New land of opportunity

Premises and constraints for immigrant entrepreneurship in Sweden

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Abstract

Globalization has affected nearly all aspects of life as people gain mobility to cross national borders and live in different countries. Along with the other developed countries, Sweden has become a popular destination for immigration contributing to the phenomenon of immigrant entrepreneurship. Naturally, these type of entrepreneurs are exceedingly susceptible to various factors that impact business development. This thesis will investigate the obstacles that immigrant entrepreneurs face in the pursuit to establish and operate a successful business. Additionally, an examination into the incentivising schemes that are available to benefit and encourage immigrants to implement entrepreneurial activity. Besides, the thesis aims to identify how the business supporting organizations may facilitate illumination of the most significant constraints for implementation of entrepreneurial activity among immigrants.

The research is conducted by using qualitative method based on four cases and unstructured interviews of representatives of business organizations. The results were analysed by comparing the cases between each other and extrapolation with the theoretical framework. The outcome of this thesis suggest that the primary driving forces for immigrant entrepreneurship in Sweden referred to discovery and exploration of business opportunity as well as to the factors that necessitate the immigrants to establish a new business venture. However, it is suggested that the necessity alone cannot be the decisive factor if the prospective entrepreneur fails to explore business opportunity. The primary constraints for immigrant entrepreneurship involve the internal and external barriers that may refer to the social and human capital as well as the access to the resources necessary for the implementation of entrepreneurial activity. Finally, it has been found that the entrepreneur supporting organization can significantly facilitate the entrepreneurship among immigrants through granting an excess to unique information, advice and support of the foreign-born entrepreneurs that may partially illuminate the most crucial barriers.

Keywords

Immigration, Migration, Immigrant entrepreneurship, Entrepreneurship in Sweden, Sweden
I hereby declare that this Master Thesis is my own unique piece of work and I have not used any sources or resources without referencing it in the text. Furthermore, I declare that I have clearly designated all the direct and indirect quotations. This thesis has not been submitted for examination purposes nor has not been published elsewhere.

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Aleksandr Suchkov
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1 Introduction

The introduction chapter will serve as the foundation for the selected field of the research. It contains a background to immigrant entrepreneurship in Sweden with the contemporary challenges followed by the problem discussion of the matter, which provide the evidence for the relevance and importance of the examined scope of research. Subsequently, the introduction chapter is consummated with the formation of the research questions and purpose of the study as well as delimitations of the research. The thesis outline is presented at the end of the chapter to guide the reader through the thesis structure.

1.1 Background

1.1.1 European refugee crisis

Growing pace of international trade and immigration are two essential aspects of globalization that are frequently linked with each other. The globalization processes of the world economy increasingly grant opportunities for individuals to move across national boundaries (Borjas, 2015). Globalization has been gradually accelerating the migration processes worldwide, the trend, however, seem to be more explicit in developed countries (Stalker, 2000). Over the last five decades, immigration law and policies have been substantially developing in order to ultimately accommodate and regulate the gradually rising number of people who migrate from their home countries. Statistically in 1960's nearly 75 million people were living outside their country of origin, whereas by 2010 the index had almost tripled hitting 214 million (Gest et al., 2014). During the ten years, there has been a significant rise in proportion of immigrants within the European Union (Kogan, Shen and Siegert, 2017). The asylum seekers and refugees are a dominating category in the overall immigrants’ steam in Europe (Zaiceva & Zimmermann, 2008). There are those, who left their home country to discover more employment opportunities and better their quality of life, while for others moving abroad is the means of escaping from a country, in which their life was in danger due to prosecution or social and political circumstances in their home countries (UN Refugee Agency, 2018; Efendic, 2016, Zaiceva and Zimmermann, 2008).
1.1.2 European refugee crisis

Throughout 2015, Europe has endorsed the most extensive number of refugees since the Second World War (Globalresearch.ca, 2018). According to CNN (2018), the number of displaced people has reached 65.3 million at the end of 2015, whereas over a million refugees crossed the European borders (BBC News, 2018). The primary countries of origin of the asylum seekers are Syria, Afghanistan, Iraq and Kosovo (Ec.europa.eu, 2018). The military conflict and persecution of war in Syria along with the continuous violence in Iraq and Afghanistan as well as the poverty of Kosovo are the most powerful drivers of migration (BBC News, 2018).

Figure 1. The diffusion of the asylum seekers within European countries.
As it can be seen from the figure 1, Germany has accommodated the major proportion of the refugees (441,800), whereas Hungary and Sweden were the second biggest recipients of the refugees having accepted 174,435 and 156,110 asylum applications in 2015 (Ec.europa.eu, 2018).

The expansionary growing refugee steam has evoked ambiguous reaction of the politicians in European countries and their residents. The societal response regarding the refugee problem began to change from friendliness towards panic, frustration and resistance to accommodate more refugees (Mohdin, 2018). Since 2016, Sweden introduced the ID control on the Swedish-Danish border in order to indicate undocumented immigrants and restrain the refugee steam arriving to Sweden (Atika Shubert, 2018; Culbertson, 2018). Similarly, the escalation of the migration crisis was one of the reasons that provoked the brexit of the Great Britain, where the residents were unwilling to accept the quarter of the immigrants (Forbes.com, 2018).

In Sweden alone, the number of immigrants has increased rapidly, jumping from 103,059 in 2012 to 144,489 in 2017, rising by 40% within five-year period (Statistics Sweden, 2017). In 2015, Sweden has accommodated more refugees per capita than any other European country having received 163,000 asylum applications (Mohdin, 2018). Currently, about 20% of Swedish population is of a foreign origin, which is the highest proportion of the foreign-born individuals among Nordic countries (Nordic.businessinsider.com, 2018).

The dramatically increasing substantial influx of immigrants is likely to lead to various changes in the regulations in Sweden’s labour market regulations, as well a rise in the number of immigrant entrepreneurial activity in the future (Efendic, Andersson and Wennberg, 2016). Furthermore, much evidence suggests that Swedish government encourages immigrants to engage in entrepreneurial activities through creating favourable business environment, for immigrants by arranging business incubators, consulting services, language classes and various financial support systems (Bergman, 2016, Khan, 2015).
1.1.3 Migration. Threat or opportunity for the host country?

Migration is a feature of the modern reality that affects but is not restricted only by social and economic aspects across a significant number of countries (Oecd.org, 2018). However, the migrant profiles vary considerably among the individuals in terms of skills and the sources of migration. Within the European Union, residents enjoy the extensive opportunity to work and live in other European countries. In a number of countries including New Zealand, Canada and Australia immigration plays a strategic role in the economic development of the country (Oecd.org, 2018).

Immigrant workforce significantly affects the labour market in both high- and low-skilled employment. Over the last decade, the immigrant workers represented 47% of the rise in workforce in the United States, whereas in Europe this index is significantly higher reaching up to 70% (OECD, 2012). Interestingly, only a small proportion of the overall immigrants represents the managed labour migration since the major number of the workforce immigrants, who are entering through other channels, including family, humanitarian and free-movement migration (Oecd.org, 2018).

There is a considerable discrepancy in the educational background of immigrants. Over 30% enter the labour market being tertiary-educated, whereas the same proportion of immigrants has not completed upper-secondary education. Since the beginning of the new millennium, the immigrants constituted 31% of the increase in the high-skilled segment of Canadian labour market, 21% of the USA and nearly 15% in the European Union (Jauer et al., 2014). Regardless the reasons for immigration, the immigrants significantly contribute to the most dynamic sectors of the economy such as health care, science, technology, mathematics and engineering. In contrast, approximately 24% of the immigrants join the steadily declining occupations in Europe and 28% in the USA (Oecd.org, 2018). These positions are exemplified by the following occupations: machine operators, assembles, craft and related trades workers in Europe and installation, maintenance, production and repair in the United States. The immigrants tend to obtain the positions, which are considered unattractive by the domestic residents. Another advantage is that the immigration within the EU helps to address the balance labour market through the mobility of the residents, who freely move to the countries that lack the specialists with the certain profile (Jauer et al., 2014).
Normally, immigrants’ start-ups represent the young and economically active generation that contributes to the reduction of the dependency ratios replacing the retired native-born generation (Gagnon, 2014).

Figure 2. Changes in tertiary-educated labour force 2000-2010.

Besides contributing to the balance of labour market ration, the immigrants may arrive with certain skills, abilities and knowledge supplementing the human capital in the host country. Particularly, high-skilled immigrants are facilitating the technological progress, research and innovation of the USA (Hunt, 2010). Over the last decade, the proportion of the high-skilled immigrants arriving to the OECD countries has risen by 70% hitting up nearly 30 million by 2011, whereas 5 million have arrived over the last 5 years with 2 million of tertiary-educated newcomers with Asian origin (OECD-UNDESA, 2013). The recent studies indicate that migration between 1986 - 2006 have a positive impact on economic growth of 22 OECD countries, however, the impact of the human capital on the economic growth was estimated as insignificant (Boubtane and Dumont, 2013).
1.1.4 Immigration and entrepreneurship in Sweden

According to Tillväxtverket (Tillvaxtverket.se, 2018), currently around 15% of the Swedish firms are established by immigrants with over 75,000 companies run by foreign-born entrepreneurs. The overall turnover of the immigrant entrepreneurs stands for 11 billion Euros with the total profitability of over 3 billion Euro (Ramirez-Pasillas, Brundin and Markowska, 2017). There is an evidence, that immigrants are more likely to start their own business, than the natives, but the failure rate of their businesses is also higher. However, despite the risk involved in start-ups, nascent entrepreneurs continue to start new firms (Desiderio and Salt, 2018).

A variety of factors may contribute to success of immigrant entrepreneurs including comprehensive laws and regulations (Desiderio and Salt, 2018). Swedish government thrive to encourage talented entrepreneurs worldwide to operate in Sweden as well as attract foreign investments through simplified resident permission applications and specialized business supporting organizations including variety of business incubators and accelerators (Doingbusiness.org, 2018). These targeted measures are to attract immigrants with superior financial and human capital to succeed in their business ventures, thus contributing to the economic prosperity and competitiveness (Desiderio, 2014). In some cases, such policies aimed to encourage settlement of the immigrants and boost the investment in a particular areas or regions to promote business activity, innovations and create technology clusters (Migrationpolicy.org, 2018).

However, Sweden, along with the other OECD countries has only a modest percentage of migrant entrepreneurs entering the country on an invitation to organize a business ventures (Desiderio, 2014). The greater number of immigrants setting up businesses are initially settled through other migration opportunities such as for education or employment in the host country. The policies and regulations administering the admission of talented and skilled workers and students allow changes from working and study residence permissions to entrepreneurship permits (Desiderio, 2014).
1.2 Problem discussion

Since the beginning of the 21 century the number of migrants and registered entrepreneurs have been substantially increasing making Sweden one of the most immigrant-friendly country in the world (Audretsch 2008; Goldin et al. 2011). In fact, the journal “Independent” announced Sweden to be the ultimate country for migration (Sharman, 2018).

Immigrants, being socially active elements of the economic system of a host country, can possibly contribute to the economic prosperity by establishing their own business if they struggle to utilize their skills on the labour market (Yazdanfar et al., 2015). Statistically, roughly 20% of newly established companies owned by foreign-born individuals, which means that local population tend to be more reluctant to establish business in comparison to the foreign-born individuals (Thelocal.se, 2018). Vandor & Franke (2016) assert that migrants often possess better abilities to foresee and explore entrepreneurial opportunities. Yazdanfar et al, (2015) identified in their research that small migrant-owned businesses are steadily growing in each city, including rural and peripheral towns across Sweden.

“At little cost, immigrant entrepreneurship has much to contribute to the creation of jobs...and economic revitalization and growth” Desiderio (2014)

According to Kloosterman & Rath (2003) immigrants, engaged in small and medium-size businesses (or the immigrant-owned family businesses) are contributing to the economic development of the host country by generating new jobs, increasing tax revenues, and create employment opportunities. Desiderio (2014) found that immigrant entrepreneurship might be of a great value for stimulating the innovations and enhancing the competitiveness of the economy contributing to the long-term economic growth. There is an evidence, that the boom of Swedish economy started in 2015 was a result of the increase in number of immigrants. The economy was expanding by 4.5% annually, which was more than twice of the economic growth of Germany (Carlstrom, 2018).
The increased likeliness of business activities among immigrants emphasizes the importance of this phenomenon for the economic growth of Sweden, which needs to be thoroughly studied. Research is needed to enlighten the phenomenon of immigrant entrepreneurship in order to yield extensive information on the barriers and constraints that the immigrants are most likely to face when starting and operating their businesses. Further, the identified barriers will be helpful for the recommendations for the policy makers with the purpose of creating favourable circumstances for the development and diffusion of immigrant entrepreneurship within the country.

1.2.1 Knowledge gap

Immigrant entrepreneurship has been a subject of research within various disciplines (Aliaga-Isla and Rialp, 2013). In respond to the increasing migration flaw, scholarly attention towards participation of the immigrants in labour market as both entrepreneurs and wageworkers has increased noticeably (Tung, Chung, Wong, and Primecz, 2011). The primary focus of the researches are the differences between native and immigrant individuals in regards to propensity of establishing business ventures as well as interrelation of socio-economic mobility and immigrant entrepreneurship (Andersson & Hammarstedt, 2010; Hjerm, 2004).

In Europe, Germany and the Netherlands have gained major interest of the researchers (Aliaga-Isla and Rialp, 2013). In general, the phenomenon of immigrant entrepreneurship in Sweden has been previously studied (Ohlsson et al. 2012; Slavnic, 2013; Hjerm, 2004; Bindala and Strömberg, 2013) as well as the barriers for foreign-born entrepreneurs (Bindala and Strömberg, 2013; Korpi et al. 2013; Aaltonen and Akola, 2012). The role of business incubators and acceleration programs in immigrant entrepreneurship has also been the subject of prior as well as the role of accelerators in resource acquisition (Tötterman and Sten, 2005).

However, according to Efendic (2016), there is no previous research on how accelerators affect immigrant established business ventures. Besides, insufficient research has been conducted focused on how business accelerators can help immigrant entrepreneurs overcome the most common obstacles that they face when establishing and operate their businesses. Besides, rapidly changing business environment, refugee
crisis and adoption of new immigrant policies and business regulations among immigrants may affect the immigrant entrepreneurship. Consequently, the obstacles and the forces to engage in entrepreneurial activity might have changed, thus, up-to-date research is needed to enlighten this phenomenon.

The practical outcome of this thesis can be beneficial for the foreign-born individuals who thrive to establish a business venture in Sweden. The prospective entrepreneurs may gain a better insight of the potential obstacles in order to evaluate the risks and become prepared to these challenges, which is likely to lead to more effective business decisions. Besides, the thesis aims to identify how business-supporting organizations can help prospective entrepreneurs to overcome the most typical barriers when starting and operating a business. The thesis also contributes to the overall understanding of the phenomenon of the immigrant entrepreneurship. The awareness of the peculiarities of the immigrant entrepreneurship is particularly important to manage the contemporary challenges associated with the continuous immigration into Sweden. The research can be beneficial for the policy-makers, the immigrants, who are planning or have engaged in entrepreneurial activity in Sweden as well scholars exploring the field of immigrant entrepreneurship.

1.3 Research questions

Based on the previous problem discussion, three research questions have been formulated. They are as follows:

RQ 1. “What are the driving factors that encourage immigrants to engage in entrepreneurial activity in Sweden?”

RQ 2. “What are the main barriers that immigrants encounter while establishing their businesses?”

RQ 3. “How the business supporting organizations may facilitate illumination of the most significant constraints for implementation of entrepreneurial activity among immigrants?”
1.4 The purpose of the research

The purpose of this thesis is to explore the phenomenon of immigrant entrepreneurship in Sweden and define its special features and peculiarities. First of all, the thesis aims to identify the driving factors that encourage immigrants to establish business ventures in Sweden. Secondly, this thesis will investigate the obstacles that immigrant entrepreneurs face in the pursuit to establish and operate a successful business in Sweden. Thirdly, it intends to identify how the business supporting organizations may facilitate illumination of the most significant constraints for implementation of entrepreneurial activity among immigrants. Finally, based on the motives and the barriers for immigrant entrepreneurship in Sweden a number of recommendations for the policy-makers will be suggested in order to stimulate business activities among immigrants.

1.5 Delimitations

The current research is conducted to investigate the phenomenon from the economic and international business perspectives, thus the immigration and immigrant entrepreneurship from a societal approach will be avoided. This study will not focus on the features of specific ethnic groups or the country of origin, in contrast, the research aims to identify the general peculiarities of the immigrant entrepreneurship for various ethnic groups and races regardless the home country, from which they migrated to Sweden.

Furthermore, in this thesis the field and the industry, in which the immigrant entrepreneur operated will be neglected, however, there will be a focus on the common motives for starting a business and challenges that the immigrant entrepreneurs encounter regardless the specific industry. This research does neither aim to investigate the impact or consequences of the refugee crisis, nor does it provide any solutions or recommendations on how to integrate refugees into the labour market or how to adapt the economic framework that enables this integration. Finally, the research will not provide recommendations or solutions regarding the business development or ways to increase the competitiveness of an individual examined business.
1.6 Thesis outline

In order to simplify understanding of the content of each chapter and guide the reader through the thesis structure, the thesis outline has been designed and presented below.

Figure 3. Thesis outline
Source: Own creation
2 Theoretical framework

This chapter will provide a theoretical framework, which will serve as the foundation for this thesis. The chapter begins by introducing the definition of immigrant entrepreneurship. Furthermore, theories concerning immigrant entrepreneurship will be presented to provide the reader with essential information necessary for a better understanding of this phenomenon. Thereafter, theories of driving forces and constraints for immigrant entrepreneurship will be outlined. The aim of this chapter is to present a framework that will conceptualize the theories of this paper and how they relate to each other.

2.1 Immigrants and immigrant entrepreneurship

The study of entrepreneurship dated back to Knight (1921) who recognizes “risks” as one of the most crucial features of entrepreneurship. Schumpeter (1934) presents the “innovation” theory that incorporates activities related to innovative methods of production, new products and markets. Other scholars focus on opportunities related to the product development and entrepreneurial service (Penrose, 1959), personal qualities of entrepreneurs, their ability to foresee, human capital, communication skills and experience (Casson, 1991). Immigrants are understood as individuals, who leave their home country and permanently move to a foreign country (Oxford Dictionaries, 2018).

Rath and Kloosterman (2000) emphasises that the phenomenon of immigrant entrepreneurship can be studied from the perspective of rather different scientific disciplines, such as economic geography, sociology and business study in general. Thus, this phenomenon can be defined differently. Chaganti and Greene (2002) defined immigrant entrepreneurs, as foreign-born individuals who established a business in order to gain financial profitability in a host country. Carter et al. (2015) emphasized that immigrant entrepreneurial activity can be referred as “minority entrepreneur” or “ethnic entrepreneur”. In Swedish context, the term ‘immigrant entrepreneur’ often referred to foreign-born individual business owners in Sweden (Marriaga and Leon, 2016).
The classification of immigrant entrepreneurship

The scholars have conditionally divided immigrant entrepreneurship into four different groups: ethnic entrepreneurs, transnational entrepreneurs, business immigrants and the high-technology intensity entrepreneurs (Bates, 2011; Carlsson and Rooth, 2007, Gould, 1994). These types of immigrants will be further described and analysed more precisely.

2.2.1 Ethnic enterprises

Newly established ethnic enterprises are often facing the problem of finding relevant positions in the labour market due to limited social and human capital resources that hinder the chances of being employed by a local company and are discriminated in some extent by the potential employers (Bates, 2011; Carlsson and Rooth, 2007; Redstone Akresh, 2006).

Reduced labour market opportunities have led to many immigrants to establish their own business (Chaganti et al., 2008; Li, 2001). An ethnic entrepreneur has been distinguished by having gained the synthesis of the business owner, manager and other personnel in the individually owned firm, which is characterised by the group’s ties to one cultural heritage and often by the place of origin (Honig and Drori, 2010). More significantly, they are intrinsically tangled in unique social structures where individual behaviour, social relatives, and economic performances are restrained (Aldrich and Waldinger, 1990).

2.2.2 Transnational entrepreneurship

Another type of entrepreneurial activity involves transnational entrepreneurship. Transnational entrepreneurs are frequently defined as “individuals who migrate from one country to another, concurrently maintaining business-related linkages with their former country of origin, and the currently adopted countries and communities” (Drori, 2009). After the immigrant entrepreneurs have become completely integrated into the local environment and the institutional system, their business activity is often changing, where an attempt to establish a network and economic connection with their home country for the mutual exchange of goods between their host country and home country.
(Gould, 1994). When migrants leave their birth country in search of another state of residence, they affect not only the local demand for goods, services and labour, but also import the host country knowledge about the home country’s economy and institutions. McHenry and Welch (2018) concluded that the ties of the immigrants with their home countries reveal the opportunity to apply the knowledge about home country markets preferences, existing language skills and the business contacts in order to reduce transaction costs and efficiently perform business operations concerning imports and exports of customer goods within different countries.

2.2.3 Business immigrants

In terms of immigration purposes, the immigrant entrepreneurs might be divided into those, who became self-employed after the immigration (Migrationsverket.se, 2018; Doingbusiness.org, 2018, Migrationpolicy.org, 2018) and those, who were previously engaged into entrepreneurial activities in their home countries and immigrated to Sweden to increase efficiency of operations and explore business opportunities in a foreign market (Doingbusiness.org, 2018). The last category if often defined as business immigrants (Desiderio, 2014). The government of a number of developed countries attempt to encourage successful business owners to arrive from their home countries in order to establish business activities in the host countries (Clydesdale, 2008).

The reason for increasing interest towards this kind of entrepreneurs is explained by favourable influence on the economic growth of the host country, which is achieved by creation of new jobs, increasing tax flow and building infrastructure in the host country (Ley, 2003). Thus, the designed measures to attract the business immigrants usually involve offering temporary and permanent residents permissions and business visas (Ley, 2003). The selection procedure of the entrepreneurs is based on the business performance in the home country, which is to be proved by track records. By focusing on the prior results, the authorities decide if the candidate capable of transferring the business success to the host country (Clydesdale, 2008). Some scholars, however, point out that the entrepreneurial experience in the home country might be not applicable in foreign countries (Clydesdale, 2008).
2.3 The driving forces for immigrant entrepreneurship

Most of the scholars classify divide immigrant entrepreneurs into those who started a business due to necessity and those who established business because they discovered opportunity (Chrysostome and Lin, 2010). The market disadvantage theory might be overlooked as a set of factors that necessitate the immigrants to become self-employed, whereas cultural approach might be referred to opportunity seeking theory (Mora and Davila, 2005). Chrysostome and Lin (2010) propose that the necessity driven entrepreneurs usually arrive from developing countries, often have low level of education, and professional experience and generally rely on their ethnic community to gain start-up capital and co-ethnic labour. In contrast to necessity immigrant entrepreneurs, the opportunity-seeking entrepreneurs in general highly educated and have high proficiency in English.

2.3.1 Market disadvantages theory

The approach to the engagement of immigrants in entrepreneurial activity may involve external societal factors that are often referred to as discrimination in the labour market. This disadvantage theory states that the immigrants have no choice to find a local employment and therefore are taking measures to become self-employed. This can be conceptualized as “survivalist entrepreneurship” (Mora and Davila, 2005; Smith-Hunter and Boyd, 2003; Boyd, 2000; Light, 1979; Smith-Hunter and Boyd, 2003).

Borjas and Bronars (1989) emphasized that immigrants often fail to meet the requirements of the labour market as they might have a lack of education, relevant working experience or language skills resulting in the motive to pursue entrepreneurship in order to ensure their financial sustainability. The research developed by Mikael Hjerm (2004), measured the income of the immigrant entrepreneurs and employed individuals. The studies indicate that the income of employed immigrants is higher than the ones who are self-employed. In addition, Swedish companies tend to avoid possible conflicts and misunderstandings that are most likely to occur by inflow of foreign culture, attitude, religion and values of the immigrants (Light and Karageorgis, 1994).
2.3.2 Opportunity seeking theory

Discovery and exploration of opportunities are the core concept of any entrepreneurial activity (Vinogradov and Jørgensen, 2016). According to Lehto (2015) opportunities can be discovered or created. Those opportunities may involve both arbitrage opportunity, which concern identification of demand-supply imbalances and innovation opportunity, which takes its source from economic inventions (Etemad, 2015). Different entrepreneurs discover different opportunities (Vinogradov and Jørgensen, 2016). There is an evidence that immigrants are a critical factor in establishing fast-growing and high-tech ventures, where the driving force is identification of an opportunity (Chaganti, Watts, Chaganti and Zimmerman-Treichel, 2008). Neupert and Baughn (2013) assert that growing inflow of highly educated immigrants leads to superior extend of high-growth firms.

The ability to discover unique opportunity is connected to the personal factors such as prior experiences, access to information and social ties (Shane 2004). Vinogradov and Jørgensen (2016) convinced that the immigrant entrepreneurs are more likely to identify opportunities than the native entrepreneurs. The immigrants may access the exclusive information through various channels available in their native languages. In contrast to natives, immigrants may gain better understanding of numerous issues through greater variety of sources and techniques to search for information. Shane (2004) states that individuals explore superior opportunities when they search through places, in which other people do not look or cannot access. Besides, the opportunities are more likely to be found through the private sources, rather than public (Hills and Shrader 1998).

Another reason is that immigrants might have an ultimate knowledge about the customer preferences of the consumers within the same ethnic group (Vinogradov and Jørgensen, 2016). The opportunity structure theory indicates that a number of destination countries of immigrants have demand for small-scale entrepreneurial activities that often referred to serving the needs of ethnic community, in which local businesses are not interested due to low rate profitability. Focusing on the demand of a particular ethnic group the entrepreneur find a market “niche”, which can be served better than competitors (Aldrich and Waldinger, 1990). Thus, the ethnic entrepreneurs
may benefit from operating in a “niche” market (Rusinovic, 2008). This approach is
tiredly related to the cultural approach, which will be further explained.

2.3.3 Cultural theory
Light and Karageorgis (1994) are convinced that the role of the cultural settings of the
immigrants cannot be underestimated and refer to the behavioural characteristics of the
individuals. Immigrants are often involved in business within their ethnic groups, where
the entrepreneurs are most likely to find co-ethnic cheap labour, and gain investments
for start-ups from the representatives of the same ethnic group (Light and Karageorgis,
1994).
Additionally, operating with people from the same or similar culture reassures the
entrepreneur through an increased sense of security and better understanding of the
habitual and behavioural principles of the co-workers. This can significantly simplify
the business process. In support of this, some theorists strongly consider that
entrepreneurs establish their business to satisfy the needs of the consumers of the same
ethnic group, because of the limited availability of recognisable goods that they may
have consumed in their home countries. This kind of entrepreneurship is typical when
ethnic groups are settled in the same geographic area (Wilson and Portes, 1980; Borjas,
1986; Zhou, 2004; Carvalho, 2016).

2.4 Barriers for immigrant entrepreneurs
Indifferent to the immigrant status of the owner, nearly all the entrepreneurs encounter
obstacles that hinder business development at some point, thus the common barriers and
the immigrant specific barriers will be examined. Bartlett and Bukvic (2001) suggest
that all growth-related barriers can be conditionally classified into internal and external
obstacles. Aldri and Waldinger (1990) emphasised that the immigrants are most likely
to face the immigrant-specific barriers, which also will be presented. The external
factors are referred to the macro and meso levels of the organization, whereas the
internal barriers incorporate the knowledge, competence of the firm and the resources
in the company’s disposal (Kransniqi, 2007).
2.4.1 Internal barriers

The internal barriers limit the development from inside of the firm and can be created and demolished by the company itself. The most widespread obstacles referred to the internal environment, involve organizational competence and knowledge (skills and knowledge of the employees), the ambitions and willingness of the owner to grow and the resources of the company. According to Blomqvist and Berglund (1999), knowledge and skills of employees are critical for business growth, since managers and employees should be able to produce the product or service to satisfy the demand of the consumers, and therefore, analyse the market situation and act accordingly.

Lack of working experience of the business owner may incorporate insufficient knowledge about the industry in which the entrepreneur is planning to operate. Limited working experience may affect the quality of management due to shortage of marketing and sales skills of the owner. Previous experiences can be a driving force of migrants to make decision to become an entrepreneur (Aliaga-Isla and Rialp, 2012). The practical experience of starting and running a commercial venture is likely to be the best approach to learn many of the required skills. It is therefore also logical to assert that previous experience in the same sector is a factor contributing to entrepreneurial success (Marchand and Siegel, 2015).

Similarly, insufficient resources can become a significant barrier for the development of the company. This could be linked to the fact that a small enterprise may have access to smaller networks, and due to their size, have limited financial resources, comparatively to their larger more established competitors. (Bartlett and Bukvic, 2001; Tödtling and Kaufmann, 2001). The willingness of the entrepreneur to develop the business is crucial in a company’s growth. Depending on the size of the firm, the entrepreneur may be responsible for the managerial decisions, such as accessing financial organization with a purpose of obtaining a loan for the further business development (Makhbul and Hasun, 2010).
2.4.2 External barriers

Bindala and Stromberg (2013) associate the challenges of meso and macro environment to the external barriers. These factors can be out of an organisation’s control and create obstacles for the management where the need to adapt to external influences result in the implementation of development strategies based on the internal resources and capabilities of the firm. Such challenges caused by competition, customers, suppliers and networks may directly or indirectly influence a company. Depending on the severity of the presented challenges, these can influence the legislative framework, cash flow, social factors, technology and ecology. (Arora et al., 2016).

Such volatility in these factors highlights the complexities that exist in a business environment and presents the various barriers, which implies various barriers for growth of an organisation of any size (Kransniqi, 2007). The most typical external barriers for entrepreneurs are related to the excess of external finances, because the internal financial resources are often insufficient for gradual business expansion and development (Bindala and Stromberg, 2013; Kransniqi, 2007). Limited access to Finance is likely to provoke a straggle to organize a start-up capital and restrain the investment inflow for business development. Typically, migrants do not have any or little savings as a basis for gaining a loan to launch and expand their business (Evans and Jovanovic, 1989; Evans and Leighton, 1989; Blanchflower and Oswald, 1998). The failure rates of immigrant entrepreneurs are significantly higher in comparison to local entrepreneurs, which imposes higher risk of not-paying-backs to the banks. Immigrants predominantly suffer from limited, or no credit history in the residence country due to the short-term residence in the host country (Bruder et al., 2011; Desiderio, 2014).

2.4.3 Immigrant specific barriers

Besides strategic challenges, immigrant entrepreneurs in Sweden encounter other immigrant specific barriers related to rules and law, culture and social integration as well as language difficulties (Aldri and Waldinger, 1990). Fairlie and Lofstrom (2013) assert that limited language proficiency may negatively affect communication with potential customers and suppliers as well as restrain the access to the information essential for implementation of business activity. Moreover, Lofstrom and Wang (2009)
and Fairlie and Woodruff (2007) argue that even those who have experience of self-employment in their home country might still struggle to launch a business in light of limited language abilities. The Swedish Agency for Economic and Regional Growth (2010) emphasized that those difficulties are likely to lead to the discrimination of the immigrant individuals and create harmful circumstances for building and developing the networks that are of a high importance for implementation of any business operations. Restricted social capital or access to network support are critical aspects for the development of immigrant entrepreneurship. The social networks of immigrants are crucial when it comes to establishing a new venture. Elfring and Hulsink (2003) state that “a network is one of the most powerful assets any person may possess: it provides access to power, information, knowledge and capital as well as other networks” (p. 409). Consequently, it might be assumed that successful business owners usually rely on interactions with the other members of their networks in order to gain an excess to support, information and advice to create a mutually beneficial interaction within the network (Portes and Zhou, 1996). Social networks can also result in and superior business relationships between members as well as increased outcome of the operations and contribute to the success of a business (OECD, 2010).

These obstacles hinder the immigrant entrepreneurial activity while establishing the business and often affect already existing organizations. However, according to the peculiarities of the industry, in which the entrepreneur operates, the significance of various barriers for business may vary. Thus, the above presented barriers affect each firm differently (Efendic, 2016).

2.5 Incubators and acceleration programs

A business incubator is an organization that provide support and advice to encourage creation of business ventures (Bergek and Norrman, 2008; Chan and Lau, 2005). Incubators are commonly divided into four categories: accelerators, virtual incubators, international incubators and incubators with walls (Lewis, Harper-Anderson, and Molnar, 2011). Accelerators are relatively modern concept compared to the incubators, which emerged in 2000s (Miller and Bound, 2011). Most of incubators and accelerators are being created by the government in order to increase the survival rate of new
ventures that are of a high importance in creating jobs, innovations and overall economic prosperity (Efendic, 2016).

In terms of purpose, accelerators and incubators are very identical, thus often these terms used interchangeably (Lewis et al., 2011). Both incubators and accelerators facilitate start-up initiatives by formation of network ties with various actors including investors, consultants, industry representatives, lawyers and accountants in order to provide incubated firms with human, social and financial capital (Hackett and Dilts, 2004; Hansen et al., 2000). The major difference between accelerators and incubators involve the terms of interaction with firms and diversified selection criteria (Efendic, 2016). Accelerators often provide short-term programs to allow rapid growth at the start-up stage and usually last up to six months (Efendic, 2016). Incubators, however, often do not have explicit time frames, which leads to a long-term interruption between incubator and the incubated firms (Miller and Bound, 2011). Another difference concerns the selection criteria of the applicants. For the acceleration programs the admission criteria is generally very competitive with the applicants undergoing through numerous rounds of selection before being accepted. In comparison with accelerators, incubators offer less competitive selection process (Bruneel, Ratinho, Clarysse, and Groen, 2012).

2.5.1 Role of incubators and accelerators in immigrant entrepreneurship

Business incubators and accelerators may often compensate a lack of internal and external networks by granting an excess to the scarce resources at the disposal of an immigrant entrepreneur (Tötterman and Sten, 2005; Rice & Matthews, 1995). Usually theses resources referred as knowledge, reputation and information (Pettersen et al., 2016). Entrepreneurs who have established business soon after immigration frequently face limited network in the host country, and their necessity of building networks is generally higher in comparison to the native entrepreneurs (Efendic, 2016). Consequently, the ability of accelerators and incubators provide access to networks may lead to establishment of trustworthy and dependable relationships with external stakeholders (Tötterman and Sten, 2005). Incubators and accelerators being highly reputable organizations can also be critical for increasing legitimacy and creditability of the incubated company making it more attractive for potential investors and other resource holders (Hoang and Antoncic, 2003). Moreover, accelerators can offer
financial assistance to the immigrant entrepreneurs, which is in most cases is crucial for start-ups especially, for the immigrants who are facing difficulties obtaining loans from other financial institution due to a lack of credit history in the host country (Efendic, 2016; Bruder et al., 2011; Desiderio, 2014).

2.6 Theoretical synthesis

The literature review have shown that the driving factors for immigrant entrepreneurship are necessity or opportunity-based. The factors that necessitate immigrants to engage in entrepreneurial activity are usually provoked by insufficient integration in the labour market due to a lack of education and professional experience and non-transferable knowledge and skills. The opportunity driven entrepreneurs establish businesses since they discovered an opportunity that can result in entrepreneurial success.

The barriers for immigrant entrepreneurship can concern internal, external and immigrant specific constraints. The internal set of barriers incorporate human capital that is represented by the knowledge and skills of the immigrant; such as prior experience, education language proficiency and capabilities. The external barriers can be referred to the excess to the resources, formal and informal networks, and legal framework in the host countries. The immigrant-specific barriers are normally associated with rules and law, culture and social integration as well as language difficulties.

Business supporting organizations can significantly facilitate the entrepreneurial activities among immigrants. Business incubators and accelerators have rather precise focus on the high-technological intensive start-ups, however, may play a critical role in the network development and can grant an access to external finances. The business supporting organizations may play a role of a channel that connects the immigrant entrepreneur with the variety of institutions by providing valuable information and advice. The theoretical outline illustrates the motives that encourage immigrants to establish business, set of external and internal barriers as well as demonstrates how immigrants may engage in entrepreneurial activity.
Figure 4. Theoretical outline
Source: Own creation based on literature review
3 Methodology

This chapter will provide a comprehensive understanding of the methodology used to conduct the research. Discussion on the structure, strategy and ethical manner to ensure answers to the presented research questions will be outlined with the help of academic literature regarding methodology. This chapter will be concluded with an overall discussion concerning validity, reliability, method criticism, and ethical considerations.

3.1 Research approach

Methodology is the means for connection of the theoretical and empirical data that bridge the gap between the theoretical bases, empirical observations, and experiences (Edling and Hedström, 2003). According to Bryman and Bell (2011) the research approach plays a vital role regarding the aspired outcomes of the study through providing the connection between theory and research. The abductive approach has been chosen for the research. The abductive approach combines the features of inductive and deductive approaches. Similar to induction, abductive approach is based on empirical findings, but also includes theoretical concepts, which is a feature of deduction approach (Alvesson and Sköldberg, 2008). The ability to syndicate theoretical and empirical data together with the flexibility of the approach allow the researcher to explore new patterns, analyse numerous phenomena and gain superior understanding of the chosen research field (Dubois and Gadde, 2002). According to Bjerke and Arbnor (2008), the abductive approach helps to confirm the theoretical bases or new observations through placing the results in a hypothetical pattern. Moreover, the abductive approach is viewed as more accurate and practice orientated and avoids limitations of the rigid inductive and deductive perspectives.

The initial stage of this thesis involved the deductive principles, as the theoretical fundament of the relevant literature should be built in order to understand the phenomenon of immigrant entrepreneurship as well as the driving forces and barriers that affect immigrant entrepreneurship. The choice of the abductive approach is explained by the chance to supplement the theoretical framework in order to justify the
empirical data. Throughout the data collection stage there was necessity to refer to the literature again in order to adjust the theoretical framework to the data collected from the respondents. For instance, during the interview it was found that entrepreneurs’ supporting organizations played vital role at the start-up stage of three interviewees, thus additional research question was added in this thesis and thus the additional theories on entrepreneurs’ supporting organization have been added. The deductive approach alone was considered inapplicable for the research due to the scarce of research upon selected subject, which hinder creation of the theoretical base for the studied phenomenon. A solely used inductive approach cannot be used due to insufficient theoretical fundament for the research. Inductive approach usually requires significant time at the disposal of the researcher for the data collection (Saunders et al., 2009). In order to combine the strengths of the inductive and deductive approaches and illuminate its weaknesses the abductive approach has been chosen for the research.

The deductive approach is typically used when developing hypothesis and theories, which further are to be tested in order to indicate the relationships between the theory and research (Bryman, and Bell, 2011; Saunders, Lewis, and Thornhill, 2009). Normally, the deductive approach appears to be very structured as each step follows in a logical and clear manner (Bryman, and Bell, 2011). In contrast, the induction approach implies the creation of theory based on analysis of collected information and usually more flexible in comparison with the deductive one since it does not suggest rigorous and strict research design, thus avoids determinism (Bryman, and Bell, 2011; Saunders et al., 2009).

3.2 Research method

There are two recognized methods of research: qualitative and quantitative (Kumar, 2014). Quantitative research is customary applied in large-scale studies with the purpose of measuring particular variables through statistics and numerical data (Denscombe, 2010). Qualitative research aims to gain understanding of particular problem, reality or a phenomenon through observations, interview or social interactions (Kothari, 2004).
The qualitative method of data processing was used to conduct the current study on immigrant entrepreneurship since the purpose of the thesis is to provide a deeper understanding of the phenomenon of immigrant entrepreneurship and identify the major driving forces and the barrier for the entrepreneurs with the immigrant background. Besides, the thesis aims to examine how incubators affect entrepreneurial activity of immigrants, which cannot be done through the quantitative research (Denscombe, 2010). The greatest advantage of the qualitative method is detailed and comprehensive data obtained from interviewees, which enables better understanding of the examined phenomenon (Bryman and Bell 2011; Denscombe 2010; Ghauri and Grønhaug 2010). The greatest disadvantage, however, relates to inability of generalization of the research findings (Denscombe, 2010).

3.3 Research design

The research design section referred to the data collection for its further analysis (Ghauri and Grønhaug, 2010). According to Trochim and Donnelly (2007) the research design is a critical element that clutches the research project together. The research design serves as a strategy on how the researcher will obtain the information to answer the research question as well as provides insight of the sources of data and the method for analyzing and measuring it (Saunders et al., 2009).

There are five categories of the research strategy: survey, case study, experiment, history and archival analysis (Yin, 2014). The choice of the research design is based on the chosen research method and approach (Ghauri and Grønhaug, 2010). Yin (2014) claims that if the purpose of the research is to examine and gain a better understanding of a real-life phenomenon, a case study strategy is the most applicable. The case study research design implies conduction of qualitative/ semi-structured / multiple cases interviews (Denscombe 2010; Yin 2014).

3.3.1 Case study design

The case study research design involves an empirical investigation of a real-life phenomenon by means of multiple sources evidence (Robson, 2002). Based on the research objectives, case study can be divided into two forms: instrumental and
instinctive (Stake, 2005). An instinctive case study implies a study of a single case and does not lead to generalization of the findings by the researcher. In contrast, instrumental case study aims to provide insight of the examined phenomenon or to redraw generalization (Stake 2005). In accordance with the purpose of the research of this thesis, a multiple case study is the most appropriate. The analysis of multiple cases allow the researcher to identify the differences and similarities between different cases, which will be further analysed and generalized to answer the research questions. Eisenhardt (1989) asserts that the more cases are analysed by the researcher, the more representative the findings are. Nevertheless, the amount between four to ten cases can be sufficient. Consequently, the thesis contains the data, collected from five immigrant entrepreneurs that represent four cases.

3.4 Data collection

There are two different sources that can refer by researcher to collect empirical information. They are primary and secondary data (Ghauri and Grønhaug 2010). The primary data is collected from the respondent directly or gathered through observations, whereas secondary data is storage on digital, printed or audio sources (Ghauri and Grønhaug, 2010). The empirical findings of this thesis are derived from both primary data and secondary data.

3.4.1 Primary data

The major methods of primary data collection were the semi-structured interviews of the foreign-born entrepreneurs and unstructured interviews of the representatives of profit and non-profit organizations for start-ups and business development. Namely, ‘Drivhuset’- the organization, which primary focuses on students, who are eager to engage in entrepreneurial activity, providing them with advice to facilitate business plans development and “Kalmar Kommun”. The representatives of these organizations interact with the immigrant entrepreneurs on daily basis, thus have sufficient and up to date understanding of the motives and barriers that the immigrants are likely to encounter doing business. The primary data was gathered during the interviews that were conducted in English. One entrepreneur was interviewed in Chinese with the help of a translator and then was translated into English.
3.4.2 Secondary data

The secondary data was collected to obtain the empirical data from “International Entrepreneur Association in Sweden” through the corporate web site as well as to compliment the case of the owner of Arabic store in Kalmar. The secondary data was required, since the entrepreneur experiences serious problems communicating in English and Swedish.

3.5 Selection of cases

In order to select the cases, the entrepreneurs’ supporting organizations have been contacted via e-mail with a request of face-to-face interview. The representatives of the organisations were asked to provide the contacts of the entrepreneurs with the foreign origin. This way, only one case has been selected. The interviewees that represent three other cases were found through the “snowball technique”, which means that once the respondent was reached, he or she was then asked to provide the contacts of another person, who is competent of providing the data (Biernacki and Waldorf, 1981). All the interviews were conducted face to face. The main principle for the selection of the cases was the diversity of the industries entrepreneur operates in, which could enable the generalization of the empirical findings. This section will provide a short presentation of the examined cases with the description of interviewee and brief facts about their businesses.

<table>
<thead>
<tr>
<th>Name of the interviewee</th>
<th>Name of the company</th>
<th>Position</th>
<th>Country of origin</th>
<th>Date</th>
<th>Location</th>
<th>Duration (min)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ping Sun</td>
<td>Maximera AB</td>
<td>Founder and owner</td>
<td>China</td>
<td>20.03.2018</td>
<td>Kalmar</td>
<td>80</td>
</tr>
<tr>
<td>Rabea Holzfurter &amp; Shahram Soltani</td>
<td>Calmare Oas Café AB</td>
<td>Founder and owner</td>
<td>Germany and Iran</td>
<td>10.05.2018</td>
<td>Kalmar</td>
<td>60</td>
</tr>
<tr>
<td>Ameet Khalsa</td>
<td>Indeslab handelsbolag HB</td>
<td>Founder and owner</td>
<td>India</td>
<td>14.05.2018</td>
<td>Vaxjö</td>
<td>60</td>
</tr>
<tr>
<td>Alnassar Ahmad</td>
<td>Alnassar Ahmad</td>
<td>Owner</td>
<td>Syria</td>
<td>12.05.2018</td>
<td>Kalmar</td>
<td>40</td>
</tr>
</tbody>
</table>

Table 1. Presentation of the cases
3.6 Structure of the interview

In order to prepare for the interview researcher has to analyse the research questions for better understanding of what questions are required and who is qualified to provide this information (Ghauri and Grønhaug, 2010). The traditional ways of conducting interviews include: structured, unstructured or semi-structured (Merriam, 2009). A structured interview implies standardized interviews with fixed options of responses and systematic sampling. The structured interview is used when combining statistical and quantitative methods (Ghauri and Grønhaug, 2010). Unstructured interviews contains only the specific fields that the interview should cover, without prepared in advance questions (Denscombe, 2010). The unstructured interview was the most suitable when interviewing the representatives of the business supporting organizations “Drivhuset” and “Kalmar Kommun”, since the field of immigrant entrepreneurship was discussed in general and the each following question was asked based on the previous answer.

In semi-structured interviews, the questions are determined in advance, but not limited only by them (Ghauri and Grønhaug, 2010). This approach provides a flexible structure of the interview but also leaves a chance to ask follow-up questions and go deep into the discussed matter enabling the interviewee to express thoughts, which might have been disclosed (Denscombe, 2010). In order to answer the research questions, a semi-structured interview has been considered as the most applicable. The interview guide (Appendix 1) contains a set of questions related to the subject of research. Its role was to provide the structure for the interview, ensuring all questions are presented clearly and understood by both the researcher and participant, where further analysis can be translated into empirical data. This structure ensured valuable data was obtained without compromising on the three main areas of questioning. In order to keep the main points of the conversation, the dictaphone has been used in some cases to simplify the procedure of the translation of the answers from the native language of some immigrant entrepreneurs to English when there was a language issue. Besides, the dictaphone was helpful when recalling the information after the interview, since making notes during the conversation was extremely time consuming and inconvenient. Application of the primary data obtained by means of semi-structured interview will provide a basis for
the empirical findings that may further develop the discourse of immigrant entrepreneurship in Sweden, and further develop the conclusions presented in the current report.

3.7 Operationalization

In order to create an ultimate interview guide it is necessary to review the literature dedicated to the studied phenomenon, which will help to exposure research gap and will enable the researcher to create the interview questions to bridge the existing gap. The conduction of a semi-structured interview initiate the creation of an interview guide in order to avoid skipped questions. According to Kothari (2004) it is important for the researcher to ensure that the questions asked during the interview help to answer the main research questions. The table below presents the link between the questions in the interview guide and conceptual framework, as well as rationalization of each question.

<table>
<thead>
<tr>
<th>Concept</th>
<th>Interview questions</th>
<th>Rationalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background Information</td>
<td>1-9</td>
<td>These questions aim to get an insight of the interviewee’s education, skills and reason for immigration.</td>
</tr>
<tr>
<td>Entrepreneurial background and prior experience</td>
<td>10-18</td>
<td>These questions are to indicate if the entrepreneur had experience in his home country before arriving to Sweden well as to provide an insight of what skills, education and knowledge the interviewee possess.</td>
</tr>
<tr>
<td>Company’s profile</td>
<td>19-26</td>
<td>These questions intended to provide an insight of the business.</td>
</tr>
<tr>
<td>Driving forces</td>
<td>27-28</td>
<td>These questions aimed to understand the motives for starting business</td>
</tr>
<tr>
<td>Barriers</td>
<td>28-38</td>
<td>These questions were asked to gain understanding of the obstacles when the immigrant started the business and during the entrepreneurial process.</td>
</tr>
<tr>
<td>The prior experience working with business organizations</td>
<td>39-45</td>
<td>These questions aimed to examine if the entrepreneur collaborated with any business supporting organizations</td>
</tr>
<tr>
<td>Concluding questions</td>
<td>46-48</td>
<td>These questions were asked to keep in contact with the entrepreneur in case if some further information is needed</td>
</tr>
</tbody>
</table>

Table 1. Operationalization
3.8 Method of analysis

The analysis of quantitative data has significant implications due to its complex and non-standardised nature, thus it has to be grouped (categorized), condensed (summarized) in order to enable its comprehensive analyses. Ghauri and Grønhaug (2010) claim that there is no a universal method to analyse the qualitative data. However, the qualitative data may be analysed by data reduction, data display and drawing conclusions. By reducing the empirical results, the data is being simplified and concerting into written notes or transcriptions (Miles and Huberman, 1994). The reduced data allows processing the information and enables drawing conclusions (Ghauri and Grønhaug 2010).

The results of semi-structured interviews represented deep, but also diversified and dispersed empirical data. Thus, the data then was presented in the similar order for each case. In the analyses sections the data was grouped by the logical order of the research question. Then in each section, the similarities and the difference of each case were examined and compared with the theories, excluding all the information, which is irrelevant for answering the research questions. In case if the data could be interpreted differently, the records from the recording device were played again in order to minimize the possible misinterpretation of the material.

3.9 Quality of research

In order to ensure the findings of the research are conclusive and true, the should represent a high quality. The quality of research is determined by the validity and reliability of its findings (Denscombe, 2010).

3.9.1 Validity

Validity refers to the correctness and accuracy of data. According to Leung (2015), a validity of a research covers precise research questions, appropriate methodology, accurate research findings, analysis and conclusion, in which the theoretical and practical outcomes of the study reflect the reality. Thus, it is important to correctly analyze the empirical findings and provide transparency of the data collection process (Maxwell, 2013). The theoretical chapter contains the references to the material the
author referred during the research process, the methodology consists of the separate chapters with the detailed description of the used methods of data collections and the explanation of individual choice of the approaches, and the choice of interviews. The transparency of the research process is achieved by the recorded interviews with the respondents, which are available upon request and the interview guide presented in appendix.

3.9.2 Reliability
The reliability of the qualitative research is referred to the “replicability of the processes and the results” (Leung, 2015), which means that the results of a highly reliable research should be the same if the research is conducted again. The reliability of a study is strengthened by a detailed explanations and descriptions of methods used to conduct the research. This way the reader can examine the way the data was analyzed and how conclusions were drawn (Descombe, 2010). The weaknesses are exemplified by the translation procedure of some of the interviewees and a limited number of interviewees. However, the limited number of the interviewees might be partially compensated by the data, collected from the representatives of business organizations, who interact with immigrant entrepreneurs on daily basis, thus capable of generalization of the driving forces and constraints for immigrant entrepreneurship. The language issue was illuminated by participation of the third party, who could interact with the interviewees in the native language. Moreover, the findings, gathered were additionally checked by reviewing the online news about the business of a particular respondent.

3.10 Ethical considerations
When interacting with the interviewees face to face, a variety of ethical conical considerations should be taken into account by a researcher (Merriam 2009). It is important to keep in mind ethical considerations during the process of primary data collection as well as during the analysis process of the empirical data. Ethical considerations are the essential features of a good research (Denscombe, 2010). Ethics are referred to moral values and principles that shape the behaviour of the researcher. The researcher should respect the rights and interests of the interviewees. Thus, a researcher is responsible for accuracy and transparency of research questions and
communicate them to the interviewees to a clear and honest manner. A researcher is obligated to design the entire research procedure in accordance with moral and ethical considerations (Saunders et al., 2009). The moral aspects becoming exceedingly important when the research is related to profound and sensitive topics and the researcher needs to obtain answers to the research questions and avoid any awkwardness and discomfort of the respondents (Ghauri and Grønhaug 2010).

In order to minimize the unfavorable consequences for the interviewee and protect his rights and interests, Denscombe (2010) proposes four majors, which the researcher should take into consideration to warrant ethical aspects of the research and protect the rights of interviewee. The right of remaining anonymous, to keep the confidential data, the participation in the research should be voluntarily, participants should be aware of the nature of the research and their role in the research (Denscombe, 2010).

The research has been conducted with the consideration of all above described moral and ethical aspects. The e-mails with the interview request have been sent to the participants in advance, with the description of the subject and the purpose of the research. The participation was on voluntarily bases and the responses were received only from those entrepreneurs, who were interested in participation. All the interviewees were suggested to stay anonymous. The interviews were scheduled at time convenient for interviewees and at the most suitable venue for them. The respondents had been also offered a right to skip the questions they would not feel comfortable to answer. Besides, the participants were asked permission to use the recording devices. However, all the participants stated their names and accurately answered all of the prepared questions.
4 Empirical findings

This chapter contains the empirical data from the conducted unstructured interviews with the representatives of business supporting organizations as well as results of semi-structured interviews with, in total, five foreign-born entrepreneurs, who represent four cases. Besides, in this chapter presented the results of the interviews of the representatives of business organizations, who are closely interacting with the immigrant entrepreneurs.

4.1 Organizations

4.1.1 International Entrepreneur Association in Sweden (Internationella Företagarföreningen i Sverige-IFS)

The International Entrepreneur Association was found in 1996 to provide support to foreign-born individuals who thrive to establish and operate businesses in Sweden. The purpose IFS is to stimulate entrepreneurship among immigrants through creating favourable circumstances for immigrant entrepreneurship as well as launching training programs to raise the competences of the immigrants. Besides, the organization initiate projects to facilitate network formation among the immigrant business ventures and other organizations within Sweden.

The main barrier for the immigrant entrepreneurs is a lack of contacts with financiers and the start-up capital. According to IFS, the foreign-born individuals do not have the same opportunities as natives in many respects. One of them is that the target group is not able to present their business concept and business plan in a convincing manner. The other significant constraints are insufficient language skills and limited knowledge of regulations governing entrepreneurship in Sweden.

In order to help the immigrant entrepreneurs to overcome the above-described barriers IFS collaborates closely with ALMI to provide support to immigrants who are willing to start own business or have been already operating in Swedish market. IFS guidance can be obtained at ALMI’s offices around Sweden and is free of charge. Besides, the IFS guidance is available in 28 different languages in order to help the individuals, who experience difficulties communicating in Swedish.
The assistance covers an advice concerning establishing and expanding business, where the idea can be discussed with the advisors and consultants. The consultants can evaluate the business concepts and assist with the development of a business plan in accordance with the market prospects as well as resources and capabilities at the disposal of the entrepreneur. The organization can also help to calculate a liquidity budget and profit budget, which can be helpful before referring to financial organisations for loan application or application for financial assistance for starting a business. The organization can also guide the individuals through the procedure of the registration of the company and assist when filling out the forms for the Swedish Tax Authorities and the Swedish Companies Registration Office (Bolagsverket) and others.

Currently, there are about 70,000 immigrant-owned businesses in Sweden with about 250,000 people employed. Young migrants tend to be more inclined to start their businesses. Most of the entrepreneurs are of an Asian origin. The amount of time spent in Sweden affect immigrant entrepreneurship in a high extend - the longer immigrants stay in Sweden- the more inclined they are to engage in a business ventures (Ifs.a.se, 2018).

4.1.2 Managing director Dennis Åström- Drivhuset, Kalmar.

Drivhuset is an organization that help potential entrepreneurs to develop their business ideas. The operations of Drivhuset are to encourage people to start their own businesses. The organization mostly focus on the students who thrive to become entrepreneurs, thus the offices of the organizations are located in close proximity to universities across Sweden.

Normally, seven to ten foreign-born students refer to Drivhuset office in Kalmar in order to obtain the information and advice about starting a new business ventures in Sweden. Dennis Åström states that those immigrants are mostly from Asian countries. The most common business ideas concern import of goods from the home countries and bilateral trade between Sweden and their native countries. The driving forces for the prospective entrepreneurs with the foreign origin are usually concern their desire to stay in Sweden after the graduation from the university. Dennis Åström reveals that it might be difficult for foreign citizens to find a workplace at a Swedish company due to the limited proficiency in Swedish language of the majority of the applicants. In contrast,
the procedure of registration of a business in Sweden is relatively simple and distinguished by a low rate of declining of the application for registration of the company.

The most critical barriers that the immigrants face while starting a business in Sweden include the following aspects. Difficulties of individuals in terms of understanding of the legislative procedures that are referred to opening and operating a business in Sweden; problems with finding an accommodation; cultural and linguistic difficulties; financial issue that incorporate lack of start-up capital and insufficient finance to sustain themselves in Sweden until the business starts to generate profit.

The legislative procedure of opening a business might be difficult for non-native speakers and may require help of the individuals who can explain the peculiarities of each forms of ownership and advice the most beneficial ones. When business start operation it is important to make sure that the entrepreneur have all the relevant licences and certificates to implement the entrepreneurial activity in order to avoid the penalties and fines. The problem with accommodation usually arises when the potential entrepreneurs finish their education and are to move away from their dormitories. According to Dennis Åström there are not many options of accommodation available for the graduates, thus it can become a significant constraint for the non-local entrepreneurs. Another critical barrier for immigrants who want to establish a business in Sweden is related to insufficient Swedish language proficiency and understanding the Swedish culture. Dennis Åström reveals that business assumes close collaboration with the customers and suppliers, who appreciate understanding of their culture and prefer to communicate in their native language. The language can be also a significant constraint for excessing a local network, which is critical for excessing information and advice. Besides, some suppliers and customers are reluctant to interact with the immigrants, as they might not consider them seriously. Access to finance may be a problem area for some of the prospective entrepreneurs. The foreign citizens may feel isolated from the Swedish bank system due to unwillingness of the banks to open bank accounts and the loan for starting a business. Another barrier connected with finance involve a significant time slot between starting a business and the time when the
business becomes profitable. The entrepreneur should possess sufficient finance in order to cover his living expenses in Sweden.

According to Dennis Åström, the citizens of the EU countries encounter fewer difficulties while establishing business in comparison with those who do not hold the EU passports. The legislative procedures, which are of a high importance in business, are significantly simplified for the residents of the EU. For instance, for the EU citizens it is easier to obtain a loan from a Swedish bank and open a business account due to the close collaboration between the banks among the European Union, which offers an opportunity of transferring the credit history.

4.1.3 Business relations manager Christian Hultén - Kalmar kommun

Christian Hultén represents the local municipality of Kalmar. Christian Hultén works at the Business Relations department and closely interact with both native entrepreneurs and the entrepreneurs with foreign background. The primary responsibility of Christian Hultén is to guide the actual and prospective entrepreneur through various bureaucratic procedures. According to Hultén, 30% of the business owners, who refer to the organization, are of a foreign origin. After the boom of immigration into Sweden in 2014-2015, the proportion of the immigrant entrepreneurs has increased dramatically, however, the situation has relatively stabilized by now. The main reason for the rising number of immigrant entrepreneurs is that the immigrants experience difficulties finding a job in the Swedish labour market.

The immigrants usually prefer to employ other immigrants from the same ethnic community or country. Christian Hultén points out that it is a positive tendency for the Swedish economy, since the unemployment rate among immigrants is decreasing.

The immigrants tend to operate their businesses in the low-tech industries that do not imply introduction of innovations or specific knowledge. Normally, those businesses are grocery shops, cafes and restaurants. The reason for opening such businesses relates to the relatively small start-up capital and the suitable human and social capital that the immigrants possess. Hultén emphasise that most of the immigrants that refer to the Kalmar municipality came outside of the European Union.
Language and Culture are the most critical constraints for starting and operating business. The immigrants face the difficulties gathering and accessing the information necessary for starting a business and solving business related problems. Normally, after three to five years the immigrants experience significantly fewer difficulties as they learn the Swedish language. Along with the language, Finance is an important factor that play a vital role when establishing a business. The challenge is provoked by non-transferability of the bank history from the home country of the immigrants to the Swedish bank system, which leads impossibility of getting a loan from the Swedish bank. Since the business ideas of the immigrants are not unique and do not involve high-tech, the business incubators and accelerators are not supporting and investing in their start-ups. In search of founds the immigrants usually referred to their friends and family as well as looking for financial support within the ethnic community in Sweden.

Christian Hultén has also observed that for many Syrian immigrants the finance is not a great problem, as they arrive to Sweden with the sufficient amount of money, which is not a barrier for starting and development of a business. Besides, Christian Hultén points out that the Syrian immigrants are often well educated which facilitate the integration to the Swedish society and help to establish and implement business activity in Sweden.

4.2 Immigrant entrepreneurs

4.2.1 Entrepreneur Ping Sun (Maximera AB) - Restaurant business

Ping Sun started her business 17 years after arriving in Sweden. The reason for the immigration was marriage with the Swedish citizen of Chinese origin. She purchased an existing restaurant in Kalmar that had a history of 40 years in the catering service. The restaurant was established by an immigrant from Italy and was serving pizzas. During her employment at the Swedish restaurant, Ping Sun managed to acquire the business in 2006 through the approval of a bank mortgage, provided by her spouse. The name of the company is Maximera AB. The name of the restaurant is Larmgatan 10. Ping Sun currently employs twelve employees Sun: three people are of Swedish origin, while the rest are of Asian origin (mostly Vietnamese). She admits that it is easier for you to operate with Asians due to the similarities in cultural background. Ping Sun
convinced that the servers have to be local citizens since they interact with the customers of the same culture. Moreover, she believes that her restaurant serves European cuisine, thus the Asian waiters would be out of the business concepts. However, Ping Sun points out that she arrived in Sweden with a sufficient amount of money that helped her to support herself abroad.

**Prior experience and education.** Ping Sun does not have any business-related education, which could facilitate understanding of the business processes. The highest degree of education is high school accomplished in China. There interviewee was not engaged in any business-related activities in her country of origin. Moreover, Ping Sun did not have plans to establish her own business. Upon arrival, Ping Sun worked as a cleaning lady in a restaurant in Växjo, owned by Chinese. Interestingly, she was promoted to a cashier position in the same restaurant, which helped her to understand the principles of running a restaurant.

**Motivation for starting business.** The respondent has also been asked to reveal what factors encouraged her to start and develop her own business. Ping Sun confessed that she was eager to become independent by engaging in entrepreneurial activity. Furthermore, she was working in a restaurant business for a long time before starting her own business, which helped her to get sufficient understanding of the most critical business operations related to the industry. The substantially improving financial performance of the restaurant together with the desire to stay independent have been the primary factors why Ping Sun has never considered being employed by other organizations since she became self-employed. Additionally, she revealed that in 2016 she was awarded as the most successful female immigrant entrepreneurs in Kalmar land, an award she is very proud of.

**Barriers and constraints for establishing and operating business.** The respondent was asked to list the most crucial barriers while establishing and running business in different periods of time. The most significant problems were finding suitable employees, language issue, understanding the Swedish culture, sourcing the reliable suppliers (business partners), financial sustainability and legal issues. However, Ping Sun emphasizes that the significance of these barriers was changing over time. An example is the barrier of language that was apparent very early on in Ping Sun’s
entrepreneurship venture. She had difficulties speaking, conducting business in Swedish, but through perseverance, was able to overcome this obstacle, and a few years in to her entrepreneurship could confidently operate a business fluently in Swedish.

The most significant barriers while starting the business was employee-related issue. Ping Sun states that it was extremely difficult to find reliable members for the team. In service-providing industries, good waiting staff are valuable assets in any team. Their contribution can influence business growth and customer experience being the first and last impression of the business to the customer. The chefs are also play a vital role within the food and beverage industry. Food standards can be compromised should a chef not be adept in their role, causing unsatisfied customers and the loss of returned business. Finding suitable employees can be problematic and was identified by Ping Sun as the primary barrier to the operations of business. Secondly, Cultural and linguistic barriers were critical only during the start-up stage. Overtime, she mentioned that these factors have become no longer an issue since she managed to adapt her way of thinking to Swedish culture and noticeably improve her language skills.

During the first three years, Ping Sun realized the importance business relationships with suppliers of raw materials. The taste of the food depends primarily on the chef’s ability, as well as on the quality of the ingredients and raw materials used. Furthermore, developing a relationship built on trust and loyalty between the buyer and the supplier, the buyer can ask about postponed payback, which is extremely important for business development. After running a business for over seven years, Ping Sun realized the importance of innovations in her business, which were mostly related to the expansion of the items in the menu. In her opinion, the customers’ preferences are changing, and it is important to adjust the product accordingly. Additionally, in order for the business to grow, Ping identified the restaurant seating capacity was proving insufficient to meet demand. For that reason, Ping Sun decided to rent more space for the restaurant, this resulted in an increase in customers and business profit. The respondent points out that Sweden has a favourable environment for immigrant entrepreneurship. The respondent has never encountered any legal or government-related problems. Ping Sun states that she has never experienced any major discrimination being an immigrant.
4.2.2 Entrepreneurs Rabea Holzfurtner and Shahram Soltani (Calmare Oas Café AB) - Food and beverage industry.

Rabea Holzfurtner holds German citizenship and arrived to Kalmar in 2016 to study her bachelor program in graphic design at Linnaeus University. After completing the first year of her bachelor's she spontaneously decided to open a cafeteria in the downtown of Kalmar, which was further named as OAS cafe.

**Motivation for starting business.** The factor, influencing her decision was an available space for lease in one of the central street in Kalmar that was in opinion of Rabea Holzfurtner ultimate location for a coffee shop. Holzfurtner inspired by the business opportunity decided to act immediately, since there were some other candidates to rent that place. She referred to the Dennis Åstrom, who worked as a head of Drivhuset office in Kalmar to get essential advice for the registration of business and guidance through the bureaucratic procedure. The entrepreneur points out that the help of Drivhuset was of a great value for her as she was helped to develop the business plan and was recommended to contact other business organization that support entrepreneurs. Drivhuset has further guided her to organization named “ALMI” that helped her to develop the business plan and analyse Swedish business environment. She has also received some recommendations connected to the business development and was guided through the further procedure of registration of her business. Finally, she has received financial support for opening her business.

**Barriers and constraints for establishing and operating business.** The most significant challenge when starting business was the financial issue. In order to receive a loan or sign a lease contract almost all financial institutions require dependable credit history and bank records in Sweden, which Rabea Holzfurtner did not have at the moment of starting business. However, she managed to transfer her bank records from German to the Swedish financial institution, which facilitated the borrowing procedure, but still was very time consuming. There were some other candidates willing to lease the space that is why it was important to sign the contract faster than the others. Due to the limited time constraints, the quick bank approval was critical, since the entrepreneur could not focus on other procedures connected to registration of the company.
Another hindrance was associated with the limited network in Sweden. Rabea Holzfurtner reveals that it was challenging to find and contact the suppliers of the raw materials for the smooth business operations. The insufficient Swedish language proficiency, however, was not a barrier for establishing and operating a business, since the information from any business related organization was available in many languages including English and German. Since Rabea Holzfurtner and Shahram Soltani were not the residents of Sweden, they had to be issued with the Swedish personal number by Skatteverket (Swedish Tax Office), which was extremely time consuming. Even while operating business for over 3 months Shahram has not been granted with the Swedish personal number. Besides, Rabea Holzfurtner and Shahram Soltani had to register the company through Bolagsverket (Swedish Companies Registration Office), which took extensive amount of time for them to respond to the enquiry and thus slowed down the other processes connected to starting the business.

Opening a bank account was of a great difficulty as well. SEB bank denied the application for opening a bank account due to the foreign citizenship of the entrepreneurs, thus they had to look for another bank, which does not have such strong requirements. In general, the entrepreneurs would characterize the business climate as favourable for starting a business and business development. In the beginning, starting business is slightly more complicated for people with foreign background in comparison to the native-born individuals. However, Rabea Holzfurtner and Shahram Soltani have never experienced any kind of discrimination from the stakeholders or profit/non-profit institutions. After the business has been established and started operating, there are significantly less difficulties related to the foreign background.

Rabea Holzfurtner and Shahram Soltani believe that the policy makers may possibly consider the options of shorter periods of processing the documents related to the business registration and make the Swedish tax office more efficient so that the Swedish personal number could be issued faster. Moreover, the entrepreneurs would suggest offering the temporary permissions for doing business to encourage immigrant entrepreneurship.
4.2.3 Entrepreneur Ameet Khalsa. Indeslab Solutions

Ameet Khalsa was born in India and arrived to Sweden since he got scholarship from Linnaeus University. In 2016, he was admitted to the Master’s course in Innovations in Växjö campus. In August 2017, he registered a company named “Indeslab Solutions”, which provides support to SMEs that want to increase their presents in the digital space by providing a wide range of digital solution for businesses.

Prior experience and education. Khalsa has completed his bachelor’s and first master’s degrees in India in a business field. Besides, Khalsa has 9 years of experience in Indian company. He is fluent in English and taking courses in Swedish, however, still cannot communicate on a professional level.

Motivation for starting business. Khalsa had considered becoming an entrepreneur even before coming to Sweden. Well-developed business infrastructure, sustainable economy of Sweden and high income of the population have created favourable prerequisites for establishing a company. Besides being a business owner, Khalsa was selected to undertake internship in a Swedish company in Stockholm.

Barriers and constraints for establishing and operating business. The most significant barrier for starting and developing business was lack of trust from potential business partners and financial institutions. The impossibility of transferring credit history resulted in reluctance of banks to open bank accounts. Khalsa emphasized that credit history transferring procedure is much easier for the residents of the European Union, whereas for non-EU immigrants it seem to be impossible. Khalsa have not experienced major difficulties in regards to the registration of the company. Participation in 2 years master course granted an opportunity of obtaining Swedish personal number, which significantly simplified the business registration procedure. Insufficient proficiency in Swedish language was also a critical constraint. Despite the fact that most of the population speaks decent English, numerous potential business partners, clients and organizations mistrust to those, who cannot communicate in Swedish.
Experience of working with business incubators and other entrepreneurs supporting organizations. Khalsa claims that Drivhuset have supported his business idea at an early stage and helped to develop his initiative. Besides, Drivhuset provided guidance through all the bureaucratic procedure connected to registering of the company and provided the insight of all peculiarities of doing business in Sweden. In Khalsa’s case, Drivhuset was the most helpful; however, they can help only until certain level. Khalsa has also attempted to get support from other ALMI organization, but in his opinion, it had very bureaucratic process of collaboration, which was the reason for not proceeding contacts with them. Even scheduling a meeting was problematic. Based on the experience of the acquaintances and friends, who are running their businesses, Khalsa recommended “KTH Innovation Lab”, “Chalmers Incubator”, “SUP 46” and “Y-Combinator” providing that the business idea is unique and innovative.

4.2.4 Entrepreneur Alnassar Ahmad. Arabic glossary store.

Ahmad immigrated to Sweden in March 2015 from Syria. Some of his friends and acquaintances arrived to Sweden earlier. The reason for immigration was the military conflict in his native country. Upon arrival, Alnassar Ahmad started to work for employers within the same ethnic community and had no plans to work for a Swedish employer. In 2017, Alnassar Ahmad registered a company which imports and sales products from Syria. Currently, he is attending Swedish language and culture courses besides entrepreneurial activity. The entrepreneur mostly interact with the representatives of the same or similar ethnic groups. The suppliers and most of the customers are from Turkey, Iran and Syria (Barometern.se, 2018).

Motivation for starting business. Alnassar Ahmad was not planning to become an entrepreneur before coming to Sweden. On the year he arrived there were only a few Arabic stores where people could buy products from their home countries. The demand, however, was high. He saw a place available for rent in the centre of Kalmar and he decided to rent it. All the other Arabic stores are located quite away from the centre and his store has become the only one with the central location. “Opening a store is a good opportunity for me to support my wife and five children who arrived to Sweden last
year”-he says (Barometern.se, 2018). Besides, it was a good chance to get to know other people who are in the same situation and integrate in Swedish society.

**Barriers and constraints for establishing and operating business.** The greatest barrier was connected to the access to information connected to registration of business. The people from the same country explained the registration procedure of the business, assisted him through the process, and helped with the translation of the requirements. Another critical constraint is a language barrier. Currently, the information from some of the business organizations is available in Arabic; however, at the moment of starting the business the major difficulty was connected to the finding of the right information. Finding the start-up capital was also a great issue for Alnassar Ahmad, since he could not obtain a loan from a bank. The solution was to borrow money from his friends who also immigrated to Sweden. Upon arrival to Sweden Alnassar Ahmad had insufficient Swedish language skills, which significantly complicated the communication process with the authorities and the Swedish customers.

**Experience of working with the entrepreneurs supporting organizations.** Ahmar did not know about existence of any organizations that could support entrepreneurs that is why the response on this subject is limited.
5 Analysis

This chapter assembles previously presented sections of the thesis through connecting theoretical framework and empirical findings in a comprehensive analysis of four different cases. The discrepancy and similarities of individual cases will be deliberated in order to provide the platform for developing conclusions and answering the research questions of the thesis.

5.1 Driving forces for immigrant entrepreneurship

Borjas and Bronars (1989) claim that one of the most crucial reason for immigrants to start business might be addressed to discrimination on the labour market as a result of discrepancy between the requirements of potential employers and the qualifications of immigrants. In fact, the representatives of three businesses were not looking for the employment before starting their businesses. Besides, in all four cases the entrepreneurs have not experienced any discriminative behaviour in both professional and personal life. The empirical results shows that all interviewees started their business ventures due to their desire to apply their existing knowledge and skills by means of establishing own business. Aliaga-Isla and Rialp (2012) have also claimed that the prior working experience might be a predominated driving force for the immigrant to start a business venture. In three out of four cases the established businesses in Sweden in different extend connected to the prior personal or professional experiences.

Ping Sun was working in a restaurant business for over five years in Sweden before opening her own restaurant. Ameet Khalsa had previously worked in the digital commerce field in India and holds two degrees in business strategy and innovations, which helped to identify the demand of Swedish SMEs in digital solutions for their businesses. Rabea Holzfurtner and Shahram Soltani did not have a former experience in cafe, however, Rabea Holzfurtner have applied her interest in graphic design as she was creating the design of the café on her own. Alnassar Ahmad, on the other hand, have not previously operated a store, however, was granted an excess to advice and support from other individuals within the same ethnic group and had a close interaction with the actual and potential customers, which helped to adjust his business towards
customer’s preferences in terms of desired products. Light and Karagorgis (1994) argue immigrants tend to interact with the individuals from the same ethnic group while implementing their business operations. This phenomenon is related to the cultural theory for establishing a business. Based on the peculiarities of the business it might be assumed that Alnassar Ahmad is a representative of ethnic entrepreneurs.

Ethnic entrepreneurs frequently aim to enter a niche market, which characterized by limited economies of scale that reduces the probability of competition from larger competitors. Consequently, the reduced competition in the ethnic niche market might be considered as a promising business opportunity (Rusinovic, 2008). In fact, the empirical data indicate that in all four cases the immigrants recognized an opportunities and decided to act upon them. Thus, it might be argued that the disadvantage and cultural theories alone may be the primary driving forces for establishing a business venture without ability to recognise opportunities. According to Shane (2004), the ability to discover opportunity is related to the prior experience, social ties and excess to information. The empirical data shows that two out of four entrepreneurs prefer to operate with the representatives of the same or similar culture. Ping Sun admitted that it is easier for her to communicate with the people from Asian origin, which is why most of her employees are Asians.

Regardless the fact that Light and Karagorgis (1994) suggested that this approach often results in the customers of the same ethnic group, the target market of Ping Sun is the Swedish customers. However, Alnassar Ahmad, who owns the Arabic store, states that he does not interact with the local population on daily bases as the suppliers and the customers are from similar culture and speak the same language. The case of Alnassar Ahmad represents a very typical manifestation of the cultural approach. In contrast, two other cases demonstrate that interviewed entrepreneurs mostly focus on the native population. Ameet Khalsa announced his plan to cooperate with the native partner in order to operate more efficiently in the Swedish market, as he believes that the native population tend to trust more to a person of the same nationality. Rabea Holzfurtner and Shahram Soltani have employed several Swedish baristas to better understand the Swedish customers and thus increase the attractiveness of the café for the locals.
Interestingly, the entrepreneurs, who arrived to Sweden for educational purposes feel less isolated from the native citizens and consider Swedish to me the major customers. It might be connected to the prior interaction with the native individuals at the university as well as to the proficiency in English.

5.2 Barriers for establishing and operating business

Following the logic of the theoretical framework, the barriers were divided into internal and external hindrances to simplify the analysis process.

5.2.1 Internal barriers

According to Aldri and Waldinger (1990), the immigrants are most likely to face that barriers related to laws, regulations, language and culture. Fairlie and Lofstrom (2013) assert that limited language proficiency may negatively affect communication with potential customers and suppliers as well as restrain the access to the information essential for implementation of business activity. Moreover, Lofstrom and Wang (2009) and Fairlie and Woodruff (2007) argue that even those who have experience of self-employment in their home country might still struggle to launch a business in light of limited language abilities. The empirical data suggests that all interviewed entrepreneurs encountered problems connected to the insufficient proficiency in Swedish language, which made insufficient language skills to be the most critical barrier for immigrant entrepreneurship. However, it might be assumed that the proficiency in English can be an advantage for immigrant entrepreneurs. Rabea Holzfurtner, Shahram Soltani and Ameet Khalsa stated that ability to speak English has slightly compensated insufficient proficiency in Swedish language, since they had an excess to the channels of information available in English and could communicate to the representatives of variety organizations and institutions. Entrepreneur Alnassar Ahmad had considerable difficulties communication in both Swedish and English, thus it might be partially a reason for scarce integration in the Swedish society and lead to doing business within the ethnic community.
Bartlett and Bukvic (2001) state that insufficient resources can become a significant barrier for immigrant entrepreneurs to start and develop their businesses, which is proved by empirical data collected from the interviewees. All four cases demonstrate that entrepreneurs experienced difficulties related to the start-up capital. The problem is related to a lack of trust of the Swedish financial institutions and potential investors due to impossibility or problems with transferring the bank records and credit history from the home countries to Swedish financial institutions. Rabea Holzfurtner, however, managed to transfer her bank records from her bank in Germany, which was possible due to the citizenship of the European Union. The non-EU entrepreneurs indicated the finance to be a significant barrier for starting a business. Ameet Khalsa, for instance, was refused by banks to provide a loan in light of non-transferable credit history and bank records, which have become unfavourable prerequisite for the business development. In two other cases, the entrepreneurs Ping Sun and Alnassar Ahmad were seeking for financial support within the same ethnic group or their families.

5.2.2 External barriers

According to Bindala and Stromberg (2013), the most common external barriers for entrepreneurs are related to the excess of external finances, because the internal financial resources are typically insufficient for establishing new venture and gradual business expansion and development (Bruder et al., 2011). The reason for this problem is unwillingness of the banks to provide loans or start-up capital to the entrepreneurs with foreign origin. The survival rate of immigrants’ businesses is significantly lower in comparison to the native entrepreneurs, which imposes higher risk of not-paying-backs to the banks (Desiderio, 2014). According to Bruder et al., (2011), immigrants predominantly suffer from limited, or no credit history in the in the host country due to the short-term residence. The findings indicate that all the interviewed entrepreneurs in different extend suffered from limited excess to external finance. The restricted access to the bank system also evoke the difficulties connected to the problems related to leasing of commercial and private property, since the lease contracts are typically signed through the banks. The representatives of the business supporting organizations “Drivhuset” and “Kalmar Kommun” have also indicated that there is a lack of property available for lease.
Two cases has also demonstrated that there is a lack of commercial property available for lease. Insufficient language proficiency alone with difficulties obtaining a loan from a bank as well as limited access to network can create unfavourable circumstances for establishing business among the immigrants. Christian Hultén, who specialized in facilitating entrepreneurial activity, indicated that there is a lack of available property for both commercial and living purposes, which affect the start-ups and business development and expansion. Rabea Holzfurtner stated that the space for commercial property is rarely available for commercial purposes, which is especially apparent in the centre of Kalmar. Besides, there is a competition of businesses for the space in the central area of the town due to limited boundaries of the central area. That is why when Rabea Holzfurtner saw a space available for lease she had to act very quickly in order to obtain a lease faster than the other prospective entrepreneurs. Being a resident of the European Union, she managed to transfer the credit history from the home county and obtain a loan. It might be assumed that for non-EU citizens it is more difficult to transfer the bank records resulting in reluctance of the banks to provide a loan, thus experience difficulties leasing a commercial space.

Portes and Zhou (1996) argue that network is an essential aspect of successful entrepreneurs, which provides an excess to the valuable information, support and advice of other people within the network. According to Elfring and Hulsink (2003), immigrants are likely to face restricted or limited access to network, which complicates the procedure of starting a business venture. The gathered empirical data shows that the majority of entrepreneurs experienced difficulties excessing the local networks, which complicated the process of excessing an essential information connected to starting and developing business. Rabea Holzfurtner and Ameet Khalsa partially diminished insufficient integration to network through the students’ organization “Drivhuset”, which provided support, advice and the guidance through the bureaucratic procedure of a business registration. Ping Sun and Alnassar Ahmad exploited the network within their ethnic communities. Rabea Holzfurtner claimed that is was challenging her to find the suppliers of raw materials for her café shop due to the lack of information available in English or German.
5.3 Organizations supporting immigrant entrepreneurs

According to Hackett and Dilts (2004), the role of business incubators and business supporting organizations is to facilitate business initiatives through creation of network of investors, lawyers, consultants and industry representatives. Tötterman and Sten (2005) assert that the immigrant entrepreneurs may compensate a lack of external and internal networks by granting an excess to the scarce resources by means of business incubators and other entrepreneurs’ supporting organizations. In fact, two out of four interviewed entrepreneurs stated that have referred to the organizations that help potential entrepreneurs.

Rabea Holzfurtner was helped by two organizations to start her business; “ALMI” and “Drivhuset”, which have positively influenced her business. Drivhuset is still provides variety of marketing solutions for the substantial business development. “ALMI” in Holzfurtner’s opinion made a significant contribution to her business at the start-up stage. “ALMI” facilitated overall budget calculation of the project and provided numerous recommendations on how the business plan can be improved. More specifically, “Drivhuset” explained how to obtain a loan from a Swedish bank and how to provide a proof of efficiency of her future business venture. “ALMI” has provided financial assistance to Rabea Holzfurtner, which was of a great value as she faced difficulties borrowing money from the bank due to the absence of credit history in Sweden. Efendic (2016) had also claimed that the role of organizations cannot be underestimated as they can offer financial assistance to the immigrant entrepreneurs, which is in most cases is crucial for start-ups especially, for the immigrants who are facing difficulties obtaining loans from other financial institution due to a lack of credit history in the host country. Ameet Khalsa have emphasised that “Drivhuset” have contributed to the decision of starting business and helped to develop the business idea and provided insight about business climate in Sweden. Besides, “Drivhuset” provided valuable guidance through the business registration procedure and familiarized with the business regulations and policies that affect or very likely to affect the firm in the future. The two other cases revealed that the entrepreneurs did not interact with any business supporting organizations. The reason for it is unawareness of any organizations that may help them to facilitate their business initiatives.
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<tr>
<th>Barriers</th>
<th>Solutions provided by entrepreneurs ‘supporting organizations’</th>
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<tr>
<td><strong>Limited language proficiency</strong></td>
<td>Rabea Holzfurtner and Shahram Soltani</td>
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<td>Drivhuset</td>
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<td>1) Guided through the procedure of registering business and explained the requirements.</td>
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<td>2) Argued for the most optimal legal form of ownership (AB, HB, EF)</td>
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<td>3) Referred to other organizations that might provide valuable suggestions regarding business development</td>
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<td>Drivhuset</td>
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<td></td>
<td>1) Guided through the procedure of registering business and explained the requirements.</td>
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<td>2) Helped with the translations of entrepreneurial activity regulations in Sweden</td>
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<td>3) Referred to other organizations that might provide valuable suggestions regarding business development</td>
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<td></td>
<td>2) Argued for the most optimal legal form of ownership (AB, HB, EF)</td>
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<tr>
<td><strong>Insufficient of start-up capital</strong></td>
<td>Rabea Holzfurtner and Shahram Soltani</td>
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<td></td>
<td>Drivhuset</td>
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<td></td>
<td>1) Explained the conditions of borrowing money from a bank</td>
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<td>2) Advised a number of organizations that might provide start-up capital</td>
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<td>Ameet Khalsa</td>
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<td>Drivhuset</td>
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<td></td>
<td>1) Facilitated calculation of the financial aspect of the business plan</td>
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<td>2) Argued for the most optimal budget of the project</td>
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<td>3) Provided financial aid</td>
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<td>2) Advised a number of organizations that might provide start-up capital</td>
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<td><strong>Limited excess to network</strong></td>
<td>Rabea Holzfurtner and Shahram Soltani</td>
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<td>1) Helped to connect with the potential suppliers</td>
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<td>2) Advised a number of organizations that might help to solve various problems</td>
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<td></td>
<td>3) Provided marketing solutions for the business on regular bases</td>
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<td>4) Provided the contacts of potential customers (caterings)</td>
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<td>5) Elaborated on the tax system</td>
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<td>Ameet Khalsa</td>
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<td>Drivhuset</td>
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<td></td>
<td>1) Guided through the legislative procedures</td>
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<td>2) Helped to analyse the market and competitors</td>
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<td>3) Provided the information about peculiarities of doing business in Sweden</td>
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<td>3) Helped to develop business plan</td>
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<td>2) Elaborated on the tax system</td>
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<td>3) Provided contacts of other entrepreneurs, who might be helpful for the project</td>
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<td><strong>Lack of commercial property, insufficient awareness of leasing application procedure</strong></td>
<td>Rabea Holzfurtner and Shahram Soltani</td>
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<td>Drivhuset</td>
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<td></td>
<td>1) Clarified the lease application procedure and guided through the process</td>
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<td>2) Recommended authorized organizations</td>
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<td>Ameet Khalsa</td>
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<td>Drivhuset</td>
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Table 2. How business-supporting organizations help to overcome the most critical barriers.
6 Conclusion

The conclusion summarizes the preceding sections of the thesis in order to answer the research questions. Furthermore, theoretical and practical implications are developed and presented in this section. Finally, the limitations of the study and the directions for future research are induced.

6.1 Answers to the research questions

6.1.1 Research question 1

“What are the driving factors that encourage immigrants to engage in entrepreneurial activity in Sweden?”

This thesis proposes that the decision regarding establishing a business in Sweden is a result of discovering and utilizing unique opportunity in the host country. The perception of opportunity, however, vary significantly from identification of potential profitability from operating in the ethnic niche to the identification of opportunity to operate business in a country with superior business climate in comparison to the home countries. The driving forces that encouraged immigrants to engage in entrepreneurial activity were provoked by necessity factors only partially. In fact the major driving forces were referred the desire to become independent and the willingness to utilize the prior knowledge, skills and experience related the targeted field of entrepreneurship through establishment of a business venture. Thus, the necessity factors alone cannot result in the decision of starting a new business venture without discovering a business opportunity.

6.1.2 Research question 2

“What are the main barriers that immigrants encounter while establishing their businesses?”

The most critical internal barriers referred to insufficient proficiency in Swedish language and deficient financial resources. The language skills significantly complicates communication with potential customers and suppliers as well as restrains the access to the information essential for implementation of business activity.
However, it has been found that the proficiency in other foreign languages such as English has moderately compensated deficient knowledge of Swedish, since the entrepreneurs could access the information through a greater variety of sources, then those who do not possess nor Swedish or English language skills. The insufficient start-up capital is another crucial constraint for establishing a business among immigrants, which is provoked mainly by a lack of trust of the Swedish financial institutions and potential investors. It has been found that the immigrants from outside of the European Union experience more difficulties related to start-up capital than those from the EU countries due to impossibility or problems with transferring the bank records and credit history from the home countries to Swedish financial institutions.

The external barriers involve restricted access to the network and a lack of commercial space available for lease and difficulty related to renting the property. The majority of entrepreneurs experienced significant difficulties exceeding the local networks, which complicated the process of exceeding an essential information related to starting business, legislative policies and regulations of business activities in Sweden. Another barrier concerns the difficulties finding a commercial property and signing a lease contract. This constraint is often a result of limited availability of property in advantageous locations and tough requirements of proving financial sustainability, which immigrants frequently fail to meet due to non-transferable bank history from their home countries.

6.1.3 Research question 3

“How entrepreneurs’ supporting organizations may help to overcome the most critical barriers for immigrant entrepreneurs?”

Based on responds of the interviewees the entrepreneurs’ supporting organization played a vital role at the start-up stage of the business and have in some extend illuminated the barriers and constraints that all of the interviewees encountered. The most supportive organizations at the start-up stage of their business were “ALMI” and “Drivhuset”. Though the organizations could not completely diminish the constraints, they, however, help to partially overcome the above-described barriers and thus directly or indirectly affect the start-up success of immigrant entrepreneurs. The deficient
Swedish language proficiency was irradiated by granting an excess and providing insight of the legislative and regulatory policies influencing the operation of the businesses that otherwise would be difficult to examine due to problems with understanding the language. Besides, the organizations provided guidance through the bureaucratic procedure of the registration of the business and recommended the most efficient organizations that may provide help on the further stages of the business start-ups.

The organizations may also support immigrant entrepreneurs who lack start-up capital. “Drivhuset” can refer potential entrepreneurs to the various organizations and foundations that are most relevant to the particular business idea. “Drivhuset” can recommend numerous business incubators and acceleration programs for the unique and high-tech intensive business ideas. “ALMI” is authorized to offer funding itself providing that the prospective entrepreneurs possess adequate human capital for effective implementation of the business idea. Another significant constraint is a restricted access to network in the host country may moderately be illuminated by supporting organizations that can explain the peculiarities of the business environment and connect the entrepreneur with the potential suppliers and customers. Moreover, the business supporting organizations may facilitate the designing of the business plans and analyses of the potential competitors and other variables of the external environment. The organizations are also capable of providing the important advice regarding the procedure of leasing the commercial property in Sweden.

6.2 Managerial implications

This thesis contains the empirical data and conclusion that might be beneficial for the foreign-born individuals who thrive to establish business in Sweden and can serve as a guidance that may help to decrease the time spend on collecting information on the identification of the business supporting organizations. The identified barriers for immigrant entrepreneurship might be taken into consideration by prospective entrepreneurs in order to become prepared to face some of them in advance and thus act keeping in mind possible difficulties and constraints. Besides, the prospective entrepreneurs can find the information on how the business supporting organizations
may help immigrants to start business, which is likely to be of a great value for the prospective entrepreneurs. The key conclusions are to help to overcome the identified barriers in order to decrease the complexity for initiating the entrepreneurial activity in Sweden.

6.3 Implications for policy-makers

The fact that the immigrants tend to start business ventures more often but have a higher rate of failure in comparison to the natives shows the significance of this phenomenon. In light of substantially rising importance of the immigrant entrepreneurship for the Swedish economic system, it is becoming obvious that the policy-makers should take serious measures in order to create favorable circumstances for the business establishment and development among immigrants. The attention of the policy-makers thus can contribute to the economic stability and prosperity. It has been found that the immigrants face greater variety of difficulties in comparison to the native Swedes, which is mainly provoked by the bureaucratic procedures that significantly hinder entrepreneurial activity among immigrants. The primary constraint among immigrant is connected the Swedish bank system, which makes it impossible for immigrants to open bank accounts and impossibility to transfer credit history and bank records from home countries. It might also been suggested that the policy-makers should provide testing period for the small business that would not require tremendous start-up capital for starting business and as a result would possible illuminate the necessity of opening bank accounts. At the end of the suggested period, the banks will have an evidence of the financial sustainability of the business owner and measurable profitability of the business. By providing trial period, the immigrants as well as native residents will be encouraged to engage in entrepreneurial activities, which will lead to the decreased level of unemployment, increased taxes inflow and overall economic growth.

6.4 Theoretical implications

There are several studies dedicated to the phenomenon of immigrant entrepreneurship. After careful consideration of existing studies the knowledge gap was detected in the role of business supporting organization if facilitation of entrepreneurial activity among immigrants. The outcome of this thesis sheds light on how the business supporting
organizations may facilitate entrepreneurial activity through illumination of the most significant internal and external barriers. The first step was to identify the driving forces and the most typical barriers for the entrepreneurship among immigrants. The findings regarding the driving forces for immigrant entrepreneurship contradict with the market disadvantage theory of Borjas and Bronars (1989), since it was discovered that necessity was not the most critical driver for a decision of becoming entrepreneurs. In contrast, the ability to discover business opportunity and desire to utilize prior experience and knowledge were the decisive factors that encourage immigrants to start business ventures. Thus, the thesis aims to contribute to understanding of the phenomenon of immigrant entrepreneurship, which may provoke the interest of further research in this field.

6.5 Limitations

This thesis implies significant limitations that should be considered by the reader and other researchers. Firstly, the empirical findings and conclusion has been drawn based on data gathered from three immigrant-supporting organizations and only four cases composed on the answers of five entrepreneurs, which means that the results of this study are likely to be not applicable for all immigrant entrepreneurs across Sweden. That is why the assumptions and results should be tested on a larger scale. Secondly, this thesis aims to generalise the driving forces and barriers for all types of immigrant entrepreneurs neglecting the peculiarities and features of each single kind. Thirdly, all of the interviewees are operating their businesses in the Småland province of Sweden, which represent only a minor part of Sweden, thus the findings collected entrepreneurs operating in other provinces may vary from those identified in this study. Finally, the data was gained from the entrepreneurs who do not represent high-tech immigrant businesses, who would most likely to have different driving forces for starting businesses in Sweden and would probably encounter other barriers for establishing a business. Consequently, they could have possibly indicated the other business supporting organizations that provide other kinds of supports to the immigrant entrepreneurs.
6.6 Further research

During the process of empirical data collection it was found that the immigrants from the European Union and from outside of the EU encounter different barriers when starting and operating their businesses, thus further empirical investigation should be considered to identify the barriers in terms of home countries of the immigrants. Moreover, it might be relevant to focus further research on the business immigrants who voluntarily arriving to Sweden with a purpose of starting a business. It has been found that numerous policies have been issued to support that kind of immigrants as they characterized by high growth rate and have a great impact on the economic growth of the host country and affects competitiveness of the economy. Another neglected field of research is the phenomenon of entrepreneurship among foreign-born individuals who arrived to Sweden for the educational purposes. In might be assumed that these individuals possess sufficient level of human capital and have simplified procedure of obtaining resident permits of entrepreneurial purposes in Sweden, thus are likely to significantly influence the economic growth of the host country in a long-term. Besides, the significant contribution to the immigrant entrepreneurship field could be made by focusing on the entrepreneurship among refugees. The refugee crisis in 2015, advocates for the importance of that phenomenon from the social and economic perspectives.
List of References


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Appendices

Appendix A Interview question guide

The respondent’s details

1. Name:
2. Occupation/position:
3. Country of origin:
4. Level of education:
5. Major:
6. What was your occupation in your home country:
7. The reason for immigration:
8. When did you arrive to Sweden:
9. Who did you arrive with:

Entrepreneurial background and prior experiences

10. Is it your first business?
11. Where did you work before starting your business?
12. Did you have any difficulties finding a job when you arrived to Sweden? (If yes, explain what the problems were)
13. Did you have any problems working for that company? (If yes, explain what difficulties)
14. Who was your employer by the country of origin?
15. Did you consider working for a Swedish employer? (Why? Why not?)
16. Did you live in other cities in Sweden?
17. Why did you decide to stay in Kalmar?
18. Would you consider being employed by a Swedish company? (Why? Why not?)

The company’s profile

19. Name of the company:
20. Industry:
21. What are the main operations that the company implements:
22. Year of establishment:
23. Number of employees:
24. Nationality of employees:
25. What are your responsibilities in your business?
26. Is it a family business?

Open questions

27. How would you evaluate the climate for immigrant entrepreneurship in Sweden?

28. What encouraged you to start your own business?

29. What are the difficulties that you encountered while establishing your business?
   (For example: Legislative, Financial, Cultural, Linguistic, regulation of the food industry, employees, partners)

30. Could you please rank these barriers on the scale from 1 to 10, where 10 is the most significant?

31. What difficulties did you face while running business? (1-3 years from the establishment)
   (For example: Legislative, Financial, Cultural, Linguistic, regulation of the food industry, employees, partners)

32. Could you please rank these barriers on the scale from 1 to 10, where 10 is the most significant?

33. What forced or encouraged you to continue to run the business?

34. What difficulties did you face while running business? (3-7 years from the establishment)
   (For example: Legislative, Financial, Cultural, Linguistic, regulation of the food industry, employees, partners)
35. Could you please rank these barriers on the scale from 1 to 10, where 10 is the most significant?

36. What forced or encouraged you to continue to run the business?

37. What difficulties did you face while running business? (7 years and over from the establishment) (For example: Legislative, Financial, Cultural, Linguistic, regulation of the food industry, employees, partners)

38. Could you please rank these barriers on the scale from 1 to 10, where 10 is the most significant?

Other questions

39. Do you know anything about business incubators other programs that support immigrant entrepreneurship?

40. Did you consider these programs for your own business? (Why? Why not?)

41. Do you know any immigrant entrepreneur who benefited from that support? (If yes, tell us more)

42. Do you find it difficult to work with the Swedish clients? If yes, why?

43. What needs to be improved/ changed in order to create favourable environment for immigrant entrepreneurship?
44. In retrospect, would you make any different decision about your entrepreneurial career from the moment you arrived to Sweden?

45. In your opinion, is it now easier to start and run you own business in Sweden for immigrants? If yes, why?

Contact details:

Tel:

E-mail:

Can we get back to you in case if we need some further information about your entrepreneurial experience?

Thank you so much!

Your responses are very important for us!