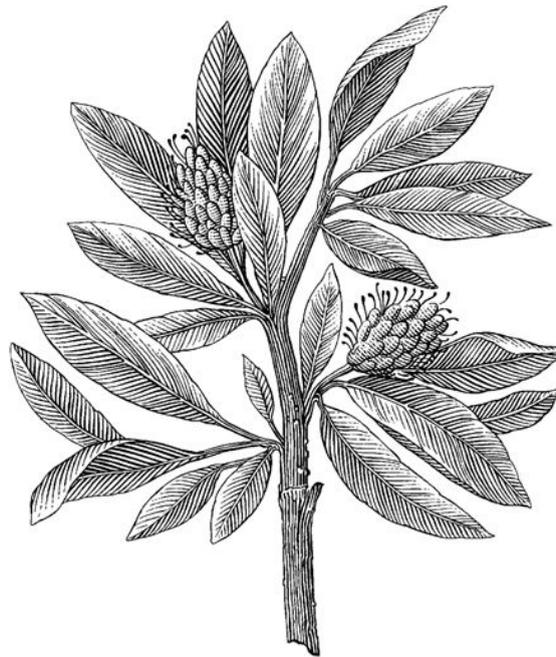




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Overcoming social constraints for immigrant entrepreneurs in Sweden



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Abstract

Entrepreneurship is in full-swing across the globe and it is widely regarded as a sustainable solution to long-unresolved economic issues like unemployment and poverty. Immigration is also a growing reality and the immigrating individuals can contribute to the new societies either by settling for a job or launching a business as an entrepreneur and in turn creating more jobs. However, social constraints are a key hurdle in the way of immigrant entrepreneurs. This paper aims to not only understand the social constraints faced by immigrant entrepreneurs but also provide a set of guidelines on how to overcome these social constraints. A qualitative research study focused on immigrant entrepreneurs in Sweden was designed around this purpose and was conducted in two cities of Sweden. Entrepreneurs in the study were from diverse nationalities of origin and business sectors. Key social constraints identified through the study are cultural differences, differences in business practices, and language – all acting as a wall for foreign entrepreneurs. Networking – both business and social – is regarded as the main solution to overcome these barriers and the weight for this lies equally on state, entrepreneurship industry, and the immigrant entrepreneurs. Immigrant entrepreneurs can overcome the social constraints by also researching their business area in detail as well as marketing themselves and their businesses especially by establishing a strong and trustable social media profile. Government needs to recognize the diversity of immigrant entrepreneurship communities and create tailor-made social interaction programs for different nationalities, educational backgrounds, and business sectors. It can also project positive image of successful immigrant entrepreneurs not only to inspire other immigrant entrepreneurs but also to increase trust regarding immigrant entrepreneurs among native population. Another important step by government could be early orientation for immigrant entrepreneurs to Swedish business market. Entrepreneurship advisory industry needs to understand immigrant entrepreneurs better and organize more multi-cultural events to lower the barriers between native and immigrant communities.

Keywords: Immigrant Entrepreneurship, Identity, Social Capital, Networking, Trust

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1 Introduction

The following chapter introduces the research topic, provides its background, sets the research purpose and questions, and outlines research delimitations and report structure.

1.1 Background

Entrepreneurship is a driving force in pushing the world forward (Hisrich, Peters and Shepherd, 2016). A successful new venture is usually a meeting point of a business opportunity and an enterprising individual (Venkataraman, 1997). This meeting point results in new products, new services, and new ways of doing things - entrepreneurship is hence deeply rooted in innovation (Mellor and Coulton, 2009). Today, new venture creation is considered the main driver of economic growth and innovation (Baumol, 1990 and Murphy, Shleifer and Vishny, 1991). As such, it is also the determinant of large differences that are observed in economic performance of various economic regions and countries (Giannetti and Simonov, 2004). Hence, it's only natural that governments world-over are today eyeing entrepreneurship as a possible solution to long-standing economic problems such as unemployment and poverty (Georgellis, Sessions and Tsitsianis, 2005). Although the importance of entrepreneurial activity is a well-established fact since Schumpeter (1934), immigrant entrepreneurs have not gained prominence within 'mainstream' entrepreneurship research, thus lagging far behind research on areas such as gender and 'family' businesses (Ram, Jones and Villares-Varela, 2017). Yet, given the recent influx of migration, the areas is receiving considerable attention (Turkina and Thi Thanh Thai, 2013).

During the 1990s, a major shift was seen in migration pattern into Europe with increasing inflow of asylum seekers in flight from war-ravaged areas of Africa and South West Asia (Ram, Jones and Villares-Varela, 2017). Even though the demographic composition and nationalities in migration may have undergone significant change over the last few decades,

one element seems to have remained constant: higher than average rate of entrepreneurial self-employment in migrant communities (Edwards et al., 2016; Schuetze, 2005; Fairlie and Woodruff, 2004). In Sweden, for instance, despite being a small percentage of overall population, immigrant entrepreneurs are emerging as game-changers: data from Tillväxtverket shows that one-fifth of new companies in Sweden are initiated by immigrant entrepreneurs and that these entrepreneurs are much more willing to grow their companies as compared to native entrepreneurs (TheLocal.se, 2017).

Much of current migration research tends to focus on causes and consequences of ‘superdiversity’ (Vertovec, 2007) instead on the work experience of immigrants. In studies focusing on work experience, main focus is on relationship of immigrants in terms of employment within firms and the labour market rather than entrepreneurship (Waldinger and Lichter, 2003). Nevertheless, though in its inception, immigrant entrepreneurship literature provides extensive evidence that immigrant entrepreneurship is indeed a key economic and social development driver for host countries (Kloosterman and Rath, 2003; Dana, 2007; Herman and Smith, 2010; OECD, 2010). Immigrant populations have strong entrepreneurial propensity and their entrepreneurial activity is a major contributor to jobs and innovation in host countries (Anderson and Platzer, 2006).

1.2 Problem Discussion

The entrepreneurial drive of immigrant entrepreneurs runs in contrast to the structural disadvantages faced by these entrepreneurs in their new environments (Edwards et al., 2016; Jones et al., 2014; Sepulveda et al., 2011). This makes it important to study as to what motivates these immigrants to become entrepreneurs in their host countries as this knowledge could help the entrepreneurship industry and governments in these countries to devise appropriate strategies and programs for immigrant entrepreneurs (Turkina and Thi Thanh Thai, 2013). Entrepreneurship literature is teeming with researches on impact of personal, economic, and politico-administrative factors on entrepreneurship, however, these factors do not show the complete picture as they miss out on the social context of entrepreneurship

(Drakopoulou and Anderson, 2007; Welter, 2011). Economists today recognize that social context is a key to understanding economic choices made by individuals and the decision to become or continue as an immigrant entrepreneur is one such choice (Giannetti and Simonov, 2004). In keeping with the general coverage of entrepreneurial research, research on immigrant entrepreneurship too is lacking on the social context aspect and there is growing evidence that host country's conditions shape immigrants' entrepreneurial activities (Rath, 2000; Kloosterman and Rath, 2003; Pieterse, 2005; Kogan, 2007). Entrepreneurship research indicates that the nature, depth, and extent of an immigrant entrepreneur's social ties are a key determinant of success of an immigrant's entrepreneurial venture (Aldrich and Zimmer, 1986; Carsrud and Johnson, 1989). Edelman et al. (2010) point out towards the gap in entrepreneurship research focusing on understanding social barriers faced by immigrant entrepreneurs in starting their businesses. Despite their above-average performance in starting new businesses in Sweden, immigrant entrepreneurs are confronted with a host social barriers and marginalization (Ekberg and Gustafsson, 1995; Häll, 1997; le Grand and Szulkin, 1999; Socialstyrelsen, 1998). Therefore, it is important to find out social barriers immigrant entrepreneurs face in course of starting or running their business so as to guide entrepreneurship industry and policymakers (Thornton et al., 2011). This study aims to fill the gap in research literature by focusing on social constraints faced by immigrant entrepreneurs in setting up and running their businesses with a focus on Sweden.

1.3 Purpose

The purpose of this paper is to understand social constraints on immigrant entrepreneurship and find out how to overcome these in order to establish and run a successful business.

1.4 Research Question

RQ1: How social constraints affect entrepreneurship among immigrant entrepreneurs in Sweden?

RQ2: How can immigrant entrepreneurs overcome social constraints to establish successful businesses?

1.5 Delimitations

This study may be limited due to the focus on entrepreneurs in two specific cities of Sweden only - a broader spread in sample could have made the results more representative. Sample has been collected using qualitative methods which means that while it provides insights into the phenomenon and deeper understanding, the results are not descriptive in nature and a quantitative study is recommended to make them more generalizable. The sample has broad coverage of nationalities and professions, a focus on these two areas may produce clearer insights for immigrant entrepreneurs from a specific background and business sector.

1.6 Report Structure

In the introduction (Chapter 1) the topic, background discussion, research problem, research question, and research delimitations have been outlined. This is followed by literature review (Chapter 2) where key theoretical underpinnings have been discussed. Method (Chapter 3) provides an overview of research design including approach, technique, sampling, and data analysis. In Chapter 4, results from the study are presented. Discussions and Conclusions are then presented in Chapter 5 around the research questions for the study. Chapter 6 then outlines recommendations from authors of the study followed guidelines for future research in Chapter 7.

2 Literature Review

The following chapter outlines theoretical background and past researches on the topic.

2.1 Immigrant Entrepreneurship

Immigrants are a driving force for human capital which is important for mobilizing entrepreneurial activity base for countries around the globe (Turkina and Thi Thanh Thai, 2013). Self-employment rates among immigrant populations are higher than native populations in several parts of the world and many countries - including Australia, Canada, and Germany - have designed and implemented programs ensuring special entry procedures and schemes in order to facilitate movement of immigrant entrepreneurs (Clark and Drinkwater, 1998; Fairlie and Woodruff, 2004; and Schuetze, 2005). A recent study by Irastorza & Peña (2014) indicates that immigrants have a higher chance of becoming entrepreneurs than natives. Immigration brings much needed diversity in business because immigrants bring in new ideas from around the world along with their diverse cultural heritages and mindset: these are all essential ingredients in forming new business ideas, developing new products, opening up the markets to new influences, and accelerating technological innovation (Marczak, 2013). In line with the cultural theory of entrepreneurship, entrepreneurship also provides a means to immigrant entrepreneurs to showcase their culture in the host country (Yeasmin, 2016). By choosing to be entrepreneurs, immigrants play a vital role in socioeconomic development of their host countries (Herman and Smith, 2010). Hence, if policymakers want to use immigrant entrepreneurship as a growth lever for the economy, it is vital to find out what drives immigrants to take the entrepreneurship path (Turkina and Thi Thanh Thai, 2013).

2.2 Entrepreneurship as an Alternative

According to Singh & Gupta (2015), an entrepreneur by nature is an innovator who confronts

the uncertainty surrounding him or her and paves a way forward using innovation. One argument for individuals choosing to become entrepreneurs is the difference in the expected present value of earnings from entrepreneurship compared with the expected present value of salary from being an employee (Ibrahim and Galt, 2003). Opting to be an entrepreneur as opposed to taking a salary depends on wealth and liquidity constraints of an individual (Evans & Javanovic 1989). For immigrant entrepreneurs there is an additional reason: for many, entrepreneurship is a logical alternative to unemployment or an exit strategy in case of dissatisfaction with the host labor market (Yeasmin, 2016). By starting a business, immigrants are able to employ themselves as workers in the labor market, and in this way entrepreneurship represents an alternative to low-paying and low-image jobs that pull down their social status in the society and marginalize them (Yeasmin, 2012). Wahlbeck (2013) asserts that it is an established fact that immigrants are indeed forced to take the entrepreneurship path if they cannot find regular jobs. According to Prescott & Robinson (2011), conditions in labour markets are not all that rosy for immigrants with frequent instances of discrimination as well as treatment immigrants receive in real life can also be harsh - both these factors contribute to what they call “environmental push” that forces an immigrant to become an entrepreneur. Migrant communities are often viewed as homogeneous populaces with restricted financial assets Wahlbeck (2013). Mukhtar-Landgren (2016) refer to Malmö as an example with expanding social holes, expanded rejection and open threat between distinctive social and ethnic gatherings.

2.3 Ethnic Entrepreneurship

In today’s multicultural society we are witnessing a rise of the concept of ethnic entrepreneurship (Masurel *et al.*, 2002). The rise of urban areas as epicenters of the multicultural society has created conditions for entrepreneurship with roots in specific socio-cultural habits of an ethnic segment of the population (Waldingar, 1989). Although ethnic groups are still regarded as ‘problématique’ for modern city life, there is a reorientation of views taking place where ethnicity may be turned into a business

opportunities if suitable startup culture and conditions can be created (Light & Rosenstein 1995; Waldinger 1996; and Ward & Jenkins 1984). Ethnic entrepreneurship are now hence seen as a new form of self-employment and cities are developing strategies to encourage ethnic entrepreneurship as a means to resolve structural unemployment problems in ethnic communities (Van Delft *et al.*, 2000). According to Basu and Goswami (1999) outsiders carry with them from their nation of root a gathering of socio cultural assets that can advance or frustrate accomplishment in the new society. This is further supported by research that in many cases ethnic social capital can only help firms scale up to a certain level and in fact does not guarantee long-term survival and development of a sustainable business enterprise (Bates, 1994; Portes and Sensenbrenner, 1993). On balance it may be stated that although some immigrant entrepreneurs may choose to embed their economic activities in an ethnic environment, like rest of the entrepreneurs their foremost priority is economic well-being and growth of their business (Masurel *et al.*, 2002).

2.4 Social Context and Social Capital

Entrepreneurship is a social activity and the social context not only provides business opportunities to the entrepreneurs but also sets a boundary around them (Aldrich and Zimmer, 1986). Social context helps us understand how, when, and why entrepreneurship happens and it also helps us identify the various stakeholders in this process (Welter, 2011). An entrepreneur's ties with the environment where he or she operates are a key determinant of his or her business success (Aldrich and Zimmer, 1986; Carsrud and Johnson, 1989). This is especially relevant in the case of immigrant entrepreneurs as they have limited networks in their host country and their success is closely tied to how well they can overcome their social constraints and conduct business like native entrepreneurs (Kloosterman and Rath, 2003; Pieterse, 2005). Social capital is, consequently, regarded as a key driver of entrepreneurship (Aldrich and Martinez, 2010; Thornton and Flynn, 2003) and several studies stress its importance in context of immigrant entrepreneurship (Deaux, 2006; Giorgas, 2000). A host country's networking, trust, and trustworthiness norm are closely linked to immigrants

entrepreneurs' access to information and resources and finally their entrepreneurial success (Turkina and Thi Thanh Thai, 2013). According to Putnam *et al.* (1993) there are two types social networks, vertical and horizontal, wherein vertical networks are hierarchical and often impede the development of social capital for immigrant entrepreneurs while in contrast horizontal networks provide ideal conditions for development of social capital. According to Maloney & Robteutscher (2007) and Newton (2009), horizontal networks include a broad range of NGOs, intermediary organizations, community associations, and think tanks. Horizontal networking is crucial for immigrant entrepreneurs because starting and running a business requires "intense networking" (Putnam *et al.*, 1993; Narayan, 2002). Trust is usually divided into interpersonal trust and institutional trust (Turkina and Thi Thanh Thai, 2013). Newton (1999) regards interpersonal trust as crucial for immigrant entrepreneurship because it helps newcomers take risks in an unfamiliar new environment. Institutional trust is "confidence in institutions) as defined by Paxton (1990) and level of trust in institutions in the host country plays a decisive role in success of immigrant entrepreneurship (Turkina and Thi Thanh Thai, 2013). Finally, norms of trustworthiness are reflected in honesty, fair treatment, and objectivity in business dealings according to Putnam (1993) and Ostrom (1990), and are a key driver of immigrant entrepreneurship.

2.5 Social Constraints for Immigrant Entrepreneurs

Immigrant entrepreneurs face several social barriers or constraints in setting up and running businesses. First, immigrants are usually forced into establishing businesses due to social barriers in the job market including downright lack of job opportunities for immigrants (Yeasmin, 2016). Second, immigrant entrepreneurs running businesses based on their cultural heritage find it difficult to scale up and operate in the mainstream market as they start getting associated with the community they are doing business with (Ram, Jones and Villares-Varela, 2017). Ethnic entrepreneurship helps up to a particular point, but after that it may become a disadvantage for an immigrant business (Portes and Sensenbrenner, 1993). Third, immigrants are unable to take advantage of the "knowledge spillover" due to their (1) lack of education,

(2) poor language skills, (3) limited knowledge of local culture, (4) and unfamiliarity regarding host country business laws and practices (Ghio *et al.*, 2015; Plummer & Acs, 2014; Volery, 2007). In particular, dialect capability has for quite some time been seen as key barrier faced by immigrant entrepreneurs in the new society (Borjas, 1990; Kloosterman *et al.*, 1998). Fourth, recent anti-immigrant political rhetoric is also reflecting negatively on immigrant entrepreneurship in general and leading to image problems for immigrant entrepreneurs (Yeasmin, 2016).

3 Methodology

The following chapter presents the methodology behind the study and the choices made by the researchers in terms of approach, design, sampling and data collection, research instrument, and data analysis and quality.

3.1 Research Approach

For a particular study, a researcher may use deductive, inductive or abductive research approach depending on the clarity of theory at the beginning of a research project and the reasoning adopted by the researcher (Saunders, Lewis and Thornhill, 2014). Deductive approach is suitable where conclusion is drawn from a set of premises (Ketokivi and Mantere, 2010). According to Blaikie (2010) deductive approach follows six steps: start with a tentative idea, form propositions based on existing literature, examine premises against theory, test premises by collecting data, question the theory if results are inconsistent, and corroborate the theory if they are consistent. On the other hand, in case of inductive approach, there is a gap between the premises and the conclusion and the conclusion is thus supported by observations (Ketokivi and Mantere 2010). The result of analysis in an inductive approach is the formulation of a theory or a conceptual framework based on the results (Saunders, Lewis and Thornhill, 2014). Finally, abductive approach is a third form of reasoning that begins with a surprising fact being (Saunders, Lewis and Thornhill, 2014). According to Suddaby (2006), instead of going from theory to data in deduction or data to theory in induction, abduction is iterative and combines deduction and induction. The observation of a surprising fact in the start leads to identification of plausible theories which in turn can help uncover more surprising facts (Van Maanen et al., 2007). According to Blaikie (2010) and Alvesson and Skoldberg (2009) the use of abductive approach is on the rise in social research. Abduction is more suited to social research because “with abduction the researcher grounds a theoretical understanding of the contexts and people he or she is studying in the

language, meanings, and perspectives that form their worldview” (Bryman, 2012, p. 401) Inasmuch as this study aims to understand the social constraints for immigrant entrepreneurs in Sweden, abductive approach is more suitable for this type of study.

3.2 Research Design

There are two broad classifications of research design: exploratory and conclusive (Malhotra and Birks, 2007). Exploratory research design is flexible and evolving in nature and is aimed at understanding issues that are inherently difficult to measure precisely (Halman and Burger, 2002). Although, exploratory research designs rest heavily on qualitative techniques, there are exceptions where quantitative findings may also be used for exploratory purposes (Malhotra and Birks, 2007). An exploratory study provides researcher the flexibility to adjust course of inquiry depending on the responses (Saunders, Lewis and Thornhill, 2014).

Conclusive research, on the other hand, is aimed at testing specific hypotheses and studying specific relationships (Wilson and Creswell, 1996). This is further divided into descriptive and causal research (Malhotra and Birks, 2007). Descriptive research is aimed describing a phenomenon in concrete terms and is pre-planned and structured involving specific research questions and hypotheses (Robinson and Min, 2002). Causal research studies cause-and-effect relationships in a study where independent variables are manipulated in a relatively controlled environment (Hulland, Chow and Lam, 1996). Since the aim of this study is to develop a broad understanding of social constraints for immigrant entrepreneurs, exploratory research design is more suitable for this type of research inquiry. The aim is not to quantify the incidence of these constraints where a descriptive design would have been more appropriate.

3.3 Research Strategy

Research strategy is the methodological link between the research philosophy and the practical aspects of research including data collection tools, methods, and analysis (Denzin and Lincoln 2005). According to Saunders, Lewis and Thornhill (2014), different traditions



lead to different research strategies but it is important to realize that a particular research strategy may not be considered superior or inferior to any other. The choice of research strategy is guided by research question(s), purpose, approach, and practical aspects of a study including the current state of knowledge in the particular area and the resources at the disposal of the researcher (Denzin and Lincoln 2005). Key research strategies according to Saunders, Lewis and Thornhill (2014) are, experiment, survey, archival research, case study, ethnography, action research, grounded theory, and narrative inquiry. Since this study is exploratory in nature and is aimed at developing a broad understanding of social constraints faced by immigrant entrepreneurs in Sweden case study has been chosen as a strategy which according to Yin (2014) is appropriate to study a phenomenon in its real world context.

3.4 Data Sources

Typically, a research study can rely on two source of data. Primary data are collected first-hand by the researcher with the specific purpose of addressing the research study (Malhotra and Birks, 2007). Secondary data, on the other hand, are originally collected for some other purpose but are brought into a research study by the researcher to fit its purpose (Thieme, Song and Calantone, 2000).

Data may be collected using three research techniques: quantitative, qualitative, and mixed methods (Saunders, Lewis and Thornhill, 2014). Qualitative research, is an unstructured inquiry based on limited samples with the basic of providing insight and understanding (Malhotra and Birks, 2007). According to Corbin and Strauss (2008), qualitative data collection methods are the preferred means to capture the nuances of attitudes, motives and behaviour among people. Finally, according to Tashakkori and Teddlie (2003) the complexity of understanding both the objective reality of the world we live in and the way we interpret it based on our social conditioning may necessitate mixed research methods with quantitative analysis of phenomenon followed by a qualitative study of perceptions.

With respect to qualitative research, Denzin and Lincoln (2005) maintain that qualitative



research is associated with an interpretive philosophy. It covers behaviors, experiences and feelings of participants in their own words, expressions, setting, and world-view and is based on two intellectual traditions (Sykes, 1990). The first is the usage of ideas and methods from depth psychology that help researchers gain access to individuals' subconscious and/or unconscious levels (De Groot, 1986). Second, is the emphasis on studying the worldview of people based on ideas and procedures from sociology, social (Malhotra and Birks, 2007). There are a variety of qualitative research approaches available to the researchers. Tesch (1990) has identified 28 different qualitative research approaches, Wolcott (2009) has identified 22, whereas Marshall and Rossman (2011) and Creswell (2013) summarized these into five.

For purpose of this study, the focus is on qualitative research for collecting data. This is because qualitative research makes it possible to get beneath the surface of issues and provide insights.

3.5 Data Collection

Creswell (2013) provides a typology of data collection methods for qualitative research and summarizes these into four basic types: qualitative observations, qualitative interviews, qualitative documents, and qualitative audio and visual materials with following key characteristics of each type:

- In qualitative observations the researchers role is of an observant, taking field notes of the behaviors and activities of the research subjects.
- Qualitative interviews are usually conducted in three ways: focus groups involving six to eight participants, telephone interviews, or individual interviews conducted in a face-to-face interviewing setting.
- Qualitative documents analysis focuses on a systematic study of public, organizational, or private documents.
- Qualitative audio and visual material analysis can focus on pictures, videos, websites,

electronic communication, blogs, social media, and sound files. These are often referred to as creative data collection procedures (Pink, 2001; Clandinin, 2007).

For purpose of this study, qualitative interviews was selected as the data collection method.

Malhotra and Birks (2007) classify focus group discussion and in-depth interviews as “direct research” where the purpose of the research project is disclosed to the study participants. A focus group discussion is an unstructured discussion led by a moderator with a small group of participants and is effective in bridging social and cultural differences between the researcher and the study subjects while bringing unexpected findings from a free flowing discussion (Morgan, 1998).

In-depth interview, on the other hand, is a personal interview in which the study subject is probed by the interviewer to gain understanding into underlying motivations, beliefs, attitudes, and feelings on a particular issue (Harris, 1996). The interview is conducted in form of a conversation and the focus is on understanding a participant’s experiences and personal stories (Gubrium, 2012).

While both focus group discussions and in-depth interviews held significant promise for this research study, in depth interviews were decided as the data collection means for two reasons: in individual settings, immigrant entrepreneurs could more openly explain deeply personal experiences and hindrances they faced in their entrepreneurship journey in Sweden - something that they might not explain in a open-group discussion settings. Secondly, entrepreneurs in this study were from different industries, working in different locations, and with different time schedules - individual interviewing offered a more practical approach to achieve a usable sample size for the study.

Data collection phase of the study was initiated on May 05, 2017 and completed on May 09, 2017. Physical meetings were held with six immigrant entrepreneurs and telephone interviews were conducted with two entrepreneurs. Six entrepreneurs were from Växjö and two were from Stockholm.

Language for conducting interviews was English, however, three entrepreneurs in the study had been working in Sweden for several years and they were more comfortable being interviewed in Swedish. In this case an attempt was made to conduct interview in dual language depending on the complexity of the question as the interviewer had good but not excellent understanding on Swedish. Wherever, the interviewer could not understand the meaning of entrepreneurs response, a request was made to clarify this.

With all participants, appointments were booked in advance so that interview could be conducted in a relaxed manner. Three entrepreneurs had to cancel the first appointment times agreed with them. This required follow-up communication to ensure that interviews could be held at a later time.

Face to face interviews were conducted either at the workplace of these entrepreneurs, for example Step Two Business Hotel for two entrepreneurs, or at a meeting place like Videum Science Park, for two entrepreneurs.

All interviews were briefed that the purpose of the interview was an academic project aimed at understanding the social constraints for immigrant entrepreneurs in Sweden. Participants were informed that the interviews were to be audio recorded, noted, and later transcribed for analysis. They were assured of the confidentiality of their responses and were told that they will not be personally identified with their responses.

Interviews were structured so as to develop an initial rapport with the participants.

Questioning in the start was more general and later it started getting focused on the topic of the research.

Entrepreneurs were generally positive toward the interview and freely expressed their feelings without any inhibitions. The interview, in a way, offered them a channel to express their bottled-up feelings they had accumulated during their entrepreneurship journey.

Table 1: Interviews Summary

Entrepreneur	Date	Interview Method	Language	Duration MM:SS
A	May 05, 2017	Personal F2F	English	20:50
B	May 05, 2017	Personal F2F	Swedish & English	32:44
C	May 06, 2017	Personal F2F	English	27:00
D	May 06, 2017	Telephone	Swedish & English	29:20
E	May 07, 2017	Telephone	English	27:02
F	May 07, 2017	Personal F2F	English	35:10
G	May 09, 2017	Personal F2F	Swedish & English	22:50
H	May 09, 2017	Telephone	English	24:23

3.6 Interview Guideline

According to Saunders, Lewis and Thornhill (2014) a research may derive interview themes from the literature, theories, personal knowledge and experience regarding a topic, common sense, discussions with relevant subject matter experts. The interview guideline needs to start with initial probes and later should incrementally gather specific details and responses regarding the particular study at hand (King 2004).

A detailed interview guideline was developed for this research with five sections:

Table 2: Interview Guideline Structure

Section	Label	Description
A	Introduction	Study participants were briefed that these interviews were being conducted by students of Entrepreneurship Master Program at Linnaeus university. The purpose of the study was articulated at this stage and participants were told that the interview could take around 30-45 minutes. They were also informed by recording, note taking during interview, later analysis and confidentiality of responses.
B	Insights into the Entrepreneur	Basic information about the respondents was collected including their gender, age, country of origin, when did they arrive in Sweden, and education.
C	Insights into the Business	In this section the focus was to collect business details about the respondents. Key items covered in this area were: when did they start the business, business sector / area details, business location, whether they worked full-time or part-time in the business, number of people working in their business, and type of organization (sole proprietorship, limited company etc.)
D	Opportunities and Constraints	In this section the focus was to understand their perspective of challenges and opportunities they had in their businesses. Questions included: why did they start this particular business, how did they come up with the idea, was their previous experience helpful in anyway, their view of the market for their business, opportunities they could see in their business, challenges in the business, what challenges they faced in initially starting this business, (in their view) did other immigrant entrepreneurs faced similar challenges, and how could entrepreneurship environment be improved for immigrant entrepreneurs in Sweden.
E	Social Constraints in Detail	While section D was aimed at extracting information on social constraints which

		<p>participants could spontaneously express in general inquiry into their business situation, in section E questions were more focused on social constraints. Participants were directly inquired on whether they thought immigrant entrepreneurs faced specific social constraints, which of these constraints were relevant in their own particular case, how could immigrant entrepreneurs overcome these, how did they themselves overcome these, whether these challenges were unique to Sweden and whether they had any advice for upcoming immigrant entrepreneurs based on their entrepreneurship journey.</p>
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3.7 Sampling

Quantitative and qualitative approaches differ in terms of their sampling requirements (Malhotra and Birks, 2007). Bryman (2012) asserts that the requirement to have a robust sample size is invariably a quantitative research requirement since one of the foundations of quantitative research is whether the findings from a study can be generalized in a larger context. In contrast, in qualitative research data collection needs to be sensitive enough to capture the nuances of attitudes, motives and behaviour of the target group (Corbin and Strauss, 2008). Commonly used sampling approaches in qualitative research are non-probability based (Malhotra and Birks, 2007).

In this particular project judgemental and snowball sampling techniques have been used - both of which are established components of non-probability sampling methods. In terms of sample size, instead of having a fixed requirement of how many interviews to do in the start of the project, the team conducted interviews up to a point where they felt that additional interviews were not delivering additional insights. The sample size for the study was hence capped at eight in depth interviews of immigrant entrepreneurs.

First interview contact was established with an entrepreneur who came to Sweden 10 years

ago from Iraq and has Bachelor in Mechatronics qualifications. This entrepreneur has developed a vast social connection base in Sweden and has recently started a private limited company to export medical equipment to Middle East. Through this contact, the research was able to meet another entrepreneur who came to Sweden 30 years ago and is now running a successful travel agency based in Växjö. Research team also searched around for entrepreneurs in university area and followed several leads. One such entrepreneurs was a recently graduated M.Sc. Marketing student from Linnaeus University who is originally from Spain and is now a part of an economic association (ekonomisk förening in Swedish) that is focusing on event management in integration and music. Other student entrepreneurs among the study participants are a team from Masters in Innovation program from Linnaeus University who are into multiple businesses. Both these student entrepreneurs with foreign background referred the research team to an established accounting firm where the CEO is a foreign entrepreneur. This entrepreneur was able to provide information from an entirely different angle to the study. The researchers also tapped into startup scene in Stockholm and interviewed a tech-entrepreneur who is working in virtual reality sector. Finally, two more leads were found through initial two contacts: in this case a food delivery business and a computer and mobile phones repair business.

One fourth of the entrepreneurs in the sample were women - average of entrepreneurs being 37 years, ranging from 23 years to 60 years. These entrepreneurs represented 8 different nationalities, with two being from EU and six being from Middle East. The research team recognizes that there are only two female entrepreneurs in sample, and that they are from EU whereas male entrepreneurs are non-EU. On average these entrepreneurs arrived 13 years ago in Sweden, starting as early as 1987 to as late as 2013. They were mostly educated with 25% holding high school education 50% holding bachelors, and 25% holding masters.

Table 3 Entrepreneur Details

Entrepreneur	Gender	Age Years	Country of Origin	Year came to Sweden	Business Area
A	Male	41	Iraq	2007	Medical equipment export from EU to Middle East
B	Male	60	Palestine	1987	Travel agency
C	Female	23	Spain	2014	Event management company for integration and music
D	Female	35	Bulgaria	1989	Accounting and business advisory company
E	Male	33	Pakistan	2013	Tech entrepreneur in virtual reality sector
F	Male	41	Iran	2014	Consulting company
G	Male	28	Yemen	2003	Food and fruits delivery business for companies
H	Male	32	Somalia	2009	Computer and mobile hardware and software repairs

3.8 Data Analysis

All interviewing material was electronically saved on Google Drive (cloud-based storage) so that the research team could have continuous access access to all material at all times.

Interviewers recorded their interviewing notes on the interview guidelines. These were scanned and uploaded on cloud storage. Audio records were converted into digital file formats and uploaded into cloud storage as well. The interviews were later transcribed using these two resources. To ease matching and comparisons transcribed records were converted into spreadsheet (Excel) format so that records may be analyzed from a variety of

perspectives. The team followed process outlined by Creswell (2013) in terms of organizing the data for analysis, capture the first feel of data, coding of the data - in our case in the spreadsheet, setting descriptions and themes emerging from coding patterns, and integrating the themes and descriptions into the qualitative narrative.

3.9 Quality

Validity in qualitative research is not the same as its counterpart in quantitative research, because in qualitative research it refers to whether findings are accurate from the perspective of the research, participant, or the reader (Creswell and Miller, 2000). The project has employed two methods to ensure validity of the study in line with Creswell (2013): presenting discrepant information and peer debriefing of the interviews with an established foreign entrepreneur to see if the information resonates with another person apart from the research team. In qualitative projects, reliability is usually ensured through seeing whether the research is consistent across other projects and researchers in the team (Gibbs, 2007). This was ensured by reviewing analysis process multiple times and through discussions within the research team to ensure that the team was on the same page at all steps in the interpretation process.

3.10 Ethical Issues

Ethical issues may arise at any stage in a research project and they cannot be ignored as they are closely related to overall integrity of a research project (Bryman, 2012). Diener and Crandall (1978) have grouped ethical issues in four areas:

1. harm to participants;
2. lack of informed consent;
3. invasion of privacy;
4. deception.

In this research, the research team ensured obtained consent to schedule, conduct, record, transcribe, and report interview from all the participants involved. Confidentiality of the responses ensures that participants are protected from harm even after publication of the results. Interviews were conducted at regular business premises with adequate safety standards. Secure cloud storage was used for data storage and retrieval. Finally, no false promises were made to participants as part of this research and research purpose was clearly stated at the onset of the project and participants had the right to opt out of this study.

4 Results

The following chapter presents the result of this study. Starting with details about the businesses covered in this study, we present findings related to entrepreneurship opportunities and challenges and finally bring in results for social constraints faced by immigrant entrepreneurs and how they can overcome these.

4.1 Insights into the Business

Most of the businesses covered in the study were started in a span of around 2-3 years - between 2012 and 2017. All these entrepreneurs were operating in different sectors ranging from trading, to travel, event management, accounting services, tech sector, business consulting, food, and computer repairs. Most of the entrepreneurs had been working full-time in their business with an average of 3 people engaged in a particular business - with range bring 1-7 people. Half of the businesses covered were limited companies, whereas rest were sole proprietorship concerns or economic association.

Table 4: Business Details

Entrepreneur	Business Area	Year Started	Work Timing	People engaged in business	Organizational type
A	Medical equipment export from EU to Middle East	2016	Full-time	3	Limited company (AB)
B	Travel agency	2012	Full-time	1	Sole proprietorship
C	Event management	2016	Part-time	7	Economic association (ekonomisk förening)



	company for integration and music				
D	Accounting and business advisory company	2012	Full-time	4	Limited company (AB)
E	Tech entrepreneur in virtual reality sector	2016	Full-time	5	Limited company (AB)
F	Consulting company	2016	Full-time	2	Limited company (AB)
G	Food and fruits delivery business for companies	2012	Part-time	1	Sole proprietorship
H	Computer and mobile hardware and software repairs	2017	Part-time	1	Sole proprietorship

4.2 Entrepreneurial Opportunities and Challenges

4.2.1 Entrepreneurial Opportunities

Half of the entrepreneurs in the sample studied the environment, identified a need or opportunity, looked at what they had to offer to the market and pursued the venture. The other half, on the other hand, began with a passion or experience base they had and took this to market in form of a business idea. Thus, both causation and effectuation routes are common among immigrant entrepreneurs.

I have always loved repairing computers and electronic equipment. It has been my passion and hobby since my teenage days. When I came here, I found out that in Sweden we don't have a culture of repair, we throw away things! It was a huge opportunity for me!

Entrepreneur H.

I found that food delivery was an exciting market. I started with lunch delivery, but it was a complicated supply chain. So I adapted the idea into something new. Fruit supply chain was easier to manage as you don't have to cook and supply in a particular way.

Entrepreneur G.

I did job in the same field and found this opportunity - also had customer contacts from previous job. Entrepreneur C.

In coming up with the initial idea of the business, half of the studied immigrant entrepreneurs did a structured analysis of the environment through means such as, formal courses and training programs, analysis of tech environment and emerging trends, testing an initial set of ideas and moulding these into new ones, and understanding the culture. For the other half, the idea knocked on their door in ways such as, an employer giving them freedom to explore new avenues, a team approaching them to start a venture, and learning and contacts from a previous job.

I worked as web designer in a travel agency - over time, they expanded my role and gave me additional responsibilities. I got to learn the entire business on job and when I thought I was ready, I started my own business. Entrepreneur B

Virtual Reality was a new trend at the time when I was thinking about starting a venture. I researched the market, went to tech meetups, met game developers. This convinced me that



it was a good area to do business in. Entrepreneur E

Almost all entrepreneurs think that the marketspace they are operating in is quite promising which means they see growth coming their way in future. Talking about growth almost of half of them see growth coming from tapping into new business segments. Others believe they already have a unique idea and it's only a matter of time that growth will be heading their way.

I have a unique business concept. There is no competition in this market. Immigrant entrepreneurs do not have competence to start a similar business like mine, it requires specialized knowledge and skill set and Swedish entrepreneurs cannot operate in this market as they do not know foreign customers as well as I do. Entrepreneur B.

We are currently focusing on integration space in Sweden but in future our growth segments will be social causes / advocacy events, corporate events, and personal and family events like graduation, parties. Entrepreneur C.

4.2.2 Entrepreneurial Challenges

Challenges faced by immigrant entrepreneurs are mostly financial in nature. There are two variants to this problem. The primary concern for immigrant entrepreneurs is that there are not sufficient financing opportunities available specifically to immigrant entrepreneurs. Second concern is the cost of employing in Sweden. In addition to financial problems, other problems mentioned by entrepreneurs are networking, finding right talent, and environmental barriers that make it difficult to run a venture on your own in Sweden. Finally, one entrepreneur also referred to significant stress levels given his nature of work and another



mentioned language as a challenge. In terms of networking, key areas to focus on are finding Swedish customers and difficulty in using marketing and sales channels. Environmental challenges are primarily concerned with the state being not up to speed in drafting laws that enable swift entrepreneurial businesses.

People call me all the time and my capacity to work has a limit. I cannot go to anyone else to ask - must have all the answers myself. Customers do not understand the product, terms, or its value that well. Entrepreneur C.

Employment laws are not in synch with tech startup industry. Entrepreneur E.

Investors in Sweden are risk averse and do not invest in early stage. Entrepreneur E.

It costs a lot to employ people in Sweden. Entrepreneur G.

In terms of setting up their current businesses, two main challenges faced by immigrant entrepreneurs are, lack knowledge of business regulations and environment and difficulty in growing an initial network and customer base for the business. Initial phase of business can be bumpy ride filled with errors and resolving practicalities like finding the right partners, location, or business supplies to run a smooth operation if you do not know the market and business laws that well. Developing initial customer-base is hindered due to language barriers and trust issues for a new entrepreneur in the market. Much also depends on the residency status of the entrepreneur (with permanent residents better positioned than the rest) and their own readiness to launch a stable venture into the market.

Immigrant entrepreneurs usually do not know what to do - most are completely clueless.

They do not have a business idea. Government organizations push them to do something as



part of getting support. Entrepreneur B.

I did not know how to start a company in Sweden, since I am not native. I had no idea of business laws and rules. I also had to be more careful as I am not a permanent resident. People with permanent residence have more rights. Also, Swedes are not open, they are more comfortable in their own circle and do not open up to immigrants. Entrepreneur C.

When I started my business I had a very limited network and so it was hard to find new customers. The market also had trust issues especially in my branch which deals with business advisory services in accounting field. Entrepreneur D.

It is difficult for immigrant entrepreneurs to break into the market because Swedes have negative perception about them. Entrepreneur G.

In terms of reasons behind these challenges, immigrant entrepreneurs refer primarily to cultural differences between Swedes and immigrant entrepreneurs and differences in business practices between Sweden and their country of origin. Language and trust issues have also been mentioned by entrepreneurs.

Immigrant entrepreneurs have a completely opposite way of doing business. They do not plan ahead. Rather they, at times, start without a business plan. For example, they buy a place, and then think what to do with it! Should I make a restaurant here or make a barber shop! Things do not work like that. Swedes are planned. Immigrants are completely unplanned! Entrepreneur B.

Culture in Sweden is closed although Swedes do not mean anything wrong with this. It is just that they are that way and we should respect that. Language is also a barrier. English does help, but not fully. Entrepreneur C.



There is an opportunity to make money, but you have to be very well prepared and thorough in the B2B market. Otherwise you will not get the business. Most immigrant entrepreneurs do not know this simple thing. They send in incomplete proposals assuming that the clients will understand. Immigrants do not do enough home-work in their consulting business. And hence they do not get the business! Entrepreneur D.

Swedes do not listen to us - they do not trust us. Entrepreneur G.

4.2.2.1 Overcoming Challenges

Entrepreneurs were probed on this issue from three perspectives:

- What steps government can take to address challenges faced for immigrant entrepreneurs
- How can entrepreneurship advisory industry step-in to address these challenges
- And, what the are the steps immigrant entrepreneurs can take themselves

Immigrant entrepreneurs feel that there are three main areas where government needs to focus on and these are, better training and orientation on entrepreneurship specifically for immigrant entrepreneurs, better financial support for immigrant entrepreneurs, and improved communication and understanding of issues faced by immigrant entrepreneurs. They also believe that the state needs to project a positive image of immigrant entrepreneurs especially using success stories and needs to recognize that they are dealing with cultural diversity which is good for Sweden.

Improve funding situation for immigrant entrepreneurs based startups. Give them tax relaxations. Entrepreneur A.

*Make an effort to understand them. Interview them, give them time, listen to them!
Entrepreneur B.*

Arbersförmedlingen should give information on entrepreneurship - right now they just give job information. Entrepreneur C.

Don't put everyone in the same bucket. There are so many different cultures and experiences. Change strategies based on the current pool of migrants. Entrepreneur D.

In terms of advisory industry, entrepreneurs feel that they neither understand immigrant entrepreneurs nor do they make an effort to do this. They should focus on better communication also. Their financial support programs should also be better suited to immigrant entrepreneurs, right now they are not. Finally, they should have more relevant courses and meetups for immigrant entrepreneurs.

Organizations like Almi do not understand immigrant entrepreneurs. They just want to meet their internal objectives without offering any concrete support. They need experts to understand immigrant entrepreneurs. Entrepreneur B.

Organizations in entrepreneurship industry are too slow. They do not understand immigrant entrepreneurs and they do not have entrepreneurship background. They have employees working for them who take a comfortable salary and do not have a stake in whether the business they are advising turns out to be successful or not. Entrepreneur D.

Loans of right size are needed. For a restaurant for example, minimum 500K-700K is needed. Entrepreneur G.

Finally, in terms of entrepreneurs themselves, the entrepreneurs have grouped the means of overcoming the challenges in two parts:

Business factors refer primarily to taking an initiative and networking and meeting people,



researching and learning about your business space, and establishing a reputation with quality of your work.

Emotional factors that are important to running a successful business are, persistence and emotional stability.

Look around - have big ears and eyes. Research your business thoroughly. Have patience, cool down your emotions. Try, try, try. Entrepreneur D.

Go to meetups! Be clear on what you want to do. Put your expectations out and communicate with others. Entrepreneur E.

Word of mouth - focus on first few Swedish customers, serve them well, and they will spread the word around. Entrepreneur H.

4.3 Social Constraints

4.3.1 Social Constraints for Immigrant Entrepreneurs

The main social constraint identified by immigrant entrepreneurs is the cultural difference with some referring to Swedish culture as not being very open and less fluid - moreover, immigrant entrepreneurs see themselves as being more emotional as opposed to Swedes who are relatively calmer. The cultural difference is followed by a difference in business practices which makes it difficult for entrepreneurs to develop their networks especially when language is also a barrier in effective communication on both ends. Entrepreneurs also refer to a dearth of multicultural events.



It's difficult to build connections with Swedish society - they are not open. Entrepreneur A.

Cultural barrier in Sweden - people here like their politically correct way. "Cultural crash." Other cultures are more fluid. Entrepreneur C.

There are not enough communication and meetup platforms. Not enough cross-cultural mingels. Corporate market is not stepping in integration. Events are very locally focused. Entrepreneur E.

Immigrant entrepreneurs work in a different way - their methods are not the same as Swedes. Entrepreneur G.

It is difficult to find a person who can help you. Market doesn't trust you and your background - cannot get first foot in the door. Entrepreneur H.

Entrepreneurs who are somehow connected to other immigrants as their customer base or their business partners seem to have experienced no problem in terms of social constraints. The entrepreneur running travel agency indicated that his primary customer base is immigrants from his home region (Middle East) who mostly travel to Middle East. Similarly, the entrepreneur from Spain who is running the event management company said that the multicultural blend of their company made things easier for them.

I did not have these problems because my business has foreign customer base. Most of them are immigrant entrepreneurs themselves. Entrepreneur B.

Not many challenges because we are blend of natives and immigrant entrepreneurs in our business. Entrepreneur C.

Other entrepreneurs found it difficult in their early days to remember new people they met



and to adjust to the people's view of time in Sweden.

Since I operate in B2B business it is very important to deal with customers at an individual level. But what do you do when you are in a completely new market? It was difficult for me to remember so many new names and faces. Entrepreneur D.

I spent time to learn about how people work here. People's view of time is different here. Entrepreneur E.

Most of the entrepreneurs feel that social constraints are more prevalent in Sweden than in other countries. They think in other countries it is easier to build new connection, however, in Sweden, language acts as a barrier in making new connections. It is also difficult to penetrate existing networks or invite Swedes to new multi-cultural networks. Some point out that has much to do with the policy or business environment of a country: for instance Dubai is an expatriate driven community and it is much easier to network there.

It is easier to build connections in other parts of the world - language is a big hindrance in Sweden. Entrepreneur A.

Sweden is a difficult country integrate in, people stay in their own networks. Winters are especially cold and people stay indoors. Entrepreneur D.

Immigrant entrepreneurs are a new phenomenon in Sweden. It seems that things are now improving in Sweden. Entrepreneur G.

4.3.2 Overcoming Social Constraints

Primary means to overcome social constraints is through networking. Networking can both be formal and business oriented, for instance, meeting professionals in the same business area, going on formal meetups and networking events, and reaching out to companies and trade associations, or it can also be informal, for instance, going to sports events, participating in fika, and being generally informed on current news so that one can start a conversation in a group setting. There was a general agreement that immigrant entrepreneurs need to take the initiative, because it is only in their benefit that they have a strong network.

Marketing your business and yourself well can act as a shortcut: if you cannot meet people in person that often, you can also always project the desired image for business and yourself through other means. Traditional advertising and the new social media marketing tools can help immigrant entrepreneurs tremendously. Entrepreneurs stressed on the need to have a strong and professionally focused digital footprint as it not only helps present your business in a new market but also positions you as an entrepreneur. On social media it is recommended to use a mix of both Swedish and English as languages so one can reach out to a broader audience with one's business and professional profiles. Providing quality service in the first instance is also seen as a sure way of developing positive word of mouth which results in not only repeat customers for the business but also new customer referrals.

Doing thorough research both on one's business area and on the general business environment and practices is a good way to be prepared when it comes to communicating ideas with others when meeting them. And of course learning the language and having cultural diversity in business by employing Swedes or partnering with them in starting a business are sure-shot means of success for immigrant entrepreneurs.

I followed ads and websites of companies who could be my potential customers. It made me more comfortable in terms of knowing them so that when I met them, I could make an

easier connection with them. I looked at the issues and opportunities and then presented my ideas to them on increasing sales. My research helped me develop a strong network.

Entrepreneur A.

Get deeply involved with Swedes, earn their trust, hang out with them, have a fika! Learn language especially if you are in a rural area. Research about business - do not get into something you do not know. Research about your market. Have an open mind and make an effort to have a deep relationship. Entrepreneur C.

Have a good social media profile. Use Swedish or English on social media. Read newspapers and discuss news on your meetings. Go to networking events. Most immigrant entrepreneurs avoid these events. Show up! Entrepreneur D.

I hired a Swedish employee who did sales job for me. Was able to bring a lot of early customers. I am now looking for Swedish partners for my business! That's the way to grow. Partner with Swedes in some way. Entrepreneur G.

One key trait of an entrepreneur is persistence. This has been mentioned several times during interviews with immigrant entrepreneurs.

Be patient. Try hard. If it doesn't work, don't give up! Entrepreneur D.

Don't give up! I found new ways to meet Swedes. Went to companies to find new B2B customers. Made effort, did not give up, helped them first so that they will spread the word around. Entrepreneur H.

And finally, immigrant entrepreneurs need to adapt to the new culture and so that they are



seen as a part of it - this would help them make new connections.

Answer your telephone. Have respect for time. Be at your business place, do not leave it vacant. It is not the same as your home country! Here you need to act like a professional.

Otherwise you will not be able to develop a reputation or a strong network in Sweden.

Entrepreneur B.

Do business the Swedish way. Entrepreneur C.

Don't talk too much, be like a Swede. Offer good product and service. Let them speak for you. Entrepreneur D.

5 Discussion and Conclusions

This chapter discusses the results of the study and answers the research questions: (1) how social constraints affect entrepreneurship among immigrant entrepreneurs in Sweden, and (2) how immigrant entrepreneurs can overcome social constraints to establish successful businesses?

5.1 Social Constraints faced by Immigrant Entrepreneurs

Language has long been seen as one of the most important assets outsiders require in the new society (Borjas, 1990; Kloosterman *et al.*, 1998) and Yeasmin (2016) mentions it as a crucial step in the journey for immigrant entrepreneurs. Sweden is no different. Language is prerequisite to establish a communication bridge with the local population and get acquainted with business environment as official communication is in Swedish. It is in the interest of immigrant entrepreneurs to learn the language as soon as possible so that they can expand their social network in the new society.

According to Wahlbeck (2013), migrant communities are often viewed as homogeneous populaces with restricted financial assets. Immigrant entrepreneurs in this study have a different view. They have pointed out that government as well entrepreneurship industry put immigrant entrepreneurs in the same bucket (homogeneity) irrespective of differences in their cultural origin and competence: this places those who are better positioned to startup and run a business at a disadvantage both in terms of financial resource acquisition for running business as well as developing social capital in the new society.

Mukhtar-Landgren (2016) observe expanding social holes and rejection can crop up if not addressed in time. Entrepreneurs in the study have pointed out to cultural differences which lead to segregation in at least two forms: locals do not trust immigrant entrepreneurs until

they demonstrate they can do a good job or provide adequate service levels, and, there are not enough multi-cultural platforms or events and the current meetup culture is quite closed. Both these pose significant barriers for immigrant entrepreneurs to cross and may marginalize them in long-term from mainstream entrepreneurship.

According to several researchers (Bates, 1994; Portes and Sensenbrenner, 1993; Basu and Goswami, 1999), ethnic social capital can only help firms scale up to a certain level and in fact does not guarantee long term survival and development of a sustainable business enterprise. In this study, we have a mix of companies which operate both in their ethnic enclaves as well those that have a broader customer and business network. Both type of companies are seen as equally doing well, hence, the orientation of the business to primarily be confined in the ethnic space or otherwise does not seem to pose any additional constraint on business operations.

However, companies with multi-cultural composition or ownership or customer groups, are easier to start and one has a ready customer base or a team that is on the same page from day one.

5.2 Overcoming Social Constraints

According to Basu and Goswami (1999), immigrant entrepreneurs carry with them from their nation of root a gathering of socio cultural assets that can advance or frustrate accomplishment in the new society. This is an important point here, because to become a fully functional entrepreneur in the new society, immigrant entrepreneurs need to know the new business environment and culture and adapt to the way the new society works which could mean leaving the old way of working.

Hence, to overcome the social constraints, immigrant entrepreneurs themselves need to take an initiative: adapt to the local culture and business norms and learn the new ways of doing business in Sweden. Immigrant entrepreneurs in the study recognize this need.

Entrepreneurs who are somehow connected to other immigrants as their customer base or

their business partners seem to have experienced no problem in terms of social constraints. The entrepreneur running travel agency indicated that his primary customer base is immigrants from his home region (Middle East) who mostly travel to Middle East. Similarly, the entrepreneur from Spain who is running the event management company said that the multicultural blend of their company made things easier for them. This is in line with prior research by Van Delft *et al.*, (2000) which indicates that close ethnic entrepreneurial circles and associate systems can help create social capital as far as workers, nearby clients, and money related sources. The catch, however, is to not get too cozy in this comfort zone as this could stall their in long-term in line with Portes and Sensenbrenner (1993).

Putnam *et al.* (1993) refer to horizontal networks as a key to developing open entrepreneurship communities. This need is felt by study participants wherein they feel that entrepreneurship advisory industry still functions much like a vertical network with not enough support for immigrant entrepreneurs. Horizontal networking can help overcome social barriers efficiently. In line with Newton (2009), we need more NGOs, intermediary organizations, community associations, and think tanks that support immigrant entrepreneurs and welcome them with open arms.

Newton (1999) also refers to interpersonal trust as crucial for immigrant entrepreneurship because it helps newcomers take risks in an unfamiliar new environment and lets them open up to the new community. Immigrant entrepreneurs seem to be subtly pointing towards a lack of trust in the market toward immigrant entrepreneurs. This makes their initial job of forming networks not only more difficult but possibly a futile exercise. No wonder, majority of the entrepreneurs interviewed in the research pointed out the need to demonstrate flawless product quality and customer service as a means of earning the trust in the market. As an immigrant entrepreneur, in their view, they are starting with a trust score of zero and have to earn it through a demonstrated delivery of quality. This puts them at a disadvantage when compared to native entrepreneurs. The other type of trust, which is defined by Paxton (1990) as the “confidence in institutions” is also low for immigrant entrepreneurs and this makes their social job even more difficult. Both trust dimensions can be addressed by society and

the institutions taking a step forward and treating immigrant entrepreneurs on merit and on same trust footing. This will give a confidence boost to immigrant entrepreneurs.



6 Recommendations

This chapter gives practical recommendations to three key players in the immigrant entrepreneurship landscape: the state (Swedish government), the entrepreneurship advisory industry, and immigrant entrepreneurs.

One clear result from the study is that immigrant entrepreneurs realize that there are challenges of establishing and running a successful business in Sweden, however, they are also aware that one needs to be persistent in order to succeed as an entrepreneur. These entrepreneurs are willing to make an effort and, despite all challenges, are not giving up the path they have taken.

6.1 Recommendations for the State

The state (Swedish government) could address social constraints faced by the entrepreneurs by addressing the challenges early. One of the participants in fact questioned: why is there no Arbetsförmedlingen for entrepreneurs. By providing orientation on entrepreneurship and its support network early in the process of settlement of immigrants, the state can make it easier for these to-be entrepreneurs to start building their contact networks.

Another participant pointed out that state needs to devise different strategies for different nationalities and competence levels of immigrants. This is an important aspect because someone who is educated and has already run a successful business before in his or her home country may need very different orientation when compared to someone who is planning to start his or her first business without any formal education. The first group may only need fast-track program on building a contact network in Sweden whereas the second group may need basic education and training on running the business in addition to this.

One key point discussed by participants was to focus on positive success stories. By focusing on successful immigrant entrepreneurs in communication, the state can achieve two results: it

can lower the acceptance barriers for immigrant entrepreneurs in the the market and also give a confidence boost and role model to upcoming immigrant entrepreneurs. Both would reduce social constraints faced by entrepreneurs.

6.2 Recommendations for the Entrepreneurship Advisory Industry

The entrepreneurship advisory industry has to dig deeper into their processes of how to mould themselves to serve immigrant entrepreneurs better. There are at least two social barriers between the entrepreneurship advisory industry and the immigrant entrepreneurs.

First, immigrant entrepreneurs feel that the entrepreneurship advisory industry does not understand them well enough and is not making an effort to do so which may be leading to a feeling of isolation and at time hopelessness for these entrepreneurs. On this point, it is recommended that organizations like Almi should make an effort and actively reach out to immigrant entrepreneurs, develop a deep understanding of their challenges and struggles, start positive dialogues, and provide tailored programs and advisory services to these entrepreneurs. This would not only lead to a confidence boost for immigrant entrepreneurs but also make them connect better with the local market because of being strong on their feet in terms of both market knowledge and business norms.

Second, immigrant entrepreneurs have pointed out that there are not enough multi-cultural mingles and meetups that encourage foreign entrepreneur participation. Entrepreneurship advisory industry needs to step up on this dimension by opening up doors to immigrant entrepreneurs and not only have meetups where immigrant entrepreneurs can connect with their Swedish counterparts but also where they can get understand the Swedish business and social norms in a real-world setting.

6.3 Recommendations for Immigrant Entrepreneurs

Finally, there are few things that immigrant entrepreneurs themselves can undertake to overcome the the social constraints.



First is to make an active effort to network. Without networking, a business can seldom achieve success. For their networking efforts to succeed, entrepreneurs need to make an effort to learn the Swedish language and till the time they are learning they can rely on an other commonly understood and spoken language such as English. Networking can take two forms: it can be formal networking in business domain which could take form of going to networking events or organizing these or it can be informal social networking at fika, social events, and sports. Both are equally important. To be able to communicate with others in such meetups, one needs to be up to speed on news and communicative of one's business area.

Second, entrepreneurs need to adapt to their new host environment. It would be very difficult for immigrant entrepreneurs to develop a contact network or a trusted customer base if they do not adapt to local norms of doing business. For example, participants in the study realize that concept of time is different in Sweden than in their countries of origin. Likewise, the attention to detail and paper-work is very important. And having a recurring customer-base and word of mouth requires high quality work and customer service. A job well done is at time the shortest route to grow your social and trust network.

Finally, immigrant entrepreneurs - as they have mentioned in the study - need to actively seek advice. It does not hurt to ask a question. If immigrant entrepreneurs are based in a university, they can approach Drivhuset or local organizations by students like Island of Entrepreneurs, Linne Innovation AB, Globalities AB, or Minnovax AB. In case they need help with business planning, they can seek support from NyföretagarCentrum. If they want to start a cooperative business Coompanion is there to help them out and immigrant entrepreneurs in Kronoberg can definitely reach out to Step Two if they are running a business already. Almi can help in all stages of business advisory needs. It is also recommended that if immigrant entrepreneurs have an idea for the region or a particular municipality they should reach out - for instance in Kronoberg - Region Kronoberg, Växjö Kommun, and also connect with networkings like Företagarna, BNI, and Rotary Club. This all can help in developing a broad social network for business.

7 Future research

The following chapter provides guidelines for conducting future research into this topic.

Future research should extend this research by investigating differences in social constraints between several generation of immigrant entrepreneurs: for instance, experiences of first generation entrepreneurs might be very different from those who are second generation. By the time one is a third-generation immigrant, there may virtually be no differences at all between the immigrant and native entrepreneurs. Another dimension worth exploring could be a comparison between immigrant entrepreneurs in various stages of their journey: entrepreneurs who are forming an idea of a business, early stage / startup entrepreneurs, established entrepreneurs with stable or growing businesses, and entrepreneurs in declining businesses or those who chose to leave entrepreneurship altogether and pursue a job instead. This could provide rich insights into the nature of social constraints at various stages and whether social constraints can affect business performance. Finally, a comparison of entrepreneurs operating only in their country of origin or immigrant markets and those operating in general market would also shed light on constraints from the standpoint of entrepreneurs own initiative of run business for a particular market / nationality.

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Appendix

(Research Guideline)

IN-DEPTH INTERVIEW GUIDELINE

A) STUDY INTRODUCTION

We are students of Entrepreneurship Master Program at Linnaeus university. We are conducting a research on immigrant entrepreneurs based in Sweden and, in this respect, would like to interview you. This interview will take around 30-45 minutes. Your responses will be kept confidential and you will not be identified by your name. Is it okay if we record this interview. This will help us later to transcript and analyze your responses to your questions. If a question is not clear please do not hesitate to ask us to explain it for you. May we begin? Thank you.

B) RESPONDENT INFORMATION

1. Note gender

2. What is your name?

(For internal interview record only, not to be shared in report).

3. How old are you?

4. Which country do you originally come from?



5. When did you arrive in Sweden?

6. Your education?

C) ABOUT THE BUSINESSES

Now I am going to ask you a few questions about your business ...

7. What's the name of your company?

(For internal interview record only, not to be shared in report).

8. When did you start it?

9. What is the business area?

10. Where is it located?



11. Do you work full-time or part-time?

12. Are there other people employed in your business?

13. What is the organizational form?

D) BUSINESS OPPORTUNITIES AND CONSTRAINTS

14. Why did you start this particular business?

15. How did you come up with the idea?

16. Was your previous education or experience helpful in any way?



17. Do you think there is a market for your business?

18. List 3 opportunities that exist for your business right now, which you could address to grow?

19. List 3 challenges that exist for your business right now, which you could address to grow?

20. What are some of the challenges that you initially faced in starting your business?

21. Do other entrepreneurs face similar challenges or do they face some other challenges? Explain.

22. Which of these challenges do you think these challenges are unique to immigrant entrepreneurs?



23. Why do you say so?

24. How could situation for immigrant entrepreneurs may be improved?

By government:

By entrepreneurship industry

By themselves:

E) SOCIAL CONSTRAINTS

25. What in your view are some of the social challenges faced by immigrant entrepreneurs?

26. Which of these were relevant in your case when you started your business?



27. Is there a way entrepreneurs can overcome these challenges? How?

28. How did you overcome these challenges?

29. Are these challenges unique to Sweden or are the same in other countries? Elaborate.

30. What is your advice to upcoming immigrant entrepreneurs in terms of overcoming these challenges?

31. Which one challenge is the most important to address? And how?

Thank you for your time.