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## **Immigrant Entrepreneurship**

**Case studies of challenges faced by immigrant entrepreneurs in a large and small Swedish city.**

Masters thesis within Business Administration

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## **Abstract**

**Title:** Immigrant Entrepreneurship - Case studies of challenges faced by immigrant entrepreneurs in a large and small Swedish city.

**Purpose:** The purpose is to investigate if the challenges faced by immigrant entrepreneurs in Sweden differ between large and small cities.

**Method:** Eight case studies, four in Jönköping and four in Stockholm of seven Asian and one Eastern Europe immigrant entrepreneurs in the restaurant business.

**Results:** The typical Jönköping case and the typical Stockholm case are similar with respect to some challenges faced: a lack of finance, marketing and sales skills are key challenges, and language is not a strong challenge in either city. The typical cases are different with respect to whether or not working longer hours, high rent and administrative and regulatory requirement are challenges.

**Keywords:** Challenges, Entrepreneur, Entrepreneurship, Immigrant Entrepreneurs, Immigrants, Jönköping and Stockholm

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# 1 Introduction

## 1.1 Entrepreneurship

Entrepreneurship is becoming an important concept in our society today; many researchers are developing interest in investigating entrepreneurs. In different parts of the world today, there are many entrepreneurial firms that are increasing in number and size. Many people are willing to become successful entrepreneurs because of the increase in demand for goods and services in our society today and the increase in the desire to consume different varieties of goods and services. According to Barringer and Ireland (2008) entrepreneurs are obsessed with making a product that can satisfy a customer's needs. In order to meet with this increase in demand for consumer goods and services there must be an increase in entrepreneurs who are willing to supply these goods and services to satisfy the general public. Entrepreneurs are motivated by their activities and as such will do everything possible to become successful within the society (Barringer and Ireland, 2008).

Entrepreneurial firms are very significant to the society as well as to large firms. They provide efficiency to large firms. As a result of their specialization in producing specific products and services which can be of great importance to the large firms hence improving efficiency for both organizations. When an entrepreneurial firm partners with a large firm they provide mutual benefits to each other and as such these help both firms to grow in size and be more effective. The importance of entrepreneurial firms to society is evident in the creation of new jobs (Barringer and Ireland, 2008, pp.19-21).

There are many people who are willing to engage in entrepreneurial activities because of one reason or the other. According to Kirkwood (2009) there are push and pull factors that enable people to evolve into entrepreneurship. One of the push factors is dissatisfaction with a job being held by an employer.

Lack of satisfaction or fulfilment within a certain job often leads to resignation or dismissal. The inability of the individual to secure desired employment will push him/her to seek self employment. According to this author, independence and money are the push factors for people becoming entrepreneurs.

Independence and money are two key reasons for people to become entrepreneurs. According to Henriquez et. al. (2001) unemployment and immigration are push factors to entrepreneurship. An increase in unemployment can also lead to lack of opportunity for entrepreneurship which is a disadvantage to the economy. Barringer and Ireland (2008) mention that people want to engage into entrepreneurship because they pursue financial rewards.

The presence of globalization and technological advancement has also contributed to the current level of entrepreneurship. The vast majority of production of goods and services is as a result of increase in entrepreneurship through technological development and globalization. According to Audretsch and Thurik (2000 and 2001; cited in Grilo and Thurik 2004), information has several ways through which it can be transferred due to the presence of technological development, this can be through mail, fax, internet and enable entrepreneurs to be located anywhere and exploit the available resources.

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The diversity in the demand of goods and services has come as a result of globalization. People are now willing to consume foreign made products. Consumers are able to benefit from foreign goods and services due to this increase in technological development which has helped to promote entrepreneurship in our society (Grill and Thurik, 2004). Research and development is used to improve entrepreneurship because of its numerous contributions to the society. Increase in schools such as universities has also helped to train students who are interested in running a business on their own or becoming successful entrepreneurs. There are many students that have graduated from MBA programs and are aiming at starting a business on their own (Carsrud and Brännback, 2007). There have been many different definitions of entrepreneurship but in my thesis I will define an entrepreneur as someone who carries on a business for the purpose of profit making.

As a result of the growing number of small firms around the world today and an increase in the desire to pursue financial rewards has enabled people to start businesses on their own and to achieve their desired goals. In other to achieve these desired goals they can only be engaged in running a business on their own. There are several factors that have enabled people to become entrepreneurs such as job dissatisfaction (Kirkwood 2009) or they want to be boss (Barringer and Ireland 2008).

### ***1.2 Importance of immigrant entrepreneurship***

During past decades, there has been an increase in research of immigrant entrepreneurship. Immigrant entrepreneurship is increasing as many immigrants move to Europe and United States. Globalization has also made the world a small village because of the increase in technology and innovation which have increase the supply of consumer goods and services. Increase in the quality and quantity of goods and service provided by immigrant entrepreneurs to the communities is as a result of globalization, thus enabling them to enjoy economies of large scale production (Collins, 1998).

The importance of immigrant entrepreneurship is not different from the non-immigrant entrepreneurship in an economy. They both provide economic importance in a given country. According to Baycan-Levent et. al. (2002) the motivation and driving force for immigrant entrepreneurs is the generation of extra income and improving of their entrepreneurial activities.

The economic importance of immigrant entrepreneurship is the creation of new jobs. The creation of a new business has gone a long way to create jobs among immigrant and the general society as a whole. New businesses have helped many immigrants to benefit from job opportunities there by helping to reduce the barriers for people searching for jobs (Kloosterman and Rath, 2003).

In addition to the above, according to Kloosterman and Rath (2003) there has been an increase in the quantity and quality of goods and services produced. Hence people can enjoy from a variety of goods and services provided by immigrant entrepreneurs.

Diversification of culture and increase in consumption habits of people has encouraged immigrant entrepreneurs to produce large amount of goods and services to meet up with increase in consumption (Grill and Thurik, 2004).

Immigrant entrepreneurship is important because it helps to increase a vitality of a particular area by increasing the demand for housing. The presence of shops and



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restaurants in a particular place will serve as a pull factor for people to relocate to a given area (Light, Bhachu and Karageorgis, 2004).

### ***1.3 Purpose and problem of the thesis***

#### ***1.3.1 Purpose***

The purpose is to investigate if the challenges for immigrant entrepreneurs in Sweden differ between large and small cities.

#### ***1.3.2 Problem discussion***

Many researchers have developed an interest in investigating the challenges faced by immigrant entrepreneurs in different parts of the world. In light of the growing importance of entrepreneurship around the world today, increase in the number of immigrant enterprise and its contribution to the society, researchers have developed interest in investigating immigrant entrepreneurship. Besides the importance of immigrant entrepreneurs to the society, it is of great importance to know the problems they face in their host country.

According to Baycan-Levent et. al. (2002) immigrants are faced with problems such as discrimination and unequal distribution of opportunities in terms of work experience. These authors further mention lack of education, language barriers, lack of capital and less experience in acquiring information on administrative regulation as problems and barriers encountered by ethnic and female entrepreneurs in Amsterdam.

According to Lazaridis and Koumandraki (2000: cited in Lazaridis and Koumandraki, 2003, pp.6) Africans in Greece could not get a job despite their professional qualifications as a result of discrimination in the Greek labour market, so they decided to start business on their own to improve on their socio economic position.

This research will be focused on immigrants coming from Asia and Eastern Europe. The reason is that these immigrant entrepreneurs are faced with more challenges compared to immigrant entrepreneurs from West Europe owning restaurant.

My thesis will be based on immigrant entrepreneurs in large and small Swedish cities respectively. Since no researcher has investigated on this difference in challenges I believe it will be of great interest to investigate if these challenges differ between a large and small city.

### ***1.4 Delimitation***

Due to limited resources and time constraints I have chosen to investigate immigrant entrepreneurs in one large and one small Swedish city. I have chosen Stockholm as a large city, it is the largest in Sweden. For small city i have chosen Jönköping which is the 10<sup>th</sup> largest city in Sweden. Furthermore, I have concentrated my research on immigrant entrepreneurs in the restaurant business because there are many restaurants in Stockholm and Jönköping owned by immigrants, and it will be easier for me to collect data.

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## **2 Frame of Reference**

### ***2.1 Self-employment among immigrant entrepreneurs in Sweden***

Self employment is when someone engages in doing business for his or her self. Families can be self employed no matter the number of people carrying on the business. Self employment is most common among immigrants who move to their host country due to challenges they face. Self-employment is fast growing among immigrants in the United States and Europe (Okolski, 1992).

During the early eighties self employed immigrants in France was growing at a rapid rate and it was estimated to be around 50% to 56% while in Germany immigrant self employment was estimated at 65% of the foreign labour force (Okolski, 1992).

In the United States there is a fast growing rate of engagement in entrepreneurship from the immigrant population. The Afro Americans are also becoming self employed and are engaging in small business such as restaurants, retail shops, catering, travel agencies etc. Besides the Afro Americans, there are also some other immigrant groups such as the Chinese, Koreans, etc. who are also involved in small business activities and serve their local community with goods and services. They are mostly involved in the service sectors. These immigrants are also faced with challenges such as difficulties in obtaining licenses, residence permit, access to capital for business starts up and lack of qualifications (Okolski, 1992).

Sweden has experienced a rapid increase in immigration over the past decade. Labour is carried out by the immigrant population and foreign born who have increased from 1% to 7% between 1940 and 1970 (Hammarstedt, 2002). The assimilation of migrants has also increased due to the increase in self employment among immigrant population which is in contrast to the native small business firm. Self-employment has created great possibilities for job creation among the immigrant groups (Hammarstedt, 2002). These self employed immigrants are involved in business activities that reflect their past experience or background. These immigrants are either involved in restaurant management or retail shops with people from the same ethnic background who carry out the management activities (Lindh and Ohlsson, 1996). Some immigrants in Sweden have small family retail business which are managed by their families and close relatives.

Immigrants in the 1980s turned to self-employment because of the fall in employment intensity among immigrants during that period which is in contrast to the labour force that was increasing in Sweden. Self employment was a means for immigrants to escape unemployment and engage in business activities that can help them to generate some extra income hence reduces reliance on social welfare (Hammarstedt, 2001).

### ***2.2 Government regulations***

Sweden immigration policy has enabled immigrants from different parts of the world to move to Sweden and work. Some students from India and other countries have been granted work permits. This labour immigration policy is to overcome any challenges that may arise in the future in the supply of labour (Government office of Sweden, retrieved 2010-2-25).

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There is currently a shortage of professionals such as doctors, nurses and IT technicians in Sweden, the labour immigration policy will be a good tool to overcome this shortage (Government office of Sweden, retrieved 2010-2-25).

In December 2008, a new law was passed concerning the work permits for immigrants willing to live and work in Sweden. This law paved the way for the immigration of skilled workers and professionals to come to Sweden and offer their expertise. The permits are granted strictly on a need basis. (Government office of Sweden, retrieved, 2010-2-25)

In order to maintain a good supply of labour in the future the government decides to use this labour immigration policy to overcome future challenges and improve on the economic situation of the country (Government office of Sweden, retrieved 2010-2-25).

### **2.3 Entrepreneurial process**

Entrepreneurial process helps us to get a good understanding about entrepreneurship. There are some researchers that have researched entrepreneurial process; these researchers include Joseph Schumpeter and Israel Kirzner. They have different arguments about entrepreneurial process. These will be explained below:

According to Schumpeter (1934, pp. 81-86) the entrepreneurial process is mainly creative discovery. This is because an enterprise does not use any entrepreneurial function but mainly creates new things and new ways by which things are done through innovation. Furthermore, Schumpeter explained that creative destruction should be at the centre of the entrepreneurial process because it provides us with a suitable market for our goods and services and helps us to utilize our resources effectively (Schumpeter, 1934, pp. 66 and 93).

According to Kirzner (1973), alertness, opportunities and exploitation is a process of entrepreneurial process not creative discovery as suggested by Schumpeter. According to Timmons (1996), there are three important components in entrepreneurial process, these components are useful when starting up a new business, and they include opportunities, resources and entrepreneurial team as seen in figure 1.



Figure 1. Timmons model of entrepreneurial process (Timmons, 1996).

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### ***2.3.1 Opportunity***

As can be seen in figure 1, there are three driving forces in an entrepreneurial process. These driving forces are opportunity, resources and entrepreneurial team (Timmons and Spinelli, 2009). According to Timmons and Spinelli a good opportunity does not necessarily mean you have a good idea. Entrepreneurs have several ideas but in the long run many of the ideas are rejected or not relevant for the business as such. This will not be included in the business plan, but few and lucrative ideas are accepted (Timmons and Spinelli, 2009). Immigrant entrepreneurs have to identify an opportunity in their new environment to operate a business. The presence of immigrants in a society gives immigrant entrepreneurs the opportunity to come up with an idea to produce goods and services to the local community. According to Waldinger, Aldrich and Ward (1990) there are some opportunities in providing ethnic consumers products which are in connection to the taste and buying preference of immigrants. These immigrants serve as a market for the products. As a result of the challenges immigrant entrepreneurs are faced with such as lack of jobs, they have to spot out opportunities in their respective areas so that they can produce goods and services with these opportunities.

To be a successful entrepreneur one must think out of the box, entrepreneurs keep on gathering information so that they can be able to spot out new trend. According to Timmons and Spinelli (2009, pp. 150) an opportunity has the following attributes: durability, attractiveness, timing and it is anchored in a product or service. Immigrant entrepreneurs must identify a gap in the market and as such must be willing to fill the gap by providing goods and services to the market.

### ***2.3.2 Resources***

Resource availability plays a key role in pushing the entrepreneurial process as shown in figure 1. According to Timmons and Spinelli (2009) money is not as important as a good opportunity and a high quality team that can enable the business to function appropriately and survive in a long run. Immigrant entrepreneurs see capital (money) as their primary tool to start a business that is why it is seen as their most significant challenge.

Many people think about money first before recognizing an opportunity, as is the case with the immigrant entrepreneurs. They believe with money they can succeed in doing any type of business they want to do (Timmons and Spinelli, 2009).

According to the Centre for Enterprise and Economic Development Research (CEEDR, 2000) ethnic entrepreneurs get money from personal savings and family for their business start ups.

### ***2.3.3 Entrepreneurial team***

There are different qualities that a good team should have if they want to succeed in business. These qualities are: relevant experience, motivation, creativity, adaptability, opportunity, obsession, leadership and courage and communication (Timmons and Spinelli, 2009 pp.113). The success of a team is based on the type of people involved in the managerial sector. The entrepreneur is the founder and must build a strong entrepreneurial team to form heroes in the venture (Timmons and Spinelli, 2009).

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## **2.4 Challenges and opportunities faced by immigrant entrepreneurs**

Immigrant entrepreneurs provide economic development in their host country with their business activities. In spite of the economic development provided by immigrants, there are some challenges they encounter when starting up or when running their business in their host country.

According to Brenner et. al. (2000), there are several problems encountered by immigrant entrepreneurs in their host country. These authors focused on the Chinese immigrant entrepreneurs in Canada. The immigrant entrepreneurs in Toronto are faced with problems such as Access to finance, Marketing/Sales skills and Management skills.

The authors further argue that Chinese immigrant entrepreneurs in Montreal face slightly different problems from those in Toronto. Chinese in Montreal are faced with internal problems while those in Toronto face external problems. The authors did not limit themselves only to finance, marketing and management skills as a problem faced by Chinese immigrant entrepreneurs in Canada but also mentioned other challenges such as, *human resources, economic and environment, poverty, high tax rate, limited size of market, low purchasing power, competitive environment, business survival, small population size for the Chinese community, lack of opportunities and cultural difference* (Brenner et. al., 2000).

Hispanic entrepreneurs provide goods and services to the local Hispanic community in the United States and as such help to increase their living standard from the revenue they get from their business. Providing goods and services to the local community was one of the greatest motivations of the Hispanic entrepreneurs. They are faced with some barriers as entrepreneurs in United States. One of the problems faced by Hispanic immigrant entrepreneurs in the United States is a lack of capital. It is also difficult for Hispanic entrepreneurs to get loans in the financial market (Holguin, Gamboa and Hoy, 2007).

Holguin, Gamboa and Hoy (2007) further pointed out that lack of human and social capital was because the Hispanic belongs to a lower socio economic status in the society and thus it is difficult for them to acquire networks that provide linkage to clients. Hispanic entrepreneurs cannot access appropriate networks for their business which limits growth. There is also *lack of information* in the market place, Hispanic entrepreneurs cannot get good information about the market place, suppliers and clients and this limits growth for many Hispanic entrepreneurial firms in the United States.

According to Gaskill, Van Auken and Manning (1993) there is four reasons why a small business is likely to fail. These include strategic management, marketing, competitive environment and growth. If these four factors are not well handled by the manager it will lead to business failures.

Immigrant entrepreneurs in The Netherlands, according to Rath and Kloosterman (2003), are mostly found in service sectors such as restaurant, retail shops, catering, hairdressing, travel agencies etc. These immigrants gain access to cheap labour from their families and close friends. The authors further suggested that immigrant entrepreneurs are faced with barriers such as *human or financial capital*. There is also the presence of *low barriers* to entry into the market. This makes survival of immigrant

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businesses difficult. *Competition* is also another challenge faced by immigrant entrepreneurs in Netherlands. This is so because the low barriers of entry have brought many competitors to the market. Their competitors include other co-ethnic groups that provide similar products into the market.

According to Collins (2003: cited in Rath & Kloosterman, 2003), immigrant entrepreneurs in Australia are engaged in small business because they want to gain extra income and create employment for themselves and to the local ethnic population. They are very motivated to carry on business in Australia, providing goods and services to the communities were one of their motivations to be entrepreneurs. Immigrant entrepreneurs also provide economic growth in the country because of their business activities. They are involved in selling of ethnic products such as food, coffee, garments, and retail shops and are spread all over the country. Despite their strong motivation in providing goods and services to the local community they are also faced with some barriers such as, *lack of familiarities on how business is running in the Australia, difficulties for the government to recognize their educational qualifications, difficulties in establishing a good business network in the environment, lack of adequate skills in managing the business, and lack of cultural awareness in their new environment* (Collins, 2003).

Another investigation was made by Fawcett and Gardner (1994) about immigrant entrepreneurs in the United States. They found that immigrant entrepreneurs are involved in small business enterprise and have certain qualifications that make them fit in the business environment. The authors made a comparison between two ethnic groups in the United States the Korean and Filipino and pointed out some of the barriers surrounding them. These barriers includes *human capital* i.e. *lack of language ability, education, pre-departure work experience and skills* (Fawcett and Gardner, 1994). In their research they found that the Koreans faced a problem of lack of proficiency in English while the Filipino did not. The Koreans are less educated as compared to the Filipino, and Koreans are not able to fit into the mainstream business environment. Furthermore, the Filipinos did not have appropriate work experience for business in their home country.

Pre-departure work experience and skills is a vital instrument when it comes to establishment of a business. But the Koreans had some work experience in their home country which makes it suitable for their business success. When summarizing these problems we see that the immigrant entrepreneurs are faced with problems such as *low educational qualifications, lack of business experience and language abilities* (Fawcett & Gardner, 1994).

According to Waldinger, Aldrich and Ward (1990: cited in Pinkowski, 2009, pp. 45), immigrant entrepreneurs in Britain, Germany, United States and The Netherlands are faced with seven challenges when carrying on their business. These challenges include:

- How they acquire information that they need to establish a business and survive
- How to acquire capital necessary to fund the business
- Where to get the training and acquire the skills necessary to run a small business enterprise

- 
- How to recruit and manage an honest, competent and affordable workforce
  - How to manage customer and supplier relationship especially with different language or business practice models
  - How to survive serious competition in the new environment
  - How to protect themselves and co-ethnics from political attacks

Immigrant entrepreneurs in Dublin are involved in business activities and this business has helped with economic development of the place. These immigrant entrepreneurs come from countries like China, Korea and Poland (Pinkowski, 2009). Immigrant entrepreneurs in Dublin are engaged in business activities to generate some extra income. As such, establishing a business was of great importance to them and hence making them visible in the society. As a result of entrepreneurship in Ireland, there has been significant economic growth. Ethnic entrepreneurship can also lead to culture diversification and ease integration among immigrants and non-immigrants' society (Pinkowski, 2009). Immigrant entrepreneurs in Dublin (Ireland) are faced with challenges such as *lack of finance for business starts ups, lack of regulatory awareness in the country and language barrier* ( Pinkowski, 2009).

In CEEDR (2000, p. 98), the perceptions of specialist agencies of the main problems facing ethnic minority entrepreneurs are given, see figure 2:

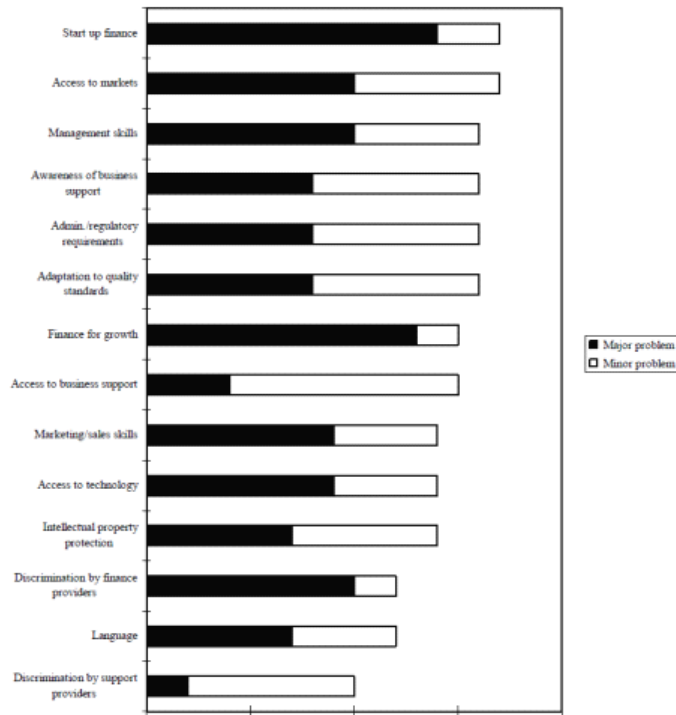


Figure 2. Main problems facing ethnic minority entrepreneurs (CEEDR, 2000, p. 98)

### ***2.5 Differences in challenges between a large and small city***

Large cities have a significantly different make-up compared to a small city. In a situation where a large city is made up of a large population density their difference becomes even much more visible. Many people, particularly young stars that are willing to pursue their career and have a lucrative job, will prefer to be established in large cities than in smaller cities. The vast opportunities found in many large cities serve as a pull factor for many immigrants to settle in large cities. According to Slack et. al. (2006, pp. 1) large cities provide a gateway for immigrants all over the world to easily enter into the country. Large cities are known for their numerous opportunities such as good educational centres, big hospitals, different transport systems and job availabilities. The presence of huge population and its diversity has prompted the production of large volumes of goods and services (Slack et. al., 2006).

In this thesis, immigrant entrepreneurship in Stockholm and Jönköping are studied (see 1.4, delimitation). Stockholm is the capital city of Sweden and the most populated city. It is located on Sweden's south-central east coast while Jönköping is the 10<sup>th</sup> largest city



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and 9th most populous city in Sweden. It is located by the southern end of Sweden's second largest lake. Compared to studies mentioned above, Stockholm is an urban area with a population of over 500 000 as defined by Slack, Borne and Priston (2006). In NAMRB (2003), small cities are defined as those with a of less than 10 000 people; however, in my study, I have chosen to call Jönköping a small city.

*Population structure*, the population structure is one of the factors that can be used to explain the difference in challenges between a large and a small city. According to Slack, Norne and Priston 2006) a large city is a strong magnet for young and educated people because large cities provide high incomes and employment opportunities. According to NAMRB (2003) a small city is made up people with ages higher than average and very few people are active in the economy which makes the population to rely on the state for social assistance. This does not apply to Jönköping because Jönköping is made up of a youthful population because of the presence of a university that attracts more youth to pursue their career.

In my thesis I will use the nine challenges given below, as a synthesis of the literature reviewed. The listing owes much to the CEEDR (2000) listing given in figure 2 above.

- Access to Finance (Discrimination by provider of finance, Finance for growth, Start up finance and Support provider).
- Administrative and regulatory requirements
- Management / training skills (Business support or access to business advices or support).
- Access to information and advice (Business support or access to business advices or support).
- Marketing and sales skills (Access to market)
- Access to technology (Adaptation to quality standard and Intellectual property right)
- Cost of living and operations
- Working longer hours
- Language barrier

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## **3 Approach, Methods and Techniques**

### ***3.1 Case study approach***

According to Yin (2003, pp.13) a case study is an empirical inquiry that investigates a contemporary phenomenon with its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.

A case study can be used in situations such as investigating the structure of a given industry, contribute to our knowledge of an individual, group and related phenomenon (Yin 2009, pp.4). It tries to illuminate a decision or set of decisions, why they were taken, how they are implemented and with what results (Yin 2009, pp.17). According to Yin (2009, pp.18) a case study is used to understand a real life phenomenon in-depth. A case study uses research questions such as how and why (Yin 2009, pp.9).

Most of the characteristics mentioned above apply my investigation of challenges for immigrant entrepreneurs, and I have chosen the case study approach as the most appropriate for my thesis. The main competing approach would be cross-sectional approach with statistical description and analysis.

The study is a qualitative one; qualitative data is collected and analyzed. The case study approach goes naturally together with collection and analysis of qualitative (non-numerical) data.

### ***3.2 Choice of cases***

I chose to aim at eight cases of immigrant entrepreneurs, four in Jönköping and four in Stockholm, in order to make possible an attempt to create typical cases for my small city and my large city. Initially, I aimed at Asian immigrants only; however, one of the entrepreneurs studied was an Hungarian immigrant.

The initial choice of immigrant business was done with the aid of a phone catalogue. Unfortunately, my choices of businesses were not all available, which prompted me to take a more hands on approach. Establishing contact with businesses in Jönköping was significantly easier than in Stockholm, partly due to fact that I have lived in Jönköping for quite a while, and have established a relationship with some immigrant entrepreneurs. In the event of a busy schedule, I usually met with them after lunch. I was often given a card with a phone number in the event that face-to-face interview was not possible.

### ***3.3 Data collection method***

The data collection method in this study is semi-structured interviews with immigrant entrepreneurs, guided by an interview guide.

#### ***3.3.1 Choice of semi-structured interviews***

Interviews are used to get appropriate answers to your research questions. There are three types of interviews mentioned by Saunders et. al. (2003, pp. 246-247): structured interviews, semi-structured interviews and unstructured interviews. A structured interview contains identical sets of questions that are asked to the respondents, in this type of interview there must be a good interaction between researcher and the

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respondent. With a semi-structured interview, the set of questions are not identical. The questions may vary from interview to interview and the flow of the conversation during the period of the interview may enable the questions to vary (Saunders et. al. 2003). In some cases, notes could be taken or the answers can be recorded using a tape recorder in order not to forget the answers given during the time of the interview. With unstructured interview there are no specific rules that questions should be asked to the respondents. The respondent is given an opportunity to express his or her selves in relation to the topic. Saunders et al (2003) refers to this type of interaction where by the respondent is given an opportunity to talk about an event, beliefs in relation to a topic area as a non-directive.

For this study, the semi-structured interview was chosen as the most appropriate. The order of my questions varied since these immigrant entrepreneurs have different background and business ideas. The semi-structured interview is an appropriate way to understand how a person feels about a particular topic. It enables the interviewee to express his opinion not only by words but with bodily expressions. This method of interview enables the research participant to go as much depth as he or she wants in explaining a particular topic. Besides this motivation of semi structure interview method the main drawback for this method is that it is time consuming.

### ***3.3.2 The interview guide***

At the end of chapter 2, the types of challenges that are studied in this study are summarized. From these nine categories (and other information sought), the interview guide (see appendix) was constructed. I limited myself basically on the headings such as Access to finance, Access to information and advice, Management skills, Access to information technology and administrative and regulatory requirement. The reason for using only such short headings to construct my questionnaire is to make it easier for the interviewee to understand.

## ***3.4 Data collection techniques***

The data collection was carried out with face-to-face and phone interviews.

### ***3.4.1 Face-to-face interviews***

Face-to-face interview is a form of interview that is conducted by meeting your participant face to face. It can also be conducted on a group basis or one to one. In my thesis the nature of interview is the one to one basis i.e. an interaction between the researcher and a single participant.

The face-to-face interview is suitable for my thesis because it allows the research participant to give more information concerning the research topic. The researcher can ask as many questions as possible and also additional questions can come during the interview.

Two face-to-face interviews were carried out with immigrant entrepreneurs in Jönköping. For the case J1(conducted 2010-03-15, numbering of cases, see end of chapter 4) there was a friend that was translating to English since the entrepreneur could not speak English. The J2 the interview was done in English and notes were taken down at the same time the entrepreneur was given the answers to questions. The interview took place on 2010-03-20.

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Three face to face interviews were carried out in Stockholm i.e. S1, S2 and S4. The interviews were conducted in English and notes were made as the entrepreneur was providing information concerning the topic. The research participant was asked to tell a small story how he or she started a business and when the story is over, I asked questions from my questionnaire to have a clear understanding of the challenges he or she face in starting or running the business. The questions were asked in order as it is in the questionnaire (see appendix). The interviews took place the following dates: S1 2010-04-01, S2 2010 -04-03 and S4 2010 -04 -05.

### **3.4.2 Telephone interviews**

*This form of interview is done where distance is an issue or in a situation where the participant will not like to have a face to face interview. This method of interview may allow you to make contact with participants with whom it would be impractical to conduct an interview on a face-to-face basis because of the distance prohibitive cost involved and time requires (Saunders et al 2009, pp. 349). A phone interview is less costly and less time consuming.*

Two interviews were carried out in Jönköping in the form of phone interview. The reason was because the participants specified the phone interview, not a face-to-face interview. The phone interviews with the entrepreneurs J3 and J4 was not recorded. Short notes were made as the participant was given information concerning the topic. At the beginning of the interview I asked the participant to provide a story about how the business started and later some of the questions were asked from the questionnaire. In this form of interview in my research I did make repeated phone calls so that there should be some clarifications. During the repeated phone calls I based my interest on the questionnaire so that I can have a good understanding on the challenges they face in starting or running their business. The J3 phone interview took place in Jönköping 2010-04 -8 and J4 2010-04-11.

One phone interview was also done with an immigrant entrepreneur in Stockholm, S3. The interview was done by phone because of the distance. The interview date was 2010-04-15.

### **3.5 Analysis of the data**

The analysis of the data collected has been made in three steps:

- A short write-up of each of the eight cases, reported in chapter 4, and including a summary of them (section 4.9)
- An analysis of the areas of challenges in the eight cases, reported in chapter 5
- An attempt to create typical cases – a typical Jönköping and a typical Stockholm case – and compare them, reported in chapter 6.

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## **4 Eight Cases**

### ***4.1 Varbil in Jönköping***

Country of origin: Syria

Method of interview: Face-to-face

Duration of interview: 45 minutes

Varbil came to Sweden in 1999. His family is based in Australia and were involved in managing a large cosmetic shop. When he came to Sweden, he could not speak Swedish so he had to take the Swedish assimilation course to aid in his language deficiency. He began to help his sister with work in a restaurant outside Jönköping which gave him the experience to start his own business. He finally started his own restaurant in 2005.

#### ***4.1.1 Business idea and challenges***

The business idea that varbil had was to make Lebanese food. His strategy was to provide good quality food at a low price. They gave special student prices and worked to provide quality services. He faced many challenges key of which was start up capital, administrative and regulatory requirements, marketing and working longer hours. His initial start up capital was obtained from the bank, past savings and family respectively. He however did not view administrative regulation as a major problem. Product visibility was done primarily through signs.

#### ***4.1.2 Reasons for business location***

Varbil's choice of location in a small city was due to proximity to his sister, and the relatively low cost of living in a small city.

### ***4.2 Tahsin in Jönköping***

Country of origin: Iraq

Method of interview: Face-to-face

Duration of interview: 30 minutes

Tahsin came to Sweden as political refugee in 1988 with his family. He is a graduate of business and economics and they used to own a family business that sold televisions. Language posed the greatest difficulty for him upon arrival in Sweden and therefore had to take language courses to integrate better. He later opened his own restaurant in 2001 gaining support from his wife and family.

#### ***4.2.1 Business idea and challenges***

The business idea was to provide Turkish food for the society because his wife could prepare the dishes. Their major strategy was to provide cheap prices and better quality products to the society. Tahsin face major challenges, key ones were start up capital, marketing issues, working long hours and cost of living and operations. Financing was done primarily by past savings, family and bank. Attracting the right customers was a

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challenge and the location of his business was responsible for the cost of living and operations. He works from 9 a.m. to 1 a.m. to provide for his customers.

#### ***4.2.2 Reasons for business location***

He located his business in the small city because the cost of living and operations is relatively low. He lives close to home so the transport cost was also quite low.

#### ***4.3 Hussein in Jönköping***

Country of origin: Lebanon

Method of interview: Phone call

Duration of interview: Repeated phone calls

Hussein came to Sweden with his family in 1980. His parents owned a large restaurant in the Netherlands. He graduated from a bachelor in business administration. He had always intended to get a business of his own which prompted him to move to Sweden. In 2002 he therefore decided to start his own business in Sweden. His family background contributed to his entrepreneurial spirit.

##### ***4.3.1 Business idea and challenges***

Hussein business idea was to provide Lebanese food and pizza. Their strategy was to provide good quality products at an affordable price. The major challenges he faced were marketing and access to finance. Management skills and technological knowhow were not a major problem. The business was financed from past savings and the bank. The product visibility was done through magazines and signs.

##### ***4.3.1 Reasons for business location***

He chooses to locate his business in a small city because he has stayed for a long time in small cities. The low cost of living and operations were also an added bonus. Hussein however, mentioned that his challenges will be limited if he located in a large city as he will be able to seek the counselling of other business owners.

#### ***4.4 Mustafa in Jönköping***

Country of origin: Turkey

Method of interview: Telephone

Duration of interview: Repeated phone calls

Mustafa came to Sweden in 1970 to settle with his spouse who is Swedish. He attended university in Turkey and graduated with a degree in Business Management. He owned a retail store in Turkey which he inherited from his late brother. He was however more interested in the restaurant business. He was originally married to a Lebanese woman who taught him the culture and food. He started his business in Sweden in 1981.

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#### **4.4.1 Business idea and challenges**

His business idea was to provide Lebanese food and salad for the society. He managed his business with other Turkish people to make it easier for him. The challenges were start up capital, working longer hours and marketing issues. The business was financed through bank loan and the sale of some of his assets. Working longer hours is seen as a strategy for business success. The business was promoted through magazines, signs and words of mouth. A key challenge was the lack of awareness of how a business operates in the new environment.

#### **4.4.2 Reasons for business location**

He located the business in a small city to be close to his wife. He also liked the lack of congestion and the ease of movement. He said he will like to locate his business in a large city because of competition which encourages hard work and a bigger market.

#### **4.5 Rebecca in Stockholm**

Country of origin: Hungary

Method of interview: Face-to-face

Duration of interview: 35 minutes

Rebecca is from Hungary and owns a restaurant in central station Stockholm. She studied hotel management and earned a diploma. She came to Sweden for six months internship in 2005 in a small town called Gävle. She lived there with her sister and later got married to a Swede. Her husband works in a manufacturing company and they have two children. She decided to open a business in 2008.

#### **4.5.1 Business idea and challenges**

The business idea was to open a restaurant in the central station in Stockholm. She sold French bread, cake, coffee and tea. She went into the business because she had trouble finding a job. She faces a high cost of living and operations, difficulties in access to finance and work long hours. She financed the business through bank and family. Working longer hours was a strategy for business success. The high cost of living was due to high demand for housing. She said she lives far away from her business and has to get up early to go to work.

#### **4.5.2 Reasons for business location**

She located her business in a large city because her husband lived there and due the larger market and opportunities.

#### **4.6 Lee in Stockholm**

Country of origin: Thailand

Method of interview: Face-to-face

Duration of interview: 25 minutes

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Lee and her husband own a restaurant in Stockholm and came to Sweden in 1971. They used to own a cosmetic shop in the capital city of Thailand. They both hold a degree in business and economics. They sold their cosmetic store and started a restaurant business in Thailand. In the early 60s Lee assisted her parents in running a family restaurant and they decided to open their business in 2003. They have five kids.

#### ***4.6.1 Business idea and challenges***

Her idea was to provide Thai food and the main reason for the business was to generate extra income for the family. Her entrepreneurial background helped her to be successful in the business. She faced challenges including financing, administrative and regulatory requirements and marketing issues. The business was financed by the bank and the sale of her business in Thailand. Lack of business awareness was a problem for her, the rule on how business is traditionally operating in the new environment. The business was promoted by signs, magazines and word of mouth.

#### ***4.6.2 Reasons for business location***

She located her business in a large city due to the market size. Competition is cited as a key motivation for providing quality services. She said she will like to establish her business in a small city due to low cost of living and operations.

### ***4.7 Daniel in Stockholm***

Country of origin Turkey

Method of interview: Phone

Duration of interview: Repeated Phone calls

Daniel came to Sweden to visit his uncle in 1972. He is originally from Turkey and ran his father's clothes shop in Turkey. He has a degree in economics. He wanted to get MBA also but could not due to the death of his dad. Daniels uncle worked a pizza restaurant in Stockholm during his visit. They therefore decided start a restaurant business in 1998.

#### ***4.7.1 Business idea and challenges***

Daniel and his uncle decided to provide kebab pizza and salads. Experience made starting up easier for them. They faced challenges such as finance, regulations, marketing and high living costs and operations. They financed their business through banks, past savings and sale of assets in their home country. Marketing was done through signs to attract customers. The high rent was responsible for high cost of operation. Lack of business awareness in the new environment was due to language barrier.

#### ***4.7.1 Reasons for business location***

They located their business in a large city due to the market size and opportunities in large cities than in small cities.



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## **4.8 Ahmed in Stockholm**

*Country of origin: Lebanon*

Method of interview: Face-to-face

Duration of interview: 30 minutes

Ahmed came to Sweden as a political refugee in 1971 with his wife and three children. He studied chemical engineering. He worked in the manufacturing industry and his wife ran a cafe restaurant in Lebanon. When they moved to Sweden they settled in a small town called Örebro, then later decided to move to Stockholm. They opened a business in 1985 which was 20 minutes away from where they lived.

### **4.8.1 Business idea and challenges**

They opened a cafe restaurant. Ahmed was operating with the physical tasks while his wife handled the cash register. Their entrepreneurial background made it easier for them to start a business. They also could not find a job. Key challenges include capital, marketing, administrative regulation and high rent. The language was not seen as a major issue. They got money from the bank and passed saving. Product visibility was through signs and words of mouth. Lack of awareness on the rules of the new environments was cited as a challenge.

### **4.8.2 Reasons for business location**

They choose a large city because they were conversant with the environment, also due to the market size and vast opportunities in a large city than in a small city.

## **4.9 A summary of the cases**

The tables below provide a summary of the four Stockholm (S) and the four Jönköping (J) cases, respectively.

Table 1. A summary of the four Stockholm cases

<b>Large city</b>	S1	S2	S3	S4
<b>Coming to Sweden</b>	2005	1971	1972	1971
<b>Starting a business</b>	2008	2003	1998	1985
<b>Past experience</b>	No past business experience	Family business	Family business	Business owners
<b>Type past of business experience</b>	No business experience	Cosmetic shop	Cloth shop	Café restaurant
<b>Present business</b>	Restaurant	Restaurant	Restaurant	Restaurant
<b>Country of origin</b>	Hungary	Thailand	Turkey	Lebanon
<b>Came from an entrepreneurial family</b>	No	Yes	Yes	Yes
<b>Level of education</b>	Diploma in hotel management	Degree in business and economics	Degree in economics	Degree in chemical engineering
<b>Business idea</b>	French bread, cake, coffee and tea	Thai recipes	Pizza and salad	Café restaurant
<b>Reasons for owning a business</b>	A means of being employed	Generating extra income	Want to be boss	Need some extra money
<b>Challenges</b>	-High rent -Working longer hours -Lack of finance for business start up and expansion -High cost of living.	-Low understanding of administrative regulations. -Lack of finance for business starts up -Marketing issues	-Lack of finance for business starts up -Low understanding of the administrative regulations -Language skills -Marketing issues -High rent	Language skills -Lack of startup capital -Marketing issues -Working longer hours -High rent
<b>Reasons for business location</b>	-Her husband lives in a large city -More opportunities in large cities -Presence of market in large city	-High competition -Presence of market in large city.	-Presence of market in a large city. -Lack of market and competition in small city	-Presence of opportunity in large city. -Have been living in large cities for a long time -Lack of market in small city.

Table 2. A summary of the four Jönköping cases

<b>Small city</b>	J1	J2	J3	J4
<b>Coming to Sweden</b>	1999	1988	1980	1970
<b>Starting a business</b>	2005	2001	2002	1981
<b>Past experience</b>	Family business	Family business	Family business	Business owner
<b>Type past of business experience</b>	Cosmetic shop	TV shop	Restaurant	Retailing ladies shoes
<b>Present business</b>	Restaurant	Restaurant	Restaurant	Restaurant
<b>Country of origin</b>	Syria	Iraq	Lebanon	Turkey
<b>Came from an entrepreneurial family</b>	Yes	Yes	Yes	Yes
<b>Level of education</b>	Courses in restaurant management	Bachelor in business and economics	Business administration	Business management
<b>Business idea</b>	Lebanese food	Turkish food	Lebanese food and Pizza	Lebanese food and other recipes
<b>Reasons for owning a business</b>	Generating extra income	Self employed	Self employed and earning extra income	Generate extra income
<b>Challenges</b>	-Lack of finance for business start up -Marketing issues -Working longer hours	-High rent at the city centres -Lack of adequate language skills -Working longer hours. -Marketing issues - Lack of finance for business start up -Business registration	-Lack of management skills -Lack of technological skills -Marketing issues. -Lack of finance for business start up	- Lack of starts up capital - Low understanding of administrative regulation -Longer working hours -Marketing issues
<b>Reasons for business location</b>	-His sister lives i this city. -Low cost of living	-Low cost of living - Low rent -Nearness to the business location	- Has been living in a small city for a very long time - Low competition - Low cost of living and low rent	-His wife lives in this city -Ease of mobility

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## **5 Analysis of Areas of Challenges**

Below, the eight cases are analyzed according to the nine areas of challenges presented at the end of chapter 2.

When comparing the immigrant entrepreneurs studied in Jönköping and Stockholm in terms of the time they came to Sweden we realize that majority of the immigrant entrepreneurs in Stockholm came to Sweden in the early seventies while those in Jönköping came to Sweden later. This can influence what challenges they face. The time in which a business is established can also have an influence on the challenges the immigrant entrepreneur will face, and that time differs from 1981 to 2008 among the entrepreneurs studies.

### ***5.1 Lack of Finance***

The finding shows that all the immigrant entrepreneurs in both Stockholm and Jönköping faced the challenge of lack of finance for their business start ups and growth. A majority of them have the problem of "Access to start up finance" as a major challenge during their business start-up and expansion.

Immigrant entrepreneur S1 faced this challenge but got money for starting her business from her family in Hungary and the bank in Sweden. In order to raise money for their business start ups, entrepreneurs S2 and S3 sold part of their business back home to get some start up capital. The entrepreneurs J2 and J4 also got money from their family and bank to start up the business.

Thus, when comparing the immigrant entrepreneurs in Jönköping and Stockholm we see that they have similar difficulties to access start up finance and also have similar means of obtaining this finance such as past saving, get loans from the bank, get money from their families back home or sell part of their business to raise some capital.

All immigrant entrepreneurs from Stockholm and Jönköping acknowledge that this problem is the most significant problem in their business both in start-up phase and expansion. When people rely on self-financing, they face a lot of problems raising finance for the business. They might have past savings or rely on their families with limited resources to enable them to start their business.

The importance of the finance challenge is in accordance with earlier research. According to CEEDR (2000, pp.24, see also figure 2 above) young entrepreneurs face the challenge of lack of finance. This author further mentioned that the difficulties were as a result of discrimination on the part of the provider of finance. According to Holguin et. al. (2007) one of the major problems for immigrant entrepreneurs in United States is the problem of raising capital to start up a business. Fawcett and Gardner (1994) also argue that immigrant entrepreneurs involved in small business face the problem of lack of language skills and capital. When there is a problem of language barriers it make it difficult for immigrant entrepreneurs to understand the requirement needed for getting loans from the bank and hence leading to difficulties in obtaining capital.

### ***5.2 Marketing/sales skills and competition***

The difficulties in accessing the market and lack of marketing skills is one on the major problems faced by immigrant entrepreneurs studied both in Jönköping and Stockholm.

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Only entrepreneur S1 did not face these difficulties. Despite the size of the town and population, immigrant entrepreneurs in large and small cities have the same problem in their business. According to CEEDR (2000) one of the major problem faced by young entrepreneurs is difficulties in access new markets and raising the level of marketing skills.

The reason for these entrepreneurs to have limited access to the market or lack of marketing skills is because of their method of product awareness using words of mouth as their promotional tools in their business. This method of product promotion is inadequate for a successful business and makes the business not to grow because people are not aware of what they are offering to the market. The empirical findings reveal that S2, S3, S4 and J4 used words of mouth as their method of product awareness. We see that large city and small city also uses a similar promotional tool for their product awareness. Immigrant entrepreneurs face the challenge for marketing issue because of limited income to finance the different promotional tools.

Immigrant entrepreneurs in large cities are faced with the problem of high competition as compared to those immigrant entrepreneurs in a small city. In small cities there is low competition because of the absence of other business activities. Rath and Kloosterman (2003) also pointed that competition is a major challenge with ethnic entrepreneurs, if there is a high competition in large cities there will be a heavy reliance on the price.

### ***5.3 Working longer hours***

Immigrant entrepreneurs are also faced with the challenge of working longer hours despite the size of the city. The immigrant entrepreneurs S1 and S4 faced this challenge as did J1, J2 and J4. The reasons this immigrant entrepreneurs work longer hours is because they want to be successful in their business and as such working for longer hours a strategy for business success.

### ***5.4 Administrative and regulatory requirements***

When comparing the challenges faced by immigrant entrepreneurs in a large and small Swedish city in terms of administrative and regulatory requirement we see that immigrant entrepreneurs in large city are mostly affected by this challenge. In Stockholm, immigrant entrepreneurs S2 and S3 are mostly affected by this challenge. In Jönköping, immigrant entrepreneurs J1 are most affected by this challenge. According to Pinkowski (2009, pp.46) one of the problems faced by immigrant entrepreneurs is lack of awareness of administrative regulation in the country and language barrier i.e. lack of familiarities on how business is traditionally carried in the country.

One of the reasons why immigrant entrepreneurs face the problem of administrative regulation is because of the problem of lack of language barriers. As a result of the difference in ways business is done in their host country which is different from that in their present environment couple with language barriers. These make it difficult for them to understand how to operate a business in their new environment.

When immigrant entrepreneurs are unable to understand the language they will be unable to get a clear understanding of the rules in operating a business in a foreign environment. Language plays a significant role in running a business. They must be able

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to speak, write and understand the language before it will be easier for them to establish a business and run them smoothly.

### **5.5 Language skills**

Language skills are very important tool in a business world. Effective communications with customers play a vital role in a business success. When comparing the challenges faced by a large city and small city we see that Language barrier is another serious problem faced by immigrant entrepreneurs. When people move to their host country they have to study the language so that they can easily integrated in the new environment. Immigrant entrepreneurs also face this same problem of language barrier and as such they have to study the language in order to communicate efficiently with customers.

The empirical findings show that immigrant entrepreneurs mention that they had to take some courses in Swedish so that they can easily integrate and communicate in the society. According to Pinkowski (2009, pp. 48) as a result of lack of competence in language, Chinese immigrants did not look into documents that are written in English. This author further mention that even for immigrants who have already own a business back in their home countries finds it difficult to start a business in their new environment because of language and cultural barrier. The immigrant entrepreneurs in Stockholm and Jönköping have run a business or have a family business that have helped them to gain experience but they still find it difficult to run a business in their new environment because of cultural and language barriers. Although language barriers were not mentioned by these immigrant entrepreneurs as their major problem it was a problem for them when it comes in understanding the administrative and regulatory requirements. Only immigrant entrepreneur S4 faced this challenge of language and cultural barriers but when compared to the small city no immigrant entrepreneur mention this problem.

### **5.6 Cost of living and operations**

The cost of living is also one of the challenges faced by immigrant entrepreneurs in a large and small Swedish city. When comparing immigrants' entrepreneurs in Stockholm and Jönköping we see that there is a high cost of living in large city than in small city. In Jönköping there is only one immigrant entrepreneur who mentions high rent, this is because the immigrant entrepreneur J2 located his business at the city centre where the price of rent is very high and because of the presence of more opportunities at the centre of the city. The reason for him to locate his business in the city centre is because he had an apartment at that part of the city so it was easy for him to locate his business at the city centre than outside the city.

Immigrant entrepreneurs S1 S3 and S4 experience this as a major challenge in their business because the high rent have an impact in the profit the make while immigrant entrepreneurs J1, J3 and J4 do not face this challenge. The reason for the high rent in the large city is due to the presence of many opportunities that attract many people as well as immigrant entrepreneurs to establish their business. According to Enid et al (2006) large cities have vast opportunities and also provide a gate way for many immigrants.

Slack et. al. (2006, pp.1-2) mention that large cities have very high operational cost because of it size, density and diversity pose additional costs for everything from transit

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to social housing, welfare, education, policing, fire protection, and building inspection, besides these high cost of operation in large city, there is vast opportunity that characterize a large city such as high income, diverse employment, mass talent and specialized service which makes large city to have a significant difference from a small city.

### ***5.7 Access to technology***

Access to technology is not seen as a significant problem with immigrant entrepreneurs in Stockholm and Jönköping. The case studies interviews show that only immigrant entrepreneur J3 face this challenge. Seven of the immigrant entrepreneurs did not mention this challenge which reveals that this is not a significant challenge. When comparing with investigation made by CEEDR (2000) with the young entrepreneurs access to technology is seen as not a major problem to these entrepreneurs.

### ***5.8 Management skills and training***

Management skills are one of the challenges faced by immigrant entrepreneurs in their host country. Lazaridis (2000) and Collins (2003) pointed out that lack of management skills is a significant problem faced by immigrant entrepreneurs in their host country. When looking at the challenges faced by immigrant entrepreneurs in Stockholm and Jonkoping we see that there is only one immigrant entrepreneur J3 who pointed out this challenge for his business. CEEDR:2000, mention that the problem faced by Young entrepreneurs is Lack of management skills and training. This entrepreneur started business without any prior experience. In my investigations this problem is seen as not to be a significant problem because most of the immigrant entrepreneurs came from an entrepreneurial family or own a business in their home country before starting a business in their new environment.

### ***5.9 Access to information and advice or business advice***

The case study reveals that there were limited difficulties in accessing information and advice or business support. According to CEEDR (2000), ethnic minorities did not use any business support agencies in order to get advice for their business support because they were unaware of what was available and such did not see any need for it. In my investigation no immigrant entrepreneurs pointed out this problem as one of the challenges that affect them when starting or running their business.

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## 6 Typical Cases

### 6.1 A summary of the challenges in the cases

Table 3 below gives a summary of the challenges faced by the eight immigrant entrepreneurs in Stockholm and Jönköping.

Table 3. A summary of the challenges in the cases

Challenges	S1	S2	S3	S4	J1	J2	J3	J4
Lack of finance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Marketing and sales skills	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Working longer hours	Yes	No	No	No	Yes	Yes	No	Yes
Cost of living and operation	Yes	No	Yes	Yes	No	Yes	No	No
Language barriers	No	No	No	No	No	No	No	No
Administrative and regulatory requirement	No	Yes	Yes	Yes	No	Yes	No	No
Access to technology	No	No	No	No	No	No	Yes	No
Management skills	No	No	No	No	No	No	Yes	No
Access to information and advice	No	No	No	No	No	No	No	No

### 6.2 Identification of typical cases

In table 3, the Stockholm cases S3 and S4 have exactly the same pattern of challenges. Further, compared to the two other Stockholm cases, the differences are not large. Thus, S3 and S4 are regarded as the typical Stockholm case.

Among the Jönköping cases, J1 and J4 have same pattern of challenges, and they are regarded as the typical Jönköping case.

Thus, the typical Stockholm and Jönköping case are as given in table 4.



Table 4. The typical Stockholm and Jönköping case

<b>Challenges</b>	<b>Typical Stockholm case</b>	<b>Typical Jönköping case</b>
<b>Lack of finance</b>	Yes	Yes
<b>Marketing and sales skills</b>	Yes	Yes
<b>Working longer hours</b>	No	Yes
<b>Cost of living and operation</b>	Yes	No
<b>Language barriers</b>	No	No
<b>Administrative and regulatory requirement</b>	Yes	No
<b>Access to technology</b>	No	No
<b>Management skills</b>	No	No
<b>Access to information and advice</b>	No	No

### **6.3 Some details behind the two typical cases**

Looking back on the details of the two cases S3 and S4 leading to the typical Stockholm case, S3 came in 1972 while S4 in 1971. S3 started a business in 1998 while S4 in 1985. Immigrants have several reasons to move from one country to another. People move from one country to the other for economic, social and political reasons. S4 came to Sweden for political reasons while S3 move to Sweden for a visit. Both of them have past business experience in their home country which make them more entrepreneurial: S3 owning a cloth shop and S4 a cafe restaurant. This revealed that these entrepreneurs had a pre-departure work experience which makes it suitable to survive in a business world. Their business idea is similar as both had in mind to manage a restaurant. Despite their interest in owning restaurant the reason for establishing the business was to generate extra income.

According to Fawcett and Gardner (1994) in research for immigrant entrepreneurs in United States, they found that Pre-departure experience is very important for a business start-up. Fawcett and Gardner made the comparison between immigrant entrepreneurs from Korea and the Philippines and found that pre-departure work experience and skills are a vital instrument establishing of a business. Immigrant entrepreneurs from Korea had pre-departure work experience while those from Philippines did not have which made it difficult for them to fit in the mainstream.

Both immigrant entrepreneurs S3 and S4 have a good level of education. Fawcett and Gardner (1994) mention that another problem faced by immigrant entrepreneurs is low

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educational qualifications. S3 and S4 are more likely to have same level of qualifications but in different field of study.

These immigrant entrepreneurs have different business idea because of the opportunities surrounding them. S3 and S4 saw the need for restaurant business and discover a gap to fill these needs. There is a need to supply goods and services to the local communities and as such S3 saw the need to open a Pizza restaurant while S4 saw the need for operating a café restaurant. According to Waldinger et. al. (1990) there are some opportunities in providing ethnic products which are in connection to immigrants' taste and buying preferences. Immigrant entrepreneurs will exploit the opportunities by providing food stuff to their co-ethnic groups such as cloths and food stuff from their country of origin. These co-ethnic groups create a market for these products.

Immigrant entrepreneurs S3 and S4 are in a large city but have different reasons why there prefer to locate a business in a large city than in a small city. According to immigrant entrepreneurs S3, the reason for business location in large city is because of the presence of opportunities in large city and the population also serve as a market for the goods. While S4 mentioned that in a large city, there is a market for the products. This reveals that the typical case S3 and S4 have similarities in the reasons why they have to locate their business in large city than in small city. According to Slack et. al. (2006) large cities have more opportunities than small cities. The presence of these numerous opportunities has helped to attract many people to settle in large cities.

The typical Jönköping case is based on the cases J and J4. J1 came to Sweden in 1999 while J4 came in 1970 but the time they started their business was also different, J1 started in 2005 and J4 started in 1981. These immigrant entrepreneurs have a pre-departure work experience in their home country which makes it suitable for a business establishment. J1 was working in a cosmetic shop which was a family business while J4 owned a shop (retailing ladies shoes). These immigrant entrepreneurs had in mind to start a business because they wanted to generate extra income. There are different reasons why these immigrants decided to operate their business in a small city. J1 mention that there is low competition in small city than large city so it is better for them to have a business in small city because they cannot withstand strong competition. J4 located a business in a small city because of ease of mobility. J1 mention that there is low rent in small city than in large city so it will be suitable for business establishment. None of these entrepreneurs took into consideration the market of the product and the age structure of the population.

## ***6.4 Comparing the typical cases***

### ***6.4.1 Challenges both in Stockholm and Jönköping***

Two challenges are shared the typical Stockholm and Jönköping case:

- Access to finance for business start up and growth.
- Marketing and sales skills.

Since these are the two most common areas of challenge both in earlier research and in the eight cases studied, it is to be expected that they should be challenges both in the typical large city case and in the typical small city case.

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According to CEEDR (2000), ethnic minority entrepreneurs face a problem of access to capital for their business starts up, and this problem is more concentrated at the start up phase. Looking at the details behind the typical cases, S3 had to sell some of the properties in the home country to raise some capital including money from the bank while S4 got money from the bank to finance the business. CEEDR (2000) further suggested that ethnic minorities entrepreneurs faced the problem of discrimination in getting finance as a result this challenges is considered the greatest challenge for business starts ups.

Regarding marketing issues, S3 and S4 attract customers using word of mouth. This mode of attracting customers is stressful and a limited number of people will get the information about the product. According to CEEDR (2000), a difficulty of access to market and lack of marketing skills is a strong problem for ethnic minorities' entrepreneurs because there uses word of mouth as their promotional tool in their business.

#### **6.4.2 Challenges in Stockholm but not in Jönköping**

Two challenges are present in the typical Stockholm case, but not in the typical Jönköping case:

- Cost of living and operation
- Administrative and regulatory environment

Entrepreneur S4 considers this challenge as one of the most significant challenges in establishing a business in a large city. According to Ziegler (2007), Korean immigrant entrepreneurs in New York are faced with the problem of competition and high rent. The immigrant entrepreneurs with this problem of high rent mention that it is a disadvantage to them because it affects their profit.

In the typical Stockholm case, there is challenge of administrative and regulatory requirement while the typical Jönköping case, this is no major challenge. According to Pinkowski (2009, p. 46) challenges faced by immigrant entrepreneurs in Dublin, that is a large city, as compared to native born entrepreneurs include lack of familiarities with how business is traditionally done in the country, lack of awareness of local regulations, legal requirements and limited experience with traditional financial tools.

#### **6.4.3 A challenge in Jönköping but not in Stockholm**

- Working long hours is a challenge in Jönköping but not in Stockholm

According to Yoo, Jin-Kyung (1998, pp. 151) Korean immigrant entrepreneurs in Atlanta work extremely longer especially those who own retail business and restaurants. These Korean immigrant entrepreneurs who own these retail business and restaurant work between 70 to 80 hours a week. Yoo, Jin-Kyung (1998) still mentions that these entrepreneurs work long hours to retain customers. In order for them to keep regular contact with their potential customers they should always be available to them. These authors further mentioned that these immigrant entrepreneurs work even during the week ends and still work many hours. The reason why working longer hours is not a challenge in Stockholm but Jönköping is that, the absent market in small cities makes it possible for immigrant entrepreneurs to work longer hours in order to sell their product

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to customer who are willing to buy. In a large city there is the presence of a market which make it easy for immigrant entrepreneurs to sell their product.

#### ***6.4.4 Challenges in neither city***

The following areas are not major challenges in the typical cases:

- Language barriers
- Access to technology
- Management skills
- Access to information and advice

Language barrier was considered not to be a major challenge because they could easily overcome this challenge.

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## 7 Conclusion

Immigrant entrepreneurs face challenges such as finance, marketing and sales skills, cost of living and operations, administrating and regulatory requirement, working longer hours, management skills and language barriers. The case study reveals that immigrant entrepreneurs face with two major challenges, access to Finance and Marketing/Sales skills. These immigrant entrepreneurs are faced with these challenges regardless of whether there are in a large or small city. These challenges are much more significant because these immigrant entrepreneurs have certain minor problems that affect them, such as language and cultural barriers.

The reason why finance is the most dominating challenge is because of discrimination on the part of the provider of finance, reliance on informal sources of finance such as family, little savings and also has to sell part of their assets back home to meet up with finance. Immigrant entrepreneurs get money from their families which are very small to get a business started. This problem is mostly concentrated at the start up phase of the business than at the expansion phase.

Marketing issues is the second most significant challenge among immigrant entrepreneurs in Jönköping and Stockholm. All entrepreneurs want to have more customers for their business and as such will provide different strategies to attract customers. There is higher competition in large cities than in small cities so marketing problems should be more concentrated in the large cities since it is very competitive.

Besides these two similar challenges which is seen as a major issue regardless of the location of the city, there are other challenges which make large cities and small cities differs in terms of challenges. These challenges include Cost of living and operation and Administrative and regulatory requirements in a large cities, and Working longer hours in small cities. The high cost of living and operation is as a result of more opportunities and competition in larger cities than small cities. More opportunities attract more people and as such the cost of living and operation will relatively be higher. Lack of administrative and regulatory requirement in my research is a major challenge in large cities and not in small city. This is because large city is a gate way to most immigrants and lack of awareness on how business is traditionally operating in the new environment. Working longer hours is more concentrated in small cities than in large cities. Working longer hours is a strategy immigrant entrepreneurs implement to retain potential customers since there are different entrepreneurs running the same line of business.

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## ***Appendix: Interview Guide***

What major challenges did you encounter when starting up your business?

What major challenges are you facing right now in your business activities when running your business?

Was it hard or easy to get finance for your business start up? If hard, how? For instance your requirement and availability for finance.

Was it difficult or easy to get access to information and advice in running your business? If difficult, to what extent?

Was it easy or difficult to manage your business? If difficult, to what extent?

Was it easy or difficult to get access to management skills for your business?

How do you market your product? It is difficult or easy to get access to market? If difficult, how?

Was it easy or difficult to get access to information concerning the rules on how to run a business in Sweden? If difficult, how?

What do you think would change if you had started and operated your business in a large/small city?

### ***Personal questions***

Did you have any business experience in your home country before starting a business in Sweden?

Why did you choose Sweden?

What is your origin and why did you start a business on your own?

Does your gender have an impact on the challenges to run your business?

Why did you choose Jönköping/Stockholm to operate your business?

Did you get help from your families or friends to run your business?

What is the main reason for running your business? For instance, extra income, interest in the particular business?

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***Business idea***

What makes you to be involved in such a line of business?

What makes your business different from that of another person having a similar business?