnic communities, helps them to become members of many associations in order to attract customers and mobilize labor and capital from the mainstream community, signifying that developing a network building strategy and engagement with non-ethnic networks is crucial for the success of the immigrant businesses. As a typical example of this, the Mexican restaurant owner (P6) is a board member in the Trondheim Latin festival. This provides him with an opportunity to be exposed to a lot of people (both locals and nonlocals) which he acknowledges has been helpful not only in terms of getting customers but also in giving him an insight in what he has to do, in order to
increase the frequency of these costumers visiting his restaurant.

5.3 Access to finance

There is a general consensus in the literature of entrepreneurship that the entrepreneurs that tend to do well are those who get an easy access to start up capital. Bates (1997), found out that there is a link between the size of the start-up capital and the survival and profitability of the businesses of the immigrant entrepreneurs. However, it could be understood from the findings of this study, that it is quite rare for the immigrant entrepreneurs to get an easy access to start up capital In Norway. It is very difficult to have access to financial resources from the formal financial systems; namely, the financial institutions and state support schemes. Because the profile of these immigrant entrepreneurs does not fit to the type of entrepreneurs who can have easy access to loans from formal institutions of the mainstream society.

Fairlie (2012) claims that a business loan from a bank or other financial institution is one of the common sources of startup capital; nevertheless immigrant businesses are slightly less likely to use this source. Of all the participants of this study, only two (the owner of the vacation apartments (P2) and the taxi business owner (P8)), had access to start up capital. Others did not receive any sort of loans from banks or for that matter grants from the state. This is primarily because they were not credit worthy and their businesses in general did not involve any innovative products or activity that could impress the financial institutions.

Nevertheless, immigrant entrepreneurs need financial resources to effectively face the operating expenses of their businesses. These expenses that are important to their survival include among others, those related to the business consultancy, lawyers and accountants. Moreover there are also other important expenses, such as the ones related to procurement, lease, energy, taxes, and/or contingencies. The immigrant entrepreneur can easily end up bankrupt if his or her business does not have sufficient working capital to properly face these critical operating expenses. Meaning, financial resources represent a critical condition for the survival and success of the immigrant entrepreneurs (Fairlie, 2012).

In this study, many of the participants had (or still have) a job before embarking on becoming self-employed. Meaning they had to use their savings and borrowed money (from family and friends) to start up their businesses. This is partly consistent with the findings of
Bates (1997). He found that family and friends of the immigrant entrepreneurs represent an important source of financial resources for the immigrant entrepreneur. For most of the participants of this study however, the lack of access to start up capital tend to be compensated by the fact that either the spouses or the immigrant entrepreneurs themselves having to be employed (part time if it is the immigrant entrepreneurs themselves) to make sure that they create enough buffer to especially survive the initial phase of the business life cycle. This is consistent with the findings of Fairlie (2012), where the most common source of startup capital for immigrant firms is found to be from personal or family savings.

The second most common source of startup capital used by immigrant businesses according to Fairlie (2012) is personal or business credit cards. In this study, the owner of the engineering firm (P7) stated that he had to use his personal credit card to buy his first personal computer, with which he started to make the first AutoCAD designs before he went on to start his first company. In addition to personal savings immigrant business owners also commonly use personal and family assets and home equity loans to finance business start up (Fairlie, 2012).

Basu & Goswami (1999), on the other hand, found a positive relationship between cheap financing from the extended family and the growth of the immigrant businesses. If the profile of the immigrant entrepreneurs forces them to rely on their own savings as well as their ethnic social networks for their financial needs, this financial source provides them with various advantages. Firstly, they do not have to go through a demanding process of loan applications and cumbersome paperwork. They also do not have to face high interest rates for the loans or prohibitive late fees when an unfavorable economic conjuncture is slowing down their sales.

Furthermore, majority of the participants are not familiar with the existence of microcredit schemes, such as the Nettverkskreditt and Cultura Bank in Norway. Those who are familiar with these schemes state that the amount of money one receives from them is not worth the time and effort one puts in applying for it. The owner of the Mexican restaurant (P6) says that he knew that could have received kr. 20-30,000 from Nettverkskreditt, but this was too small and did not match his aspirations.
5.4 The role of human capital/managerial resources

The personal resources are related to what some literatures call the class resources. Apart from the Turkish entrepreneur (P4) all of the participants come with good educational background as well as experience in doing business. Education and experience in doing business are important components of the human capita or the managerial resources. These resources are regarded in many literature of immigrant entrepreneurship as important indicators of immigrant businesses performance and success.

According to Vinogradov & Isaksen, (2008), immigrant entrepreneurs having been exposed to the challenges related to starting a new business, learn and develop relevant managerial skills in their home country before they leave for their host country. Some of the challenges are related to establishing relationships with key stakeholders, allocation of human resources, adjusting to market demands, and facilitation of communication within the organization. Another relevant argument is that of Christopher (1998), in that a longer work experience of the business owner can be positively associated with the business survival and success. He observed a significant effect of the previous work experience on the immigrant business survival. He pointed out that previous managerial, executive, or supervisory experience is positively related to immigrant businesses’ survival.

All of the participants emphasized the importance of having good business experience. However many, especially those from the least developed countries, mention the fact that doing business in Norway is quite different to that of their countries. They mention that the business environment is quite different in Norway when compared to where they come from. They are required to follow some stricter rules and regulations that are almost nonexistent in their countries. Many mention the fact that the organizational culture (including the structure) is quite different in Norway compared to the one they were used to.

(P6, the Mexican restaurant owner) on the other hand mentions that the experience one has in doing business in one area does not necessarily mean that s/he gets involved in that area of business in Norway.

Another important component of the managerial resources/human capital is the role of the educational background, of the immigrant entrepreneurs. Educational background can be a good indicator of a business success in that people with higher human capital, according to
Brüderl et al., (1992), are in a position to set up larger and financially better-equipped businesses. Furthermore they are better equipped to detect profitable market niches that are not yet densely populated and they may have greater knowledge of how to start a business successfully and be better able to get relevant information.

This is consistent with the findings of this study. Majority of the participants acknowledge the fact that their education has given them an impetus in opening up opportunity driven businesses. The role of education was especially magnified by the fact that both P2 and P6 did market analysis and prepared business plan before opening their businesses.

According Fairlie & Lofstrom, (2013), education is likely to generate skills that are associated with greater success, such as the analytical ability, communication skills, and other skills needed to run a business successfully. This corresponds well with the findings of this study. All of the immigrant entrepreneurs in this study acknowledge that their education has helped them in making better risk assessment. Education also played an important role in the decision process of the participants.

P6 (Mexican restaurant owner) and P7 (owner of the engineering company) for example state that their education has essentially helped in enhancing their ability in customer orientation.

When it comes to formal business education, it was found that it helps in the effective development new products (NPD). It also provided participants with an idea that they have to be innovative and on how to protect their products so as to maintain their competitive advantage in the market.

5.5 The role of individual behavioral elements

Behavioral factors include some of the important personality traits that are crucial when one runs a business. Behavioral factors include wide array of elements that defines a person. Individual behavioral factors in this thesis’s context include, the important personality traits that are crucial when one runs a business. Risk aversion and commitment can especially be important indicators of entrepreneurial performance and success. This is in accordance to the arguments of Tang & Tang (2007), where risk taking is considered to be a fundamental part of entrepreneurship, because a person cannot know with certainty if the desired products can be produced to meet the needs of consumers, or profits can be generated before
a new product or service is introduced.

According to (Chrysostome, 2010), Immigrant entrepreneurs whose risk aversion is low have a better chance to succeed, while it is very difficult for the immigrant entrepreneur whose risk aversion is high to succeed. This is because, by limiting their exposure to risk, immigrant entrepreneurs also limit their chances of success by not taking advantage of business opportunities they could have exploited.

Low risk aversion is a critical factor for the survival and success of immigrant entrepreneurs. The higher the degree of risk aversion, the lower is the earnings. Immigrant entrepreneurs with higher motivations are expected to exhibit lower level of risk aversion propensity because they have the desire to fulfill their need for self-actualization even if the situation they are facing are full of uncertainty and unpredictability (Tang & Tang, 2007). Accordingly, all the participants of this study indicated that they were used to taking risks from before (including the very decision to immigrate to Norway) and that they have taken many risks when they started up their businesses in Norway. Two participants (the Arab grocery store and the engineering firm owners) agree in the fact that they did not have any other option but to take the risk in order to make a living.

When it comes to commitment one has to their businesses, all of the participants stated that they were totally committed to their businesses. They make an incredible amount of sacrifices in order to overcome the challenges they face both as entrepreneurs and immigrants. According to Chrysostome & Acrand (2009), especially for the necessity immigrant entrepreneurs, starting up a business represent a last resort in the host country and they face a lot of challenges, such as financial and market constraints. For the participants of this study therefore commitment is demonstrated by working for long and demanding hours, less time for family and social life, as well as by having to do with inadequate income. Apart from vacation apartments owner (P2), who said that he used not so long hours on his business, all said that they work(ed) long hours. Almost all of them worked more than 12 hours in the beginning. All of them, regardless of the type of business they own, acknowledge that this was key for the survival of their businesses.
5.6 Institutional framework

As reviewed in chapter two of this thesis, institutional factors play important role in the development of entrepreneurial activities among immigrants with entrepreneurial aspirations. These institutional frameworks include the general host country government policy and the business environment. This could also be through the formulation of policy measures and/or taking tangible measures that promote entrepreneurial activities among immigrants.

Waldinger, et al., (1990), argue that government policies can affect the opportunities available to immigrants to start a business or the types of businesses they start. For example, many communities have zoning and regulations, which prohibit certain types of businesses from operating or which dramatically increase the start-up costs for a business in order to comply with the local regulations.

In this study however, most of the challenges, as almost all of the participants indicated, are related to; knowledge about the very rules and regulations and the difficulty to get the accurate information when one starts a business. The owner of the Mexican restaurant (P6) states that, information was undoubtedly important, as a business is hardly expected to make it if it is plagued by loses at its infancy as a result mistakes made by its owners. The polish businessman (P5) adds the importance of a good knowledge of the Norwegian language. van Delft et al., (1999), suggests the establishment intermediaries or agencies that could coordinate movement of information. The presence of clear financing scheme is also important especially to the maturity of immigrant businesses (Chrysostome, 2010).

Government entrepreneurship support measures might include, business-counseling programs that consist of activities that aim to prepare the entrepreneur to effectively face the challenges of being an entrepreneur. These counseling programs might incorporate the provision of trainings; in business planning, organizational design and the management of business operation challenges. The programs might further include giving trainings in the development of business networks as well as trainings on the business rules and regulations and the general business environment (Chrysostome, 2010). According to Masurel et al., (2002), policy initiatives may include inter alia skills training program, development of socio-cultural competence, language courses as well as business training programs
The Norwegian labor and welfare administration (Norwegian: NAV), by hiring private bodies, provides business start up trainings, to individuals who wish to start up their own businesses. From the participants of this study however, only one, i.e., the owner of the Arab grocery store (P1) had the opportunity to participate in the program. Others don’t even know that such programs exist in Norway. In addition to this, the Norwegian tax office periodically arranges short business start up information meetings. However majority of the participants state that they either did not have any idea about it or the information was unsatisfactory.

Another aspect of the institutional factor is the government’s tax-related (fiscal) policy (entrepreneurship stimulus). According to Chrysostome & Arcand, (2009), tax incentives could be important tools in the promotion of entrepreneurial activities among immigrants, as governments traditionally used this, as a tried and tested means of investment promotion.

As stated by all of the participants in this study however, tax incentives or credit assistance to immigrant entrepreneurs are not common in Norway. Immigrant businesses don’t get credit assistance because of the general consensus that they are not qualified as innovative ventures. To the contrary, regardless of the size and the age of these businesses all of the immigrant entrepreneurs businesses are subject to tighter regulations and are required to pay too much tax. The financial resources of most of the participants in this study are limited. Every one agrees in the fact that tax incentives would alleviate the burden of the expenses, many of the immigrant entrepreneurs face.
6 Conclusion

This chapter is the final part of the study on entrepreneurial performance and success of immigrants in Norway. As pointed out in the first chapter of this thesis, in spite of the apparently conducive entrepreneurial environment and the positive trend of business start-ups among immigrants in Norway, many immigrants are faced with numerous challenges and limitations when they embark up on starting up and/or running their ventures. Vinogradov & Isaksen (2008) for example found out that, most of the immigrant ventures in Norway compared to the ones owned by natives are prone to high failure rates, low turnovers and low income in relation to their entrepreneurial investments. The aim of this chapter is to provide an answer to the pertaining issue of how performance and success is realized or for that matter defined among immigrant entrepreneurs in Norway. The main research question is:

*How is immigrants’ entrepreneurial performance and success realized in Norway?*

And the sub questions that emerged from this main research question are:

- How does the purpose of becoming entrepreneur influence entrepreneurial performance and success of the immigrants?
- How do the immigrants’ group resources (ethnic and class resources), market conditions and intuitional framework of the Norwegian welfare state influence entrepreneurial success of the Immigrants?

In this chapter, each of the above research sub questions will be treated individually in an attempt to provide an answer to the main research question. Next, the implications of this study and suggestions for future research will be made.

*How does the purpose of becoming entrepreneur influence entrepreneurial performance and success of the immigrants?*

The aim of this research sub question is to understand how the purpose or the reasons to start up a venture contributes to the performance and success of immigrant entrepreneurs in Norway. The reasons immigrants start up a business can be a good indicator of the challenges and opportunities the immigrants meet upon arrival in the Norway. The purpose of starting a business can be understood by investigating the experiences of the immigrant in
the labor market. This can also help to better understand how the immigrants exploit their individual and group resources in facing the challenges and exploiting the opportunities they meet upon arrival. Understanding the challenges and opportunities these immigrants meet in the host country and their individual characteristics can in turn give insight on how the overall immigrant entrepreneurial performance and success can be prompted in Norway.

According to the interactive model developed by Waldinger et al., (1990), immigrant entrepreneurs develop ethnic strategies based on the host country opportunity structures and the ethnic characteristics of the immigrants themselves. The model suggests that the motives of the immigrant entrepreneurs to open up own businesses cannot be traced back to a distinct factor that is responsible for the entrepreneurial success of immigrants. The success of the ethnic/Immigrant entrepreneurs is rather conditioned by a complex interaction of the opportunity structure and the immigrant entrepreneurs’ characteristics (resources) (Volery, 2007). It is these two dimensions that prompt the immigrant entrepreneurs to develop and implement strategies in establishing a viable business in an alien environment (Volery, 2007). The opportunity structure of the interactive model is comprised of labor market conditions, market conditions (customers), and the business environment such as access to ownership and the financial, legal and institutional factors.

The second element of Waldinger et al’s interactive model is the ethnic resource. Here immigrants have the opportunity to mobilize and exploit resources provided by their culture and/or their ethnic social networks.

Nevertheless, thanks to globalization, the ethnic strategies developed by immigrant entrepreneurs are not solely inspired by the disadvantage faced in the labor market or for that matter entrepreneurship is no longer seen as the only way to survive in the host country. Immigrant entrepreneurship is no longer homogeneous and now it refers to different types of immigrant entrepreneurs (Chrysostome, 2010). In addition to the ethnic niche market, immigrants are becoming more and more involved in the knowledge intensive and growth oriented mainstream businesses. According to the findings of this thesis immigrant entrepreneurs started business to exploit business opportunities in segments with a good return potential. In this study these segments vary, from the traditional immigrant grocery stores to engineering and consultancy firms.
Hence, for the participants of this study, the reasons for opening up of own business varied between the mere necessity to survive in the host country, to the exploitation of a business opportunity.

Five of the participants in this study are necessity entrepreneurs. These necessity entrepreneurs started businesses in absence of other opportunities such secure source of income and to make a living (and in one case to continue to reside in Norway). It is also found that people with higher education from the host country and having the mainstream population as their target customers and running knowledge intensive and growth oriented businesses, can also be driven by necessity when they first open up their businesses. Some of the necessity entrepreneurs have even had salaried jobs before becoming self-employed, but the jobs they had were either not safe or inadequate. This is consistent with the fact that unemployment or the likelihood of unemployment can act as a push factor into necessitating self-employment and hence, conforms with the propositions of the labor market disadvantage theory where it is argued that, disadvantage in the labor market, such as unemployment or fear of unemployment or underemployment often compels minorities/immigrants to pursue an independent means of livelihood (Boyd, 2000).

On the other hand, three participants stated that they started their businesses because they saw an opportunity with a good return potential. The main reasons given by all of these opportunity immigrant entrepreneurs for starting up their businesses are either opportunity exploitation or to fill the gaps in the market. This is more or less consistent with the notion that Immigrant entrepreneurs often enter non-ethnic or mainstream markets when conditions allow access (Waldinger et al., 1990). The primary intention is to exploit underserved or abandoned markets, markets with low economies of scale, or to provide ethnic goods. The opportunity immigrant entrepreneurs in this study were motivated by more than just making money, as unemployment was not an issue with all of them. All three chose to forgo their paid salaries in order to pursue their dream of starting own businesses.

The main conclusion that can be drawn here is therefore that, the success of immigrant business is primarily conditioned by; the type of the businesses the immigrants start, how it is operated, its target customers, the characteristics of the immigrant groups themselves as well as access to financial and the institutional framework. In this study it is found that
motivation (in this case reasons for opening a business) indirectly contributing to the performance and success of immigrant entrepreneurs. For example an immigrant business can be driven by necessity, but if the immigrant entrepreneur opens a business in the mainstream market, then the business has a good chance of performing well.

Furthermore, the contribution of motivation to the success of immigrant entrepreneurs, regardless of whether they are necessity or opportunity driven is largely in giving them an impetus to mobilize their resources (personal, ethno cultural and the like) in order to find business opportunities with good return potential. However, it is the quality of these resources and how well the immigrant entrepreneurs exploit these resources as well as external dynamics, such as the government rules and regulations (and other relevant institutional frameworks) that largely determine the overall performance of their businesses.

*How do the immigrants’ group resources (ethnic and class resources), market conditions and intuitional framework of the Norwegian welfare state influence entrepreneurial success of the Immigrants?*

The aim of this research sub question is to gain an insight on how the opportunity structure, group characteristics and the institutional framework, influences the overall performance and success of the immigrant entrepreneurs in Norway. According to the literature review conducted in chapter two of this thesis, the elements of the opportunity structure and personal resource are; ethno-cultural factors, human capital, social capital, individual behavioral elements, target customers/market as well as financial and institutional factors.

According to the theoretical perspectives of this thesis, immigrants can draw on the resources provided by their cultural traditions and ethnic social networks (Lo et al., 2002). In this thesis it was found that ethno-cultural resources hugely compensating for the disadvantages the immigrant entrepreneurs face compared to the local (Norwegian) entrepreneurs. Culture provided the immigrant entrepreneurs in this study, with an entrepreneurial mentality. It helped them in searching for ethnic and non-ethnic resources that are needed to start up a business. Ethno-cultural resources provide the immigrant entrepreneurs with a competitive advantage because they possess critical skills that the native entrepreneurs do not have and cannot imitate. According to the participants of this study, ethno-cultural resources provide the immigrant entrepreneurs with an access to ethnic
resources such as specific know-how, business ideas; knowledge about the market, solidarity and networks. It also helps them in gaining trust from their customers.

Furthermore, majority of the participants stated that their culture has given them the predisposition to not only become entrepreneurs but also in choosing the type of businesses they get involved in. This corresponds well with the findings of Waldinger et al., (1990) that immigrants move to the host country with entrepreneurial abilities they have already developed in their home countries.

Culture can also contributes to the performance and success of the immigrant businesses in such a way that it helps them make the right choice in the mobilization of their entrepreneurial resources. Three participants acknowledged that their culture (entrepreneurial tradition) has helped them in mobilizing the needed resources that helped to run their businesses smoothly. Typical examples of this are the Mexican restaurant owner, Turkish fast food owner and the Polish entrepreneurs. These very participants also mention the importance of ethnic solidarity among the ethnic communities to the success of their businesses. This is because it especially helps them in gaining access to start up capital, loyal employees and market information. Nevertheless it is worth mentioning also that this solidarity and cooperation culture varies from culture to culture. A good example of this is the Liberian businesswoman, where the only time her countrymen visit her shop is, whenever they are in need of some help, such as money to borrow and the like.

The types of markets where business opportunities may arise for immigrant entrepreneurs can be categorized in to three: vacancy-chain, which is small-scale, low-skilled, labor intensive and highly competitive market. The Post-industrial/low skilled options, are markets where the immigrant businesses are involved in providing personal services and post-industrial/high skilled options, are those that include many high tech industries with positive growth potential that require high human capital (Kloosterman & Rath, 2001).

The size of the ethnic market share of the immigrant entrepreneurs is another most important factor influencing the performance and success of their businesses. The size of the ethnic market share of the immigrant entrepreneur is influenced by the size of the ethnic community, and if the size of the ethnic market share is not large enough to generate a sufficient volume of sales to cover the costs incurred in operating the business, the critical
ethnic skills of the immigrant entrepreneur will become useless (Chrysostome, 2010). Otherwise the immigrant entrepreneurs will need to ‘break-out’ or become innovative in their business ventures.

Majority of the immigrant entrepreneurs in this study, including those who are strictly involved in offering ethnic goods and services (e.g., the Mexican restaurant owner) have therefore, the mainstream customers (Norwegians, for the businesses that are located inside Norway) as their main customers. All of the participants acknowledge that this was vital for the success of their businesses. This is consistent with the notion that the ethnic market niche is critical element in the performance and success of the immigrant entrepreneur because of their competitive advantages. The immigrant entrepreneurs operating in this niche have critical skills that the native entrepreneurs do not have and cannot imitate (Chrysostome & Arcand, 2009).

As indicated above, the importance of ethno-cultural characteristics on opening up of and in running a business is vital. The performance and success of these businesses however, depends on how many people are familiar with it, i.e. the size and composition of their customers, as well as on the uniqueness of the products and services they provide, if it is going to be an asset to the immigrant entrepreneurs.

According to Zhou, (2004), the success of ethnic businesses depended on the size of the ethnic population. This is partly consistent with the findings of this study. Immigrant entrepreneurs mobilize their ethno-cultural resources to serve the needs of not only immigrant communities in Norway, but also natives (main-stream customers). The size of the market share and the competitive advantage these immigrant entrepreneurs have are therefore, found to be vital for the performance and success of the immigrant entrepreneurs.

Two participants for example, indicate that their customers were comprised of the immigrant population in Norway. This has significant implications on the performance of their businesses. Both of them acknowledge the fact that they are in a precarious position as the barrier to entry to the market they operate in is almost none existent. They state that other similar immigrant businesses are staring to appear in the city they are located in. They fear that in few years, this might have negative consequence for their businesses. This is consistent with the arguments of Kloosterman & Rath (2001) in that the chances for success
are rather limited for both of these immigrant entrepreneurs because, even though these businesses offer relatively easy access, most businesses in these vacancy-chain openings are easily trapped within the confines of co-ethnic markets, even go to as far as reaching the saturation point.

The performance and success of the immigrant businesses is also influenced by the social networks the immigrants have. Immigrant entrepreneurs make extensive use of their social networks because these are central source of ‘social capital’. According to Masurel et al., (2002), the social networks are made up of ethnic related attributes and structures that provide ethnic business owners with a potential competitive advantage when undertaking their businesses. Through social networks immigrant business could gain a flexible and efficient possibilities for the recruitment of personnel and the acquisition of capital and market information.

All of the participants of this study stated that their social network was very important both in the start up as well as growth phases of their businesses. The co-ethnic community surrounding the immigrant entrepreneur is capable of delivering a number of crucial resources for the launch and the growth of the business. These resources include cheap and loyal labor and capital. Furthermore, thanks to the mutual trust within the networks there is an informal exchange of information. Especially the weak ties provide valuable information, because this information often comes from distant parts of the social system (Brüderl & Preisendörfer, 1998). For some of the participants of this study, social networks (especially the co-ethnics) was important in that it helped them in gaining access to the needed capital (from family members and friends) when they opened their businesses.

Some of the Immigrant entrepreneurs in this study, employ people from the same ethnic background or simply other immigrants. The most important thing mentioned by these participants is that the ethnic labors’ loyalty, easy accessibility and inexpensiveness. In accordance to arguments of Masurel et al., (2002), it is the difficulty immigrants face in in the job market when they first arrive in the host country as a result of limited qualifications and particularly poor language skills, that creates a condition for the formation of an ethnic labor pool that is very favorable to the immigrant entrepreneurs. Nevertheless, the nature of the business can also force the immigrant entrepreneurs to rely on the labor provided by
people having the same ethnic background. This is consistent with the findings Waldinger et al., (1990) and Zhou, (2004) in that they found that ethnic labor was one of the most important competitive advantages, the immigrant entrepreneur can have.

The existence of social resources such as rotating credits, and a protected market is also crucial for the success of immigrant businesses (Chrysostome, 2010). According to some of the participants of this study however, the help one gets from his co-ethnic networks vary from one ethnic group (nationality) to another. And the importance of co-ethnic and non-co-ethnic networks depends on the type of business one runs. According to Masurel et al., (2002), the co-ethnic social networks one has can present a serious limitation if s/he wants to grow and break out of the ethnic market serving the needs of the co ethnics. In this study the cases where the importance of non-co ethnic networks is minimal were very few.

All the participants of this study stated that non-co ethnic networks are vital for the success of their businesses. This corresponds well with the observations made by Au, Gary, Bermans & Chan, (1998) in that the performance or sustainability of immigrant businesses is highly determined by their embeddedness in the non-co-ethnic networks. This embeddedness although highly dependent on the nature of business, is mostly validated by the immigrants’ adaptation to the values and cultures of the host country. Hence, majority of the participants in this study feel that they are in way integrated in the Norwegian society and concede the fact that this helps in the way one (re)orientates him/her self as an entrepreneur.

Furthermore, it is found in this study that immigrant entrepreneurs’ participation in broader networks and activities beyond their co-ethnic communities helps them to become members of many associations in order to attract customers and mobilize labor and capital from the mainstream community, signifying the fact that developing a network building strategy and engagement with non-ethnic networks is crucial for the success of the immigrant businesses.

When it comes to the role of access to finance, there is a general consensus in the literature of entrepreneurship that the entrepreneurs that tend to do well are those who get an easy access to start up capital. Bates (1997) for example found that there is a link between the size of the start-up capital and the survival and profitability of the businesses of the immigrant entrepreneurs.
However, it could be understood from the findings of this study, that it is quite rare for the immigrant entrepreneurs to get an easy access to start up capital in Norway. This is because the profile of these immigrant entrepreneurs does not fit to the type of entrepreneurs who can have easy access to loans from formal institutions of the mainstream society. Fairlie (2012) claims that a business loan from a bank or other financial institutions is one of the common sources of startup capital, nevertheless immigrant businesses are slightly less likely to use this source. Of all the participants of this study, only two (the owner of the vacation apartments (P2) and the taxi business owner (P8)), had access to start up capital. Others did not receive any sort of loans from banks or for that matter grants from the state. This is primarily because they were not credit worthy and their businesses in general did not involve any innovative products or activity that could impress the financial institutions.

Nevertheless, immigrant entrepreneurs need financial resources to effectively face the operating expenses of their businesses. These expenses that are important to their survival include among others, those related to the business consultancy, lawyers and accountants. Moreover there are also other important expenses, such as the ones related to procurement, lease, energy, taxes, and/or contingencies. The immigrant entrepreneur can easily end up bankrupt if his or her business does not have sufficient working capital to properly face these critical operating expenses. Meaning, financial resources represent a critical condition for the survival and success of the immigrant entrepreneurs (Fairlie, 2012).

Almost everyone therefore had (or still have) a job before embarking on becoming self-employed. Meaning they had to use their savings and borrowed money (from family and friends) to start up their businesses. This is consistent with the findings of Bates (1997). He found that family and friends of the immigrant entrepreneurs represent an important source of financial resources for the immigrant entrepreneur. For most of the participants of this study, the lack of access to start up capital tend also to be compensated by the fact that either the spouses or the immigrant entrepreneurs themselves having to be employed (part time if it is the immigrant entrepreneurs themselves) to make sure that they create enough buffer to especially survive the initial phase of the business life cycle. This is consistent with the findings of Fairlie (2012), where the most common source of startup capital for immigrant firms and is found to be from personal or family savings.
The second most common source of startup capital used by immigrant businesses according to Fairlie (2012) is personal or business credit cards. In this study, the owner of the engineering firm (P7) stated that he had to use his personal credit card to buy his first personal computer, with which he started to make the first AutoCAD designs before he went on to start his first company. In addition to personal savings, immigrant business owners also commonly use personal and family assets and home equity loans to finance business start up (Fairlie, 2012).

Furthermore, majority of the participants are not familiar with the existence of microcredit schemes in Norway, such as the Nettverkskreditt and Cultura Bank. Those who are familiar with these schemes state that the amount of money one receives from them is not worth the time and effort one puts in applying for it.

The human capital or the managerial resources of the immigrant entrepreneurs can also play significant role in the performance and success of their businesses. These personal resources are related to what some literatures call the class resources (Masurel et al., 2002). These include educational as well as business background (experience in doing business). According to Vinogradov & Isaksen, (2008), immigrant entrepreneurs having been exposed to the challenges related to starting a new business, learn and develop relevant managerial skills in their home country before they leave for their host country. Christopher (1998) argues that, a longer work experience of the business owner can also be positively associated with the business performance and success.

All of the participants emphasized the importance of having good business experience. However many, especially those from the least developed countries, mention the fact that doing business in Norway is quite different to that of their countries. They mention that the business environment is quite different in Norway when compared to where they come from. They are required to follow some stricter rules and regulations that are almost non-existent in their countries. Many mention the fact that the organizational culture (including the organizational structure) is quite different in Norway compared to the one they were used to. (P6, the Mexican restaurant owner) on the other hand mentions that the experience one has in doing business in one area does not necessarily mean that s/he gets involved in that area of business in Norway.
Educational background can also be a good indicator of a business success, as people with higher human capital, according to Brüderl, et al., (1992), are in a position to set up larger and financially better-equipped businesses. Furthermore they are better equipped to detect profitable market niches that are not yet densely populated and they may have greater knowledge of how to start a business successfully and be better able to get relevant information.

This is consistent with the findings of this study. Majority of the participants acknowledge the fact that their education has given them an impetus in opening up opportunity driven businesses. Chrysostome, (2010) claims that education helps the entrepreneur understand the challenges faced in the host country and device the best approaches to overcome them. P6 (Mexican restaurant owner) and P7 (owner of the engineering company) for example state that their education has essentially helped in enhancing their ability in customer orientation.

According Fairlie & Lofstrom, (2013), education is likely to generate skills that are associated with greater success, such as the analytical ability, communication skills, and other skills needed to run a business successfully. This corresponds well with the findings of this study. All of the immigrant entrepreneurs in this study acknowledge that their education has helped them in making better risk assessment. Education also played an important role in the decision process of the participants.

When it comes to formal business education, it was found that it helps in the effective development new products (NPD). It also provided the immigrant entrepreneurs with an idea that they have to be innovative and on how to protect their products so as to maintain their competitive advantage in the market.

According to Volery (2007), individual behavioral characteristics, such as the need for achievement, the belief in control over one’s life, and a propensity to take risks, commitment that typically characterize the classic entrepreneur, also affect success and performance of immigrant businesses.

All of the participants in this study stated that they were used to taking risks from before (including the very decision to immigrating to Norway) and that they have taken many risks when they started up their businesses in Norway. Two participants agree in the fact that they
did not have any other alternative but to take the risk in order to survive. Immigrant entrepreneurs whose risk aversion is low have a better chance to succeed, while it is very difficult for the immigrant entrepreneur whose risk aversion is high to succeed (Chrysostome, 2010). This is because, by limiting their exposure to risk, the immigrant entrepreneurs also limit their chances of success by not taking advantage of business opportunities they could have exploited.

When it comes to commitment one has to their businesses, all of the participants stated that they were totally committed to their businesses. They make an incredible amount of sacrifices in order to overcome the challenges they face both as entrepreneurs and immigrants. According to Chrysostome & Acrand (2009), especially for the necessity immigrant entrepreneurs, starting up a business represent a last resort in the host country and they face a lot of challenges, such as financial and market constraints. For the participants of this study therefore commitment is demonstrated by working for long and demanding hours, less time for family and social life, as well as by having to do with inadequate income. Almost all of them work(ed) more than 12 hours in the beginning. All of them, regardless of the type of business they own, acknowledge that this was key for the survival of their businesses.

When it comes to the institutional framework, Waldinger, et al., (1990), argue that the impact of government policies on immigrants can affect the opportunities available to immigrants to start a business or the types of businesses they start. These government policies on immigrants’ entrepreneurship play important role in the development of entrepreneurial activities among immigrants with entrepreneurial aspirations. The role of institutional framework in enhancing immigrant entrepreneurship may include policy measures and/or taking tangible measures to promote entrepreneurial activities among immigrants by the state or local authorities. The measures might include, business-counseling programs and other activities that aim to prepare the immigrants to effectively face the challenges of being an entrepreneur. These business-counseling programs might incorporate the provision of trainings; in business planning, organizational design and the management of business operation challenges.
The programs may further include, giving trainings in the development of business networks as well as trainings on the business rules and regulations and the general business environment (Chrysostome, 2010). In this study it was found that the Norwegian labor and welfare administration (Norwegian: NAV) provides business start up trainings by hiring private bodies, to individuals who wish to start up their own businesses. From the participants of this study however, only one, the owner of the Arab grocery store (P1) had the opportunity to participate in the program. Others don’t even know that such programs existed in Norway. In addition to this, the Norwegian tax office periodically arranges short business start up information meetings. However majority of the participants stated either that they did not have any idea about it or the information was unsatisfactory.

The implication of the role of the institutional framework is that the immigrant entrepreneurs are faced with specific challenges when they start own businesses in Norway. In this study it was found that most of the challenges faced by the immigrant entrepreneurs, as almost all of the participants indicated, are mostly related to; knowledge about the very rules and regulations and the difficulty to get the accurate information when one starts a business. They mention that information is undoubtedly important, as a business is hardly expected to make it if it is plagued by loses at its infancy as a result mistakes made by its owners. The importance of a good knowledge of the Norwegian language is also emphasized.

Another aspect of the institutional factor is a government tax-related (fiscal) policy (entrepreneurship stimulus). According to Chrysostome & Arcand, (2009), tax incentives could be important tools in the promotion of entrepreneurial activities among immigrants. Governments traditionally use this, as a tried and tested means of investment promotion.

As reported by all of the participants in this study however, tax incentives or credit assistance for immigrant entrepreneurs, are not common in Norway. To the contrary, regardless of the size, type and the age of their business all of the immigrant entrepreneurs businesses are subject to tighter regulations and required to pay too much tax. The financial resources of most of the participants in this study are limited. Every one agrees in the fact that tax incentives would alleviate the burden of expenses many of the immigrant entrepreneurs face.
How is immigrants' entrepreneurial performance and success realized in Norway?

The aim of this study was to understand how the overall performance and success of immigrant businesses in Norway is realized. To understand this therefore it was important to first understand why the immigrants decide to be self-employed on the first place. Understanding this could give a good insight on the nature of the challenges and opportunities these immigrants faced in Norway, and provide a good explanations on their choice of the type of businesses they operate. Understanding the challenges and opportunities these immigrants meet in Norway, could further help to better understand the characteristics of the opportunity structure in Norway. Therefore an attempt was also made to understand the nature of the opportunity structure and how the immigrants personal as well as group characteristics (resources) and the institutional framework contributed to their entrepreneurial performance and success in Norway.

Based on the literature review conducted in chapter 2 of this study, the theories and perspectives explaining the success and performance of immigrant business could be categorized in to supply side perspectives, such as the; cultural and neo classic perspectives; demand side, such as the; labor disadvantage perspective and the condition or the context which shapes the interplay between the demand and supply perspectives, i.e., the institutional perspective.

The labor market disadvantage perspective fore example indicates that it is the desperate situation that the immigrants face upon arrival that prompts them to take up self-employment, as it is the only option they have in the host country (Volery, 2007). From this perspective the elements that influence entrepreneurial success and performance are the commitment and the determination to succeed of the immigrant, as self-employment is the only viable job alternative (Chrysostome & Arcand, 2009). The cultural perspective on the other hand suggests that, the immigrants move to a host country with entrepreneurial abilities they have already developed in their home country. According to this perspective, the pre-migration cultural tradition of entrepreneurial mentality, the ethnic social network and the ethnic niche market are the elements that are critical for the immigrants’ entrepreneurial success and performance (Chrysostome & Arcand, 2009).

According to the Neo-classic perspective, entrepreneurship is a result of arbitration between
the earnings expected from self-employment and the wages expected from being an employee, hence, entrepreneurial performance and success can be influenced by risk management, innovative ideas, managerial skills, education level and work experience (Chrysostome, 2010).

The institutional perspective, argues that the institutional structure is critical in the emergence of business ventures. According to this view entrepreneurial performance and success will vary depending upon the policy initiatives designed by the government (Kloosterman & Rath, 2001).

Based on these perspectives and the discussions on the preceding sections, the elements that influence the entrepreneurial performance and success among immigrants were categorized in to five categories namely: ethno-cultural, financial, managerial, behavioral and institutional framework.

In this study, the performance and success of immigrant businesses, was primarily found to be conditioned, by; the type of the businesses the immigrants start, how it is operated, its target customers, the characteristics of the immigrant groups themselves as well as access to finance and the institutional framework.

According to the interactive model developed by Waldingers el al., (1990), immigrant entrepreneurs develop ethnic strategies based on the interaction between the opportunity structure and the immigrant groups characteristics. In this study therefore it was found that it is this interaction that conditions the success of immigrants as entrepreneurs. Regardless of whether they are necessity or opportunity driven, the immigrant entrepreneurs mobilized their resources (personal, ethno cultural, social and the like) in order to create or find business opportunities with good return potential. However, it is the ethnic strategy they develop based on the nature and quality of these resources and how well the immigrant entrepreneurs implement these strategies in order to exploit the resources on one hand and the institutional framework, such as the government policy, the Norwegian business rules and regulations and the overall Norwegian business environment that largely determined the overall performance of their businesses.

Whilst most of the challenges the immigrant entrepreneurs face, are essentially associated with, the institutional framework such as the Norwegian business rules and regulations,
taxation and the lack of access to financing, the importance of the immigrants’ ethnocultural elements in the immigrants entrepreneurial success is more pronounced in the ethnic markets, where the quality of the ethnic resources such as the start up capital, information and ethnic labor and the size of market share is key. Whereas class resource is found to be significant both in searching, and exploitation of business opportunities through better risk assessment, as well as in insuring their sustainability through innovation and better decision making and problem solving skills.

Furthermore, embeddedness of the immigrant entrepreneurs in the non-ethnic markets is found to be key for the performance and success of their ventures. The co-ethnic social networks one has can present a serious limitation if s/he wants to grow and break out of the ethnic market serving the needs of the co-ethnics. The importance of embeddedness of immigrants in non-ethnic networks, although highly dependent on their growth ambitions and the nature of businesses they run, is mostly validated by the immigrants’ adaptation to the values and cultures of the host country. Immigrant entrepreneurs’ participation in broader networks and activities beyond their co-ethnic communities is found to helping them become members of many associations in order to attract customers and mobilize labor and capital from the mainstream community, signifying the fact that developing a network building strategy and engagement with non-ethnic networks is crucial for the success of the immigrant businesses.

6.1 Implications of this study

This study tried to provide an explanation of how success and the overall performance of the immigrant ventures, is realized in Norway. The findings of this study can be useful for public policymakers and relevant authorities involved in the formulation of policies aiming at promotion and better facilitation of entrepreneurship among immigrants. A clear understanding of how the factors that affect the success and survival of immigrant businesses can for example help in the efficient distribution of state funds and grants. This can also contribute in devising measures that would promote and facilitate more viable, growth oriented, sustainable ventures creation among immigrants.

The findings of this study outlined some of the challenges the immigrants face in starting and running viable businesses. This study especially helps in identifying the areas that have
to be emphasized by the policy measures. This study will thus help in facilitating (prospective) immigrant entrepreneurs to be involved in growth oriented, mainstream sustainable immigrant Entrepreneurship. In doing so this study will also contribute in influencing the value creation in the Norwegian economy.

Promoting and facilitating more viable, growth oriented, sustainable ventures creation among immigrants can mean that the welfare state will be relieved from huge burden and income will be generated to the regions where the immigrants settle in. Numerous researchers point out also that it can be an important instrument in the integration process of the immigrants.

6.2 Areas for further research

Using a phenomenological paradigm and qualitative research methods, this study has provided some answers on how performance and success of immigrant entrepreneurs in Norway is realized. Hence a study by expanding the sample size of this study and the range of geographic locations, and the type immigrant business studied would make the findings of this study better understood and more universal. A comparative study on how ethnic variations and gender are related to entrepreneurial performance and success would also be another interesting research area.
7 Reference


Appendix: Interview guide

Migration background
When did you permanently move to Norway?
Where is your country of origin?
Why did you decide permanently move to Norway?
How did you find Norway, vis-à-vis your pre-migration hope and expectation?

Pre-business experience
What is your experience in the Norwegian labor market?
What kind of job did you have, if you were employed?

Reasons/purpose of becoming self-employed
Do you have experience in a paid employment before?
Have you ever tried to get a paid employment in Norway?
Do you think there would be other options for you than being self-employed in Norway?
Have you ever had experience of being an entrepreneur prior to your moving to Norway?
What made you decide to enter business?
What was your main purpose of going into this business?

Business performance and success
For how long have you been in this business?
How do you assess your business growth compared to the last financial year?
How is the general growth in profit of the compared to when it started?
How is business growth compared to your competitors?
How is rise in the number of employees compared to when the business started?
How would you describe the overall business performance?
How satisfied are you with the overall performance of the business?

**Entrepreneurial sources**

What were your personal sources of entrepreneurship?

How did your level and the type of education you have, help in your entrepreneurial endeavor?

How did your previous work experience help in your entrepreneurial endeavor?

How did your previous entrepreneurial experience help in your current entrepreneurial endeavor?

Do you think that you are fully utilizing your knowledge and education by being an entrepreneur?

**Individual behavioral elements**

Do you consider yourself as a risk taker or risk averter?

How committed are you to this business?

How did your level of commitment contributed to the current status of the business?

**Ethno-Cultural elements**

Which aspect of your culture contributed to your entrepreneurial endeavor?

In what way does being a member of a particular ethnic community help your entrepreneurial activity?

Do you see your ethnic background as an asset or a liability from the perspective of your (the type of) business?

How involved are you in social activities with your co-ethnics and other immigrant groups, i.e. in clubs, associations, and cultural institutions?

As an entrepreneur, what are the specific benefits you get from your ethnic and non-ethnic social networks helpful in maintaining your business?

**Employees**

Do you employ members of your family members?
What is the ethnic composition of your employees?

Do you employ other people with immigrant background?

**The market/ Customers**

Which Markets do you serve?

Markets abandoned by indigenous or big firms (ethnic markets or non-ethnic or both?)

What kind of products/services do you sell?

How is the level of competition?

What is the size of your market share? In terms of the ethnic population (or other ethnic groups)

Who are your main customers – locals or immigrants?

**Access to finance**

How did you secure financial resources such as start-up capital for your business?

- From own savings
- Borrowed from family and relatives
- Loans from compatriots
- Loans from informal ethnic societies e.g. rotating credit associations
- Microcredits
- General bank loans

How about emergency loans to deal with unexpected occurrences?

**Institutional framework**

Did you get any formal advice (counseling) before you started your business? If yes where from?

What kind of help did you get from the state support schemes to start your business?
How do you regard the overall business climate in Norway?

How is the environment for new business start-ups in Norway?

How is the support to start own business in Norway?

Is it easy to get access to the state-owned credit assistance programs?

Do you get some tax incentives?

Which aspect of state regulation did you find most challenging?

What kind of support would you like to have received from the state?