

Chapter 4

Ethnic and Immigrant Businesses Taxonomy and Its Impacts Towards Entrepreneurial Education

Eduardo Picanço Cruz

Departamento de Empreendedorismo e Gestão, Universidade Federal Fluminense, Brazil

Roberto Pessoa de Queiroz Falcão

 <https://orcid.org/0000-0002-8125-0938>

Departamento de Empreendedorismo e Gestão, Universidade Federal Fluminense, Brazil

ABSTRACT

This chapter establishes connections between the main economic activities that immigrants, refugees, and ethnic entrepreneurs are involved in and their strategic choices. Therefore, in order to support the immigrant and ethnic entrepreneur's education, a taxonomy proposal is presented. Besides classifying and detailing the different immigrant or ethnic trajectories or types of firms, the idea of this chapter is to offer a practical instrument that would inspire and guide future entrepreneurs. Part of the scope of the chapter includes recommendations in terms of knowledge and skillsets, which would be necessary for each strategic choice derived from their immigrant paths. The authors posit that it is necessary to include in the pantheon of fundamental disciplines not only basic entrepreneurial education but also specific works aimed at increasing the competitiveness of companies created by immigrants, reinforcing the need for an education that results in the germination of new immigrant or ethnic ventures, avoiding bankruptcy situations, and increasing the chances of success of these newborn firms.

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INTRODUCTION

According to the United Nations, international migration have risen steadily over the last two decades, reaching 258 million in 2017. Brazilian immigrants, for instance, who represent an important contingent of Latin immigration to North America, Europe and Oceania, have experienced a type of diaspora as the result of economic or social causes, often accompanied by strong physical and social alienation (Sales, 2003).

Despite the difficulties, some of these immigrants succeed by running ethnic businesses. According to Vandor and Franke (2016), this can be partially explained by how these entrepreneurs' intercultural experiences promote their own particular abilities to identify promising business ideas and create innovative solutions in their host countries, rooted in specificities of their own co-ethnic communities within and across national boundaries (Drori, Honig, & Wright, 2009; Min & Bozorgmehr, 2000).

While describing the possible immigrant paths and venturing processes among ethnic and immigrant entrepreneurs, we evidence the different types of entrepreneurs, which will probably demand tailor made approaches in order to establishing entrepreneurial education programs for each context.

The authors essay at establishing connections between the main economic activities that immigrants, refugees and ethnic entrepreneurs are involved and their strategic choices. Therefore, in order to support the immigrant and ethnic entrepreneur's education, a taxonomy proposal is presented, which was based in hundreds of business cases and thorough literature review regarding immigrant and ethnic firms.

In practical terms, it presents a framework for the recurrent types of ethnic or immigrant's entrepreneurs (see Drori et al., 2009). First, the transnational entrepreneurs, who maintain commercial ties with their countries of origin. Second, the ethnic entrepreneurs, linked to their ethnic communities by cultural ties. Third, the returning entrepreneurs, willing to start a new venture in the country of origin. Finally, the international businessmen, engaged in international trade, owners of individual businesses or entrepreneurs who cross national boundaries.

Cruz, Falcão, and Mancebo (2019), corroborating with Drori et al. (2009) unveiled the phenomenon of marketing orientation versus their community affiliation, proposing a 2x2 matrix, which generated four different market focus – entrepreneurs targeting (i) ethnic niche markets; (ii) specific interests (so-called middleman minorities); (iii) market of exotic products for the mainstream customer; and (iv) highly competitive markets. Their study focused specifically on small and middle-sized firms embedded either inside or outside ethnic enclaves.

Therefore, the purpose of the chapter resides on sorting and ranking the different immigrant or ethnic trajectories (or types of firms), offering a background for development of public policies or even educational tools that would inspire and guide future entrepreneurs.

The final typology included the original Drori et al. (2009) categories, mixing in with Cruz et al. (2019) insights, leading to eight final categories, which is presented along this chapter.

BACKGROUND

The term entrepreneur derives from the French idiom and it is intrinsically related to risk taking (Filion, 2004). Nevertheless, Boudieus' cultural embeddedness and social capital (Erel, 2010) influences their choices, while trying to serve customers demands, taking advantage of their cultural background. That is the essence of immigrant and ethnic entrepreneurial activity.

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