

# Chapter 26

## Entrepreneurship and Innovation: The Study Case of Portuguese in London

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### ABSTRACT

*For countries like Portugal, with limited prospects in terms of employment, one of the solutions involves emigration and the desire of part of the Portuguese people to establish enterprises in other countries, England being one of the most favoured. Taking into account these premises, and in the scope of a broader research on the Portuguese Emigrant Entrepreneurship in Andorra, London, Nice and Monaco, we carried out a questionnaire to 51 Portuguese entrepreneurs living in London, within several economic sectors, between 2013 and 2014. Our main goals were to know the profile of Portuguese immigrant entrepreneurs in London, the reasons for their emigration, the need or opportunity for entrepreneurship, the types and areas of activity of their businesses, the obstacles they had to deal with and the possibility for them to return to Portugal. The novelty of our research lies in the study of the ethnic and economic emigration of Portuguese emigrants in London, a study that was under-researched and under-analysed to this date.*

### INTRODUCTION

At present, in the European space, in which the lack of employment is a dominant feature, the way of life of people in general and the solutions to address the current economic and social crisis are being questioned. The creation of self-employment has been one of the strategies adopted in several countries as an important engine for the economy and for local and regional development. For countries like Portugal, with limited prospects in terms of employment, one of the solutions concerns emigration and the desire of part of the Portuguese population to establish enterprises in other countries, England being one of the most favoured.

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According to the Portuguese Observatory for Emigration, based on data from the Department for Work and Pensions, which in turn is based on the number of immigrant citizens who applied for a British National Insurance number, between 2007 and 2013 the amount of Portuguese entering England more than doubled, from 12.040 in 2007 (2% of the total inflow of foreigners) to 30.120 (5%) in 2013. London remains the main destination of Portuguese immigrants in the United Kingdom. In fact, until 2004, Portugal was positioned in the top ten countries of immigration in London, though after the opening of the European Union to Eastern European countries, immigrants from other nationalities began to emerge.

But this condition raises several questions: Is being an entrepreneur for everyone? What are the characteristics needed by an entrepreneur in a world as competitive as the current one? What has been the motivating factor for these Portuguese individuals who decided to immigrate to England and managed to create their own businesses? In this work, we try to answer these questions, using as a case study four districts in London and trying to assess how the Portuguese have contributed to local and regional development.

As a deeper research was needed, in 2012 we began a research project on the Portuguese Emigrant Entrepreneurship in Andorra, London, Nice and Monaco (an international project being developed by CEPESE – Research Centre for the Study of Population, Economy and Society, University of Porto, Portugal). In what concerns the city of London, its main objectives were to be acquainted with the profile of the Portuguese immigrant entrepreneurs residing there, the reasons for their emigration, the need or opportunity for entrepreneurship, the types and areas of activity of their businesses, the challenges they have faced and the possibility for them to return to Portugal.

For that, between 2013 and 2014, a quantitative research (a questionnaire applied to 51 Portuguese entrepreneurs living in London) was carried out. A preliminary conclusion was that the entire career path of these entrepreneurs, firstly in Portugal and afterwards in London, was invested mainly in the area of activity of “catering”. This profile leads us to conclude that there is a follow-up or continuation in terms of a previous professional experience.

This chapter is divided into four parts. The first one focuses on the concepts of entrepreneurship and innovation, and addresses some aspects of immigration to England. In the second section, we address the methods we have used, highlighting the main quantitative techniques. The following section presents and discusses the main results of our research. Finally, we draw some conclusions and present a series of proposals for future research work.

The term “entrepreneurship” was first used in the 18<sup>th</sup> century by economist Richard Cantillon, who gave it a definition very close to the one currently used (Drucker, 1986; Sarkar, 2007; Dornelas, 2008), describing the entrepreneur as “a person who pays a certain price for a product to resell it at an uncertain price, thereby making decisions about obtaining and using the resources while consequently admitting the risk of enterprise” (Cantillon, 1755, quoted by Sarkar, 2007). Even then, there was already an association of entrepreneurship/entrepreneur to risk, innovation and profit (Drucker, 1993).

Later, in the early twentieth century, many economists defined entrepreneurship in a more restrictive manner, linking it to innovation and economic development. Joseph Schumpeter (1982) was one of the authors who played a key role in defining the entrepreneur as someone who applies innovation from an economic perspective, working as the engine that drives and keeps the capitalist world in motion – a process he called “creative destruction”.

At the end of the twentieth century, Hisrich, Peters and Shepherd (2009) defined entrepreneurship as a process that creates something new with value by the devoting the necessary time and effort, assuming

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