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Rezaei, Shahamak; Goli, Marco

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# **Prometheus, the double-troubled**

## **Migrant Transnational Entrepreneurs and the Loyalty Traps**

Authors: Shahamak Rezaei\* and Marco Goli

Shahamak Rezaei\* (\*Corresponding author)  
Email: [shre@ruc.dk](mailto:shre@ruc.dk)

Affiliation and Address:

Associate Professor, Department of Social Sciences and Business, Roskilde University,  
Roskilde, DK-4000, Denmark

and

Associate Professor, Sino-Danish Center for Education and Research (SDC), Beijing, China

Shahamak Rezaei is an Associate Professor at the Department of Social Sciences and Business, Roskilde University, Denmark. He is also affiliated with Sino-Danish Center for Education and Research (SDC) in 'Innovation Management' research group where he since 2010 has been conducting research and Teaching in China. His research focuses on migration, global entrepreneurship, globally born SMEs, migrant entrepreneurship, transnational entrepreneurship, diaspora entrepreneurship, economic consequences of migration, informal economic activities, industrial relations and comparative welfare state analysis. He is Research Coordinator for the research project 'DiasporaLink' ([www.DiasporaLink.org](http://www.DiasporaLink.org)), financed by the European Commission under 'Horizon 2020–RISE Program'. He is also affiliated as Non-Resident Research Associate at Princeton University, CMD (Center for Migration and Development) where he collaborates with colleagues at Princeton on STEM (Science, Technology, Engineering and Math) – Migration. STEM-Migration is a new research field that he will be working on in the near future.

**Marco Goli**  
Email: [mago@kp.dk](mailto:mago@kp.dk)

Institutional affiliation and address:

Associate Professor, Copenhagen College  
Mailing Address:  
Copenhagen College  
Kronprinsesse Sofiesvej 35  
2000 Frederiksberg  
Denmark

Marco Goli obtained his PhD in Political Science from Copenhagen University and is associate professor at Copenhagen College. The main field of Dr. Goli's comparative empirical and theoretical research is: "The relationship between the Market, the Welfare state, the Civic Society and the available alternative strategies towards inclusive citizenship and socioeconomic mobility in different discursive and institutional settings." He has published extensively within his research field.

## **Abstract**

Departing from the concept of Diaspora and practices of Ethnic Entrepreneurship (EE), much theoretical and empirical research on third-country Migrants' Transnational Entrepreneurship (MTE) emphasizes, on a microlevel, the importance of individuals' social capital, dual habitus, ethno-cultural motivation, constrained self-efficacy and opportunity alertness. On a mesolevel much of the literature points out that both ethnic community (size and intensity) and group characteristics (survival strategies, networks, and social capital) are pivotal factors of the business development by third-country migrants in Europe. Our empirical data clearly reveals that factors, other than the mentioned, exceed them in importance; revealing circumstances around migrants' dual loyalty to be more important than dual habitus; human capital is much more important than social capital; and, a perception of migrant entrepreneurs as rational agents much more important than ethno-culturally constrained motivations or diasporic altruism. Above all, our empirical data show that the intersection between EE, MTE and Integration policies (in both the home and host country) are experienced by actors as interdependent fields of discursive practices, creating a fourth field of practice that is characterized by its own dynamic and opportunity structure. Attempting to understand this fourth field of practice (*i.e.*, the intersection field), we include other theories beyond those traditionally applied when studying MTE.

Keywords: Third country migrant entrepreneurship, Migration, Integration, Dual habitus, Dual loyalty, Loyalty trap, Ethnic entrepreneurship, Social capital.

*"....TNE (Transnational Entrepreneurship) is not just a business. It is a lifestyle. As a business, TNE is an economic pursuit. As a lifestyle, it involves the whole person in drastic changes in the normal and preferred order of life..."* (Light, 2016)

## **Introduction**

If globalization was a tree, the international migration would be one of the oldest and largest branches on which Integration of third-country migrants, EE and MTE would be younger and smaller branches. These fields of research have surprisingly and most typically been studied and addressed as separate fields and only occasionally as interdependent. One of the important causes of this conceptual disintegration and lack of focus on the interdependent nature of third-country migrants' transnational entrepreneurship, International migration and Integration policies is, we believe, that Diaspora (Laitin, 1995; Brubaker, 2005; Safran, 1991; Banton, 1994) most often, explicitly or implicitly, is considered the right premise and the point of

departure. (Ardichvili, et.al., 2003; Baron, 2006; Bird & Jelinek, 1988; Block, 2012; Bosma, 2013; Light, 2006; Light, 2009; Drori, 2009; Rezaei & Goli, 2009). Our results and analyses presented and discussed in the following will challenge these premises by focusing on the intersection of the three fields.

Most studies in social science have covered the intersections between migration and transnational entrepreneurship, between EE and transnational entrepreneurship, between international entrepreneurship and transnational entrepreneurship, etc. (see Zapata-Barrero and Rezaei, 2019. this Issue) Although the three fields as products of the root concept of globalization and migration are related, they are not the same in character or dynamics. Studying the intersection between them therefore does not, and should not, only address the conceptual relationship. More importantly, it should include discursive (macrolevel), institutional (mesolevel), and practical/individual (microlevel) implications. The core aim here is the conceptual elaboration of each of the three fields' basic features, followed by elaboration on the intersection field and the consequences for MTE's practice. The primary data of our study is the analyses of DiasporaLink data (collected, coded, thematised and categorised) during 2016-2018, along with secondary data as background, including GEM (Global Entrepreneurship Monitor), Mipex (Migrant Integration Policy Index) and OECD.

The concept of brain gain and the new Argonauts that replaced the old and negative idea of brain drain (Saxenian, 2002, 2006), brought the positive-sum game to the forefront and pushed back the idea of zero-sum game with regard to consequences of human mobility. It has, however, not been, we believe, a contribution to conceptualising the intersection fields at hand. It is acknowledged that the concept of brain gain has contributed to a recognition of MTE in both China and India, but a crucial question on why the phenomenon of brain circulation/gain does not occur in other countries in any scale close to the scale experienced in China and India remains unanswered. We see this contribution as a modest and first step towards finding an answer to the following question: Operating in the field of intersection between EE, MTE and Integration, who among migrants (i.e. except for “the top-end of migrant entrepreneurs” that per definition is a non-generalizable substrata addressed by Saxinian’s work) can, under which conditions and how, evolve into transnational entrepreneurs?

Underlying this question, we are preoccupied with whether the driving forces and logic of the respective fields are complementary or counteracting. The ‘Practice field’ in figure 1 illustrates these relationships.

Figure 1 here:

### **Methodology and Data**

The study is based on DiasporaLink data including 126 interviews (15 explorative interviews followed by semi-structured, inductive, qualitative interviews in accordance with the phenomenological guidelines for conducting data collection). The goal is to describe the lived experience and the perspectives of migrant entrepreneurs. We therefore insistentlly excluded hypotheses or any other preconceived ideas (theoretical, empirical or practice-based) during the data collection and partial data analyses. The data collection is a result of collaboration with DiasporaLink colleagues working at the universities that are associated with DiasporaLink. Snowball technique was used, starting with explorative interviews with Immigrant cultural organizations and Immigrant business associations in the following countries:

U.S. (Princeton University, Yale University, University of California (UC) at Los Angeles and with UC Santa Barbara). The interviews were conducted in New York, Washington, D.C., Boston and Los Angeles;

U.K. (University of East London, University of Birmingham, Dublin Institute of Technology and University of Strathclyde). The interviews were conducted in London and Birmingham;

Sweden (Stockholm University, Uppsala University and the Swedish Ethiopian Chamber of Commerce). The interviews were conducted in Stockholm;

Germany (University of Hannover). The interviews were conducted in Hamburg;

Ethiopia (University of Addis Ababa). The interviews were conducted in Addis Ababa;

Morocco (Al Akhawayn University in Ifrane). The interviews were conducted in Ifrane and Casablanca;

Brazil (Campinas University). The interviews were conducted in São Paulo;

Chile (Universidad del Desarrollo, UDD). The interviews were conducted in Santiago;

France (Montpellier Business School). The interviews were conducted in Paris;

Nigeria (Nigerian Entrepreneurship Center and University of East London). The interviews were conducted in London;

Denmark (Roskilde University). The interviews were conducted in Copenhagen.

Furthermore, DiasporaLink colleagues and partners from Chile (UDD, University of Desarrollo), Spain (Pompeu Fabra University), Netherlands (TNU University), Denmark

(University of Southern Denmark) and Portugal (University of Lisbon, IGOT) have contributed with a variety of deliverables to the DiasporaLink Project and parts of the empirical data have been embedded as secondary data in this paper.

The interviewees included three groups: Those who already are practicing transnational entrepreneurs, those who consider becoming transnational entrepreneurs, and those who tend to become or have an interest in becoming a future transnational entrepreneur. The majority of participants were males and in fields of production, manufacturing, tourism, supply and distribution, sales and imports/exports. There were two focal axes when conducting the semi-structured interviews: 1. Conditions and circumstances in the home country that encourage/discourage transnational entrepreneurship; and 2. Conditions and circumstances in the host country that motivate/demotivate transnational entrepreneurial activities. When appropriate, the interviewers followed the interviewees' lead. At the end of the interviews, the interviewees were encouraged to express any other thoughts or opinions that were not covered in the interview (*i.e.* other potential factors). The average duration of each interview was 90 minutes.

Linking insights from Transnational Research and Diaspora institutions and governance (see Zapata-Barrero and Rezaei, 2019, this Issue) the main objective of the content analyses was to identify common trends, rather than differences which describe the transnational business characteristics. It should be noted that at the very earliest stage of data collection, the issue of loyalty attracted attention. As a phenomenon the loyalty issue has been subject to many changes and challenges as a consequence of globalization processes, while it simultaneously is an underlying requirement in the integration (and migration) discourse in Europe, and certainly is a core concern of home countries when confronted by migrants holding dual citizenship and wishing to do business in the home country. The empirical data collected in the project proved that the loyalty issue is one of the most important factors.

## **Results**

Results from content analyses were summarized at the macrolevel and separated into: Home country (Table 1), Host country (Table 2) and a small group of 'Other factors' that were not suited to either of the two predominant categories (Table 3):

Table 1: Content analyses from 'Home country' question results.

Macrolevel	Characteristics reported in interviews
Home country	<ul style="list-style-type: none"> <li>• Integration in the global economy</li> </ul>
Question: What are the conditions and circumstances that influence your transnational business? (If you already have one; or if you are considering starting one).	<ul style="list-style-type: none"> <li>• Access to other markets, namely to the host country market</li> </ul>
	<ul style="list-style-type: none"> <li>• Transparency, corruption, nepotism</li> </ul>
	<ul style="list-style-type: none"> <li>• Compatibility of products</li> </ul>
	<ul style="list-style-type: none"> <li>• Product quality (perceived and objective)</li> </ul>
	<ul style="list-style-type: none"> <li>• Compatibility of taste across borders</li> </ul>
	<ul style="list-style-type: none"> <li>• Formal institutions' perception of dual citizenship</li> </ul>
	<ul style="list-style-type: none"> <li>• Informal institutions' perception of dual loyalty status</li> </ul>
	<ul style="list-style-type: none"> <li>• Loyalty</li> </ul>
	<ul style="list-style-type: none"> <li>• Government planning</li> </ul>
	<ul style="list-style-type: none"> <li>• Government type (autocracy, democracy, dictatorship, etc.)</li> </ul>
	<ul style="list-style-type: none"> <li>• Government's attitude toward other nations (<i>i.e.</i>, compromising, competing, conflicting)</li> </ul>
	<ul style="list-style-type: none"> <li>• Currency stability</li> </ul>
	<ul style="list-style-type: none"> <li>• Insurance and guarantees</li> </ul>
	<ul style="list-style-type: none"> <li>• Compatibility with dominant markets</li> </ul>
	<ul style="list-style-type: none"> <li>• Cultural compatibility</li> </ul>
	<ul style="list-style-type: none"> <li>• Bureaucracy</li> </ul>
	<ul style="list-style-type: none"> <li>• Bilateral relations (home-host country)</li> </ul>
	<ul style="list-style-type: none"> <li>• Competitive advantages</li> </ul>

Source: Authors' own work.

Table 2: Content analyses from 'Host country' question results.

Macrolevel	Characteristics reported in interviews
Host country	<ul style="list-style-type: none"> <li>• The pattern of recognition &amp; dual citizenship</li> </ul>
	<ul style="list-style-type: none"> <li>• Perception of the host countries</li> </ul>

Question: What are the conditions and circumstances that influence your transnational business? (If you already have one; or if you are considering starting one)?	<ul style="list-style-type: none"> <li>• Perception of loyalty (dual, divided)</li> </ul>
	<ul style="list-style-type: none"> <li>• Government attitude towards migrants' transnational relations with home country (all kinds, including entrepreneurship)</li> </ul>
	<ul style="list-style-type: none"> <li>• Technological compatibility</li> </ul>
	<ul style="list-style-type: none"> <li>• Product compatibility</li> </ul>
	<ul style="list-style-type: none"> <li>• Competitive advantages</li> </ul>
	<ul style="list-style-type: none"> <li>• Discourse on integration</li> </ul>
	<ul style="list-style-type: none"> <li>• Bureaucracy and regulations</li> </ul>
	<ul style="list-style-type: none"> <li>• Market compatibility</li> </ul>
	<ul style="list-style-type: none"> <li>• Financial infrastructure and access to credits</li> </ul>
	<ul style="list-style-type: none"> <li>• Ethnic community (size and intensity)</li> </ul>
	<ul style="list-style-type: none"> <li>• Social capital of migrants</li> </ul>
	<ul style="list-style-type: none"> <li>• Migrants' attitudes towards home country</li> </ul>
	<ul style="list-style-type: none"> <li>• Human capital of migrants</li> </ul>

Source: Authors' own work.

Table 3: 'Other factors' arising from the question results.

Macrolevel	Characteristics reported in interviews
Other factors	<ul style="list-style-type: none"> <li>• Importance of education acquired in the home country</li> </ul>
Question: Are there other factors that influence your transnational business? (If you already have one; or if you are considering starting one)	<ul style="list-style-type: none"> <li>• Attitudes toward having an ethnic business in the host country</li> </ul>
	<ul style="list-style-type: none"> <li>• Access to entrepreneurial networks in home and host countries, and preferably transnational networks</li> </ul>

Source: Authors' own work.

### Content Analyses - Description of the Data

According to the lived experiences of migrants in our study, a crucial factor in transnational entrepreneurship is to what degree the home country's economy is integrated into the global



market. Economic openness plays a key role and a critical question is whether there are any regional or global trade agreements with other countries. It is crucial for migrant entrepreneurs to have a good understanding of the terms and conditions, before starting a business.

The interviewees experienced, in varying degree depending on national context, the home country as less transparent, more corrupt, and with a higher degree of nepotism due to the importance of the traditional bonds that connect people. Whereas Western countries were experienced as societies ruled by meritocracy and adhering more to the rule of law, particularly in comparison with interviewees' home countries.

Another important issue that most interviewees emphasized is whether the markets at home and in the host country are compatible with each other concerning products, And whether there are products in the home country that could be substitute or complement goods that are consumed in the host country. Many interviewees felt that they lack the knowledge and competencies to accurately identify these instances and some declared that economic cultural knowledge is so important that they would prefer to wait, even sometimes too long, to avoid the risk of loss due to investing time and money in non-profitable products. Other interviewees confirmed this to be one of the reasons why transnational entrepreneurs normally invest in products they are familiar with, in markets they have a good understanding of in the host country among co-ethnics or third-country migrant populations in general.

Another major obstacle, when considering importing from the home country, is product quality. It is not uncommon that the home country lack safety regulations and/or measurable quality standards, or lack implementation of the regulations and/or quality standards by the relevant home country authorities.

Product quality is not limited to the product itself. Typically it goes beyond objective quality and involves other conditions, such as where and how the production took place, environmental concerns, the social image of the home country product in the host country etc., as products in Western countries are embedded in cultural values and principles. Some interviewees expressed ideas of how they might meet Western standards, but at exorbitant costs making the adjustments too expensive to implement. It should be mentioned that a primary reason why transnational entrepreneurs import products from the home country to the host country is low cost: "If we lose the cost advantage, then our products are no longer competitive." one explained. The inability to identify quality characteristics valued by the host country market, rather than merely price, leads to opportunities likely to be overlooked.

The difficulty to interpret the host country's preferences appear again in other remarks from interviewees. Many indicated frustration at not being able to identify the market

differences in terms of style, taste and design between the home country and the host country. Others expressed their concerns on how to address it effectively. Some felt they would have to considerably modify their products in order to compete in the mainstream for the largest number of customers. From the perspective of most interviewees, products available in Western countries normally have a nice product tag, a recognizable company logo and a standard package. Often in contrast to products in home countries, people have their own preferences and taste, and a notable number of customers care about the brand story.

Dual citizenship is a subject that many of the interviewees turn back to repeatedly. It is not only about whether they have the passports of two countries, but more about whether, specifically, the home country respects the citizenship of the host country. Sometimes when host countries learn of dual citizenship, especially in cases when negotiating financing, it becomes a disqualification. At other times, authorities treat the dual citizen as someone who has turned away from his/hers own people. In some countries, those who left are treated as guests or traitors. Suddenly credibility, accountability, loyalty and sense of belonging are questioned. Furthermore, interaction in the informally institutionalised arrangements can be affected by the dual citizenship, with an attitude that the individual, given the chance, can run away and hide in the host country if things go wrong; leaving former friends and neighbours in the home country to rely on themselves, as they are the ones who would have to stay and face the consequences.

Another challenge is underlined by a knowledge deficit in both host and home countries. The interviewees described difficulties in finding out what, if anything, local and national governments in the host country have planned for improving entrepreneurial skills. Even when plans exist, or after participating in training regarding innovation and entrepreneurship, the authorities in the home country often have completely different perceptions than the host country of what that means. Very few people are capable of carrying out business planning and as a result they often underestimate transnational competitiveness. Furthermore, for those trying to engage with potential partners in the home country, there is a high possibility of the authorities using political reasons as an excuse to turn plans down. One interviewee said: "Having the passport of a Western country and a home abroad is a double blessing. It is good to feel at home in two different countries, but it is also a double-edged sword. In the West you are an African, in Africa you are a Westerner; in neither are you completely included. In the West, they think you are loyal to your home country, while in your home country they think you prefer others and are, of course, more loyal to them."

Running a business in the home country is certainly an economic activity. However, it is more radically impacted by the political environment than in the more likely to be stable, host countries. A certain degree of instability is to be expected in the home country, as people tend not to emigrate when countries are stable and jobs are plentiful. But in some countries the degree of instability, particularly repetitive experiences of instability, becomes the 'way of life' and is very difficult for those who remain. One interviewee said that: "Sometimes I got the impression that people back home were convinced that they were born to be underdogs.", confirming that ongoing political and/or economic upheaval reinforces the notion that one should give up and be resigned to accept what fate has brought.

It is thus critical for the success of entrepreneurial activities in any part of the world what kind of government is in power, regardless of whether they are locals, migrants or foreign investors.

A majority of interviewees disassociated themselves from any strong desire to return to the home country and settle down permanently. Most were primarily concerned about currency stability. Though some banks are reticent to provide bank accounts for foreigners, most migrants prefer to deposit their savings in the banks of Western countries, and those who hold a Western country's passport are more likely to be aware of their rights and duties as citizens. They wish to do business in the home country primarily because they want to improve their own and their families' economic situation both in the home and the host country. They would like to start a business and after that travel between the two countries. This requires finding someone local they can trust as a collaborator. It is extremely difficult. And family members are normally the first option in terms of the trust. But they are most often not the best candidate with the highest qualifications for running a business. For business people who haven't formally studied management, it is especially difficult to design a system that provides monitoring of remote functions at all times. Yet each business owner has to have insurance, legal contracts and adequate guaranties in place, in each business location.

Another obstacle noted by interviewees is bureaucratic regulations that either are not in place or operate in unproductive ways. If one abides by the bureaucratic regulations, the entrepreneur might just be the one who misses completion. One interviewee expressed it this way: "If a majority of drivers do not care about traffic regulations and simply drive in the opposite direction (than the correct one) on an autobahn, but you abide by the regulations, who do you think would get hurt?". There are also bureaucratic regulations with meanings and purposes that are simply not understood by the majority business owners.

An important issue for some interviewees is the specific relationship between their home and host countries: "Thank God, it is not always troublesome, but the risk is there...

suddenly all economic transactions get politicised....in that case, you'll be the loser." The entrepreneurs and the 'could-be entrepreneurs' seem to be more aware of the potential competitive advantages their home country can offer in terms of the level of wages, production costs and transaction costs: "If you can turn those general advantages into your own advantage, you'll be a winner; no matter if you are a smart migrant, Westerner or Easterner." one interviewee said and asked: "How come they can do it in China and India, but not in Morocco, Ethiopia and other places?".

### **Macro circumstances in the host country**

Even if the entrepreneur has formal citizenship, what counts as significant is whether the government and public institutions in the host country perceive transnational relations with the home country a positive or a negative characteristic. This perception is rarely about possible mutual economic benefits between home and host countries. It is more about the entrepreneur's loyalty to the home country becoming politicized for various reasons. When this happens on a general level, it has an impact on economic and transnational activities.

Consequences of the questioned loyalty could be difficulties applying for credit in the host country for doing business in the home country. The banks demonstrate an attitude '*of why are you coming to us if you want to do business in Africa or the Middle East?*'

Furthermore, on an individual level, a notable number of interviewees reported having experienced that co-ethnics automatically considered them as someone who will move back to the home country permanently when hearing that they are involved in businesses there. However, this is absolutely not the case. One interviewee explained that "the majority of successful third-country migrant entrepreneurs who do business back home are well aware of the privilege of being a citizen in EU countries, such as France, Spain, Denmark and Sweden. If they were to give up one of their two citizenships, I am sure the majority—maybe even all—will give up the citizenship of the home country".

The attitudes of the formal and public institutions in the host country towards transnational entrepreneurs seem to be understandable for many migrant entrepreneurs. Unlike the Western countries, developing countries have their own less sophisticated standards and procedures of creditworthiness, business survivability and other issues related to doing business. One interviewee described home countries as 'Banana Republics' where one never knows the prospective outcome of investments due to currency instability, sudden governmental decisions, expropriations and other unexpected government interventions. While

those incidents might rarely take place, some of the most important criteria are the perspectives of the three major credit ratings agencies (*i.e.*, Standard and Poor's, Fitch and Moody's) as well as the International Monetary Fund (IMF) outlooks for financial performance of national governments. The ratings given by these four institutions impact currency stability, bond rates and bank lending. But, more importantly, as one interviewee explained, is the deeply-rooted image of developing countries in the West: "It takes centuries or at least decades to change that image, but one piece of bad news is usually enough to jeopardise the whole thing overnight."

Loyalty as a theme related to the question of formal or substantial citizenship status was highlighted by many interviewees. It seems that doing business in the home country, or even expressing a desire to do so, is conceived as an indication of lacking loyalty toward the host country. One interviewee said that "it seems to me that they (public institutions and specifically the governments) want you all the time to prove that you are one of them, that you belong to them... there is a wide range of activities and attitudes that are considered as indications of the opposite. Unfortunately doing business in the home country is one of them."

Setting aside not being appreciated, it is not even desirable, accepted or tolerated that one can be loyal to two countries: "They demand your very soul. Arriving at the airport, sometimes you are approached by some civil servants, usually backed up by a person in uniform, who ask *"Where you've been?"* If you name one of those 'bad image' troubled countries, they treat you like a suspect....If you actually say that you've been doing business back home, you'll be in serious trouble", a university-educated male interviewee explained, "If you are a well-educated and highly- skilled person and wish to do business in your home country, they almost consider you as Prometheus, as if you were to steal the fire, the knowledge, the techniques, etc.", thus expressing a contradiction between the logic of Globalisation, on the one hand, and that of the Nation State and integration in Europe, on the other.

This scepticism is to be found on both sides of the border. "Just like in your home country they treat you like: *"What are you doing here, really..."* Obviously, it does not make sense to many of them that you say 'goodbye', even for a short time, to a life in the West, which in their eyes represents paradise on earth, only to settle down there... Everybody knows about the money, the education and the social status in the West."

With a long residence in Western countries, it becomes second nature to depend on the very high level of nearly always functioning technology because the infrastructure is there. That is certainly not the case in many home countries. "Doing business is a matter of waiting and waiting, waiting for permission, for stamps and documents and signatures—often in the specifically required colour of ink—that indicate approval of a license to operate. A lot

of bureaucratic rules exist; some being followed or other times not. Technologies in the home and host countries do not talk together, they are often not compatible... most probably because of the difference in cultures that fostered them.”

The lack of compatibility is not only about technological culture and infrastructure but also the products themselves. “I would really like to export things from here to my country... there are so many good things here, that I know they want and they don't have...but, first of all, they are very expensive; and second of all, the products are not compatible with what does exist in my home country, nor do they fit with the underlying culture...they, so to speak, do not fit as a brick into an already existing wall. These kinds of problems could be solved by transnational entrepreneurs, and has been solved through communication with the producers here.....but first, you have to climb over the suspicion and the scepticism... that also goes for private firms”, an interviewee reported.

Integration is a subject that heavily occupies transnational entrepreneurs. They are aware that the public and official attitudes in their host countries towards third-country migrant integration are changing, but not for the good, as many of them stress. The new attitudes create more suspicions towards people as well as other traditions and customs. “If one does not behave exactly as ‘they want one to’, it does not take a long time to ask you why you do not just go back to your own home [country]. People become less tolerant, that is not good for business...not for the business that we want to do... loyalty towards two countries, and two peoples... that is poison [for business in the host country].”

It is a widespread experience among the interviewees that being part of an ethnic community and having a large number of relatives whom you trust based on familial ties, is a great deal of help if you are involved in a small business, like a cafeteria, in your own neighbourhood in Copenhagen, Amsterdam or Paris. However, if you want to go international, it is not of much help, neither in your host nor your home country. If you are dealing with a businessman, they will evaluate and assess your qualifications, competencies, resources, efforts and business ideas. Bear in mind, businessmen [i.e., experienced and already successful entrepreneurs] behave almost the same [worldwide], regardless of language, race, colour, religion and country... “They don't open all the doors for you in Morocco and welcome you just because you happen to be a Moroccan... There are millions of Moroccans in Morocco. The only thing other parties care about is whether or not your business is going to make money”.

Some of the interviewees say that the importance of ethnic community is probably overrated beyond what's reasonable. Some even report that a strong ethnic community and

norm can be an obstacle when they want to think ‘big’; both within the diaspora and in the home country.

They further report that the attitudes of migrants towards their own home country are changing rapidly as a result of a long residence in the West. Fewer migrants are dreaming of going back because they received education and built their own independent lives and community in the host country. Unfortunately for the home country, these people are among the most successful in terms of education and participation in the labour market in the host country. A negative consequence is that more and more ethnic business owners who try to do business in the home country do not innovate. Without the interjection of new ideas from the diaspora—or elsewhere—the market for similar products/services in the home country becomes saturated. “Additionally, you find that remittances sent back to the home country are used to finance your immediate family's consumption....not productive activities.”

### **Migrant Transnational Entrepreneurship (MTE)**

There are many previous studies on migrant transnational Entrepreneurship (Dana, 1996; Davidsson & Honig, 2003; Drori, et.al., 2009; Jensen, et.al., 2014; Light, et.al., 2013; Mitchell, et.al., 2002; Portes & Celaya, 2013; Rezaei & Goli, 2016). Among all studies, the most established ones link MTE to ethnic business and diaspora. Portes (2002) defines transnational entrepreneurs as “...Self-employed immigrants whose business activities require frequent travel abroad ...”. Light (2016) delivers a more concrete definition “TNE involves entrepreneurs who slide back and forth across international borders to such an extent and with such frequency that they are said to be simultaneously resident in both places. TNEs are usually multi-lingual and they feel culturally at home in all the places where they operate. They frequently have more than one citizenship or, at least, a visa status that enables problem-free arrival and departures from airports.” Data for this paper indicates that the condition of ‘feeling culturally at home in all the places where they operate’ cannot be taken for granted as a premise, sometimes even quite to the contrary. Drori, et al. (2009) formulate a theoretical framework towards transnational entrepreneurship, by introducing five factors/approaches that influence the transnational entrepreneur's individual capabilities and resources:

- Agency. Highlights the transnational entrepreneurs' Embeddedness, both in contexts of home and host country;
- Cultural perspective. Views the cultural repertoires of transnational entrepreneurs’ use of their entrepreneurial actions;

- Institutional perspective. Focuses on the knowledge of the rules of the game that affect the performance of their venture. Studying TE from an institutional perspective will help one to understand the logic, actions, practices and rules that govern and coordinate organisational and human activities in certain national contexts;
- Power relations perspective. Transnational entrepreneurs' business strategies inherently bear political meanings and consequences. This perspective underlines the strategic position transnational entrepreneurs can obtain by leveraging the political context in both worlds. Thus, the dimension of power relations and the political context shape both the choice and the meaning attached to a particular form of transnational entrepreneurs;
- Social capital and network perspective. TE implies three domains for simultaneous network formation: a network of origin (ethnic, national), a network of destination, and a network of industry (Drori et al., 2009).

Inspired by Field and Capital Theory (Bourdieu, 2003), Drori et al. (Drori et al., 2010; Terjesen & Elam, 2009) establish the relationship between an agent and the context of the agent's surroundings, including the importance of success or failure of role models and peer groups on the formation of transnational entrepreneurship, which "... is grounded in the strength of relational economic geography" (Bathelt & Glückler, 2003) and evolutionary economic geography (Boschma & Frenken, 2006). Regional factors are conceived important because they shape: 1. beliefs about the desirability of founding a firm; 2. opportunities to learn about entrepreneurship; and 3. to build the abilities needed to succeed and the ease of acquiring critical resources" (Wyrwich, et.al., 2018). Like the field and capital theory, the important elements include primarily three core concepts: habitus, capital and field. It is argued that immigrants have been exposed to at least two cultural fields; that of the host and the country of origin. Hence, these individuals are able to combine their experiences and knowledge of both cultures together with their accumulated capital to form a dual-habitus, *i.e.*, an ability to navigate in the business world of both the country of origin and the host country. Authors' data deviates from this interpretation of the role of dual habitus.

Some of the aspects are already addressed explicitly in GEM surveys, namely the individual characteristics (i.e. perceived opportunities, perceived capabilities, fear of failure rate, entrepreneurial intentions, motivational index, high status to successful entrepreneurs, entrepreneurship as a good career choice) and several dimensions of the environmental aspects. The problem is that GEM data are not about MTEs and do not shed light on the intersection of



the three fields; it is about entrepreneurship in general. Although the majority of the parameters under the heading "Entrepreneurial Framework Conditions" in GEM data are of crucial importance for MTEs, important aspects of the national context at home, which according to our in-depth interviews are specifically relevant for migrant entrepreneurship, are not included.

### **Ethnic Entrepreneurship (EE)**

EE has long been one of the most prominent expression of functionality of the ethnic community networks. As far as the celebrated cultural and demographic pluralism in, for instance, EU countries is concerned, a tangible presence of third country immigrants in the public sphere is manifested through ethnic entrepreneurship and the lives around them. Featuring EE's underlying compatibility with transnational entrepreneurship, Rezaei and Bager (2003) illustrate the interaction between Global, National and Minority businesses.

Figure 2 Here: The interaction between the Global, the National and the Minority business systems

The authors' empirical data show clearly immigrants, in spite of their business priorities and activities on the surface appear to be ethnic-culturally embedded and generated, do have an instrumental attitude towards culture and tradition. Describing 'Ethnic strategies' including start-up as a business owner, Rezaei (2003) introduces, several factors of influence based on hundreds of qualitative interviews in European countries. The 'Ethnic strategy' is a result of reflection on the following aspects:

- Sufficiency alternatives: What are earning possibilities under the given circumstances? There are three possibilities: A. Being employed as a wage earner; B. Living on welfare payments; C. Being supported by spouse, parents, children *et al.*
- Market conditions: Refers to the conditions in the market at hand. A. Possibilities for ethnic products. B. Starting business within the mainstream (mainstream products).

- Ownership and property rights: Refers to the conditions for property rights and ownership. A. Are there vacant locations available? B. Is there competition for locations? C. Which political/formal institutional conditions have to be met prior to action?
- Other determinants: A. The degree of your mobility? B. Possibilities for inclusion in government priorities with regard to selective migrations and ownership? C. Are you motivated enough?
- Resource mobilisation: A. Are there any ethnic community members around? B. How is your accessibility to this ethnic network/community? C. What are the relevant public priorities in the field?

### **The compatibility between Ethnic and Transnational Entrepreneurship**

The strong co-ethnic networks, which is the engine of the development of ethnic business, simultaneously becomes the equally embedded substantial inhibitor and weakness. Due to the very close (often family, relatives and co-ethnic) relations and the reproduction of exclusionary trust with few, if any, structural holes (Burt, 1992; Rezaei and Goli, 2009; UWT, 2009; Rezaei, *et al.*, 2013), ethnic businesses are believed to be at risk of becoming clustered spatially. With regard to breaches, they are usually enslaved and encapsulated in ethnically and divided identical sectors and businesses into relatively deprived residential urban areas. Short-run competitive advantages are obvious while opportunities for breaking out with regard to location, product, ownership and customer profiles are limited (Rath, 2011; OECD, 2016).

In the social capital framework presented by Putnam, EE is, as it has developed, partly based on vertically (as opposed to horizontally) structured and bonding (as opposed to bridging) of trust relationships. EE makes it possible for ethnic minorities to get by and simultaneously hold them back from getting ahead, prohibiting members from competing on larger scales, where there is much more potential, information, knowledge, skills and start-up finances available (Whitley, 1992).

In many Western countries, over decades the phenomenon of EE has been rather dominantly perceived, framed and explained by host countries' public institutions and NGO's. EE is an expression of primarily unskilled, under-educated and less integrated third country migrants' first choice. On the other hand, EE can also be an expression of the overeducated, under-skilled and better-integrated third-country migrants' second as well as third choice, or even last resort in case they do not apply or fail to be hired for jobs in the mainstream labour

market. Comprehensive quantitative data indicates unambiguously that the overeducated, under-skilled migrants in ethnic businesses are not among the most successful (Rezaei and Goli, 2006, 2007, 2009, 2011). Quite to the contrary, when speaking of the typical third-country migrant business operator, the individuals with least or no formal education are likely to perform better. The reason is that the qualifications required to run an ethnic business are of a completely different nature than those required to do a good job in mainstream business and certainly transnational entrepreneurship (Rezaei, 2007; Nielsen, 2007).

The tendency towards perceiving EE as the last resort for the less-integrated, poorly educated third-country immigrants can be expected to become even stronger in the future due to the rise of the so-called Competition state (Genschel and Seelkopf, 2015; Pedersen, 2013) and the so-called Performance society (Petersen, 2016).

There is no doubt that strong ties dominate those processes and outcomes. The question is where these particular features and dynamics of EE, as it has developed in European countries, become the suitable engine for transnational entrepreneurial activities.

To answer this, it would be necessary to know which wage-earners could become transnational entrepreneurs (i.e. status change); and, who and how among ethnic entrepreneurs could go from 'Necessity entrepreneurs in the host country' to 'Opportunity entrepreneurs in the transitional arena' (i.e. quality change). The following groups have been identified with regard to status and quality changes:

- EEs with no or very low level of education and skills acquired in the mainstream labour market who are still operating ethnic businesses, where the employees (if there are any), customers, products and the business location are predominantly homogeneous;
- EEs with no or very low level of education and skills acquired in the mainstream labour market who have expanded their business footprint, but remained within the same line of business; e.g. from small café or restaurant to mainstream café or restaurant, with employees still predominantly co-ethnics;
- The overeducated and under-skilled EE who return to work as wage earners, due to increasing job openings in the wake of economic growth;
- The overeducated and under-skilled EE who continue to work in their own business in hopes of expanding within an equivalent line of products;
- Third-country migrants who have been working in the mainstream labour market as wage earners, divided into two sub-categories:

- Employed as civil servants in the public sector (recognizing that the public sector can be divided into many subcategories dependent on the services delivered. E.g., delivery of social services is completely different than providing healthcare or operating railways);
- Employed in the private sector (with a regard for the characteristics of the particular business sector where the individuals were employed).

Prior research on transnational entrepreneurship indicated clearly (Stenholm, et.al., 2013, Tang, et.al., 2012, Waldinger & Fitzgerald, 2004, Waldinger, et al., 1990, Whitley, 1992b) that major differences at the individual level, where self-motivation, entrepreneurial commitment and alertness are decisive factors in relation to environmental dimensions (Mitchell, et.al., 2002, Jensen, et.al., 2014, Kloosterman and Rath, 2003, Light, et.al. GEM, 2015, Hu and Ye 2017).

The individual's motivation or lack of motivation can be divided into three main subcategories related to the advantages and disadvantages of social capital, human capital and entrepreneurial mind-set. Furthermore, the motivations can be roughly typified as intrinsic or extrinsic. Some immigrants are extrinsically motivated to start a business because, for them, it was the only way to work legally in the host country, e.g. Czech Republic (Goli, 2016, OECD, 2006). Intrinsic motivations include the 'economy of self-fulfilment' (Bögenhold, 1991). Not only conceptually but also with regard to formal institutional efforts to foster, improve and support the fields of EE (Rezaei and Goli, 2009). A categorisation of individuals can be made alongside two aspects: Those who 'can' as the consequence of the sum of human and social capital that they possess or can access; and those who 'choose to', *i.e.* those individuals who are motivated to become a transnational entrepreneur. These characteristics are illustrated as a matrix illustrating both outcomes: 'Those who can' (horizontal axis) and 'Those who choose to' (vertical axis), as seen in Figure 3.

Figure 3 here: The 'Can' and 'Wish to' model

Those who both can and choose to are either already running their businesses or won't have any extraordinary problems establishing themselves as such, as far as their skills and resources match the business they wish to establish. They have the competencies for the specific business they wish to develop, and they have access to finances either through their networks or through banks, according to their economic viability, and they are motivated. This group of individuals would be in need of assistance with regard to growth, or probably breaking-out. They need

more structural holes as well as coordination between several influencing factors. Entrepreneurial skills training requires some two to four years of training to reach the level of having a product/service to present to potential investors. At the end of that term, it is still not certain that the team will be successful. Often, multiple products/services are developed before a 'winner' emerges. Success requires an effectively functioning entrepreneurship ecosystem involving several factors (Isenberg, 2010).

Essentially, all categories of individuals interested in entrepreneurship require training:

Those who *can* but do not *wish to*, have to first be motivated. After that, training can begin;

Those who *cannot* but *wish to*, have to be helped acquire the necessary competencies. These individuals are most likely to succeed. Throughout the training, they accumulate skills and ideas, and potential investors would, based on assessments and evaluation of this development decide whether or not to make investments in further development.

And finally those who *cannot* or *do not wish to* should have access to training. Not everyone who is trained will be a successful entrepreneur. Some want less responsibility or more socialization than working in a small unknown start-up and sometimes a student starts the learning process with a great idea, but by the time they've completed its development, the financial market has changed and no funds are available, or at least not at a borrowing rate that makes the product/service viable. Training and motivation are important, but success is also dependent on a number of external factors. Therefore, contingency plans need to be considered when indications of severe changes to the financial markets might be approaching.

Both the ability (self-efficacy) and the wish (entrepreneurial motivation) to become a transnational entrepreneur is according to our interviewees' experiences influenced by the particular perception of loyalty that is embedded in integration policy discourses in host countries.

## **Integration**

The beginning of the new millennium was also the beginning of tremendous changes in the discourses on the integration of third-country immigrants in European countries. The changes can be characterised as a gradual paradigm shift (Goli, 2002; Rezaei and Goli, 2011), or at least serious challenges to the migrant integration paradigm that previously dominated European migration and integration policy. The institutionalisation of the new discourses is taking place incrementally as institutional changes (Hall, 1993) usually do.

There is no doubt that hijab, niqab, halal and haram, radicalization, forced marriage, honour or shame killing, parallel society, ghetto, social control, challenges to gender equality and to interactions in labour market, hate crimes, circumcision of boys and girls, forced re-education journeys to home countries, gangs and crime, and challenges in schools and welfare system and other social spheres have not only been added to our vocabulary but also debated intensively as top issues of concern in societal and media discussions with top-level politicians' participation.

Parallel to this, European responses to these challenges, as well as challenges of international migration in many cases, have been the revival, reinvention and protection of the national identity and national borders. Cultural relativism and multiculturalism as perspectives, principals, and policy-making premises have been losing ground around Europe (Blaschke, 2005). This development is likely to influence the (temporary or permanent) return migration and the motivation to go transnational, but there are plenty of intertwining factors. Research indicates that demographic characteristics of migrants, such as age, gender, marital status, and education are the major conventional control variables in quantitative analyses of return intentions. Conversely, Carling and Pettersen (2014) reported a nonlinear effect of educational attainment on return intentions (Bird & Jelinek, 1988); more specifically, migrants with very low or very high levels of education have the lowest odds of intending to return. The much celebrated brain circulation does not seem to apply to migrants residing in Europe.

Strong integration in the host country and strong transnational (not necessarily entrepreneurial) activities could create the preconditions for becoming entrepreneurs, because moving back and forth between home and host country will develop dual habitus and knowledge, both being dynamic phenomena. Maintaining and developing the dual habitus depends, as Barry illustrated in his Acculturation model (Barry, 1997) on whether the migrant community, as well as the majority society, consider the maintenance of one's identity and characteristics (dual habitus and dual loyalty) as valuable.

Sheffer (2003) put the question of loyalty orientation at the middle of individual immigrants and dependents' integration strategies, operating with 3 different kinds of (dynamic) loyalty strategies: at the beginning (arrival) the individual immigrant demonstrates a so-called ambivalent loyalty. The decision on whether the immigrant's loyalty would evolve into divided or dual loyalty (in our context loyalty toward home or host country) is dependent on five internal (to the ethnic community) circumstances that are interrelated and mutually reinforcing:

- The minority group's identity and identification;

- The intensity of the emotional belonging in the group;
- The group's collective strategy towards Assimilation or isolation;
- The intensity, scope, and extent of the transnational networks;
- The degree of group organization.

Sheffer (2003) argued: "[...] Of these two sources of influence on loyalty patterns (the internal and external factors), the social and political situation in host countries is the more potent one... Thus, for example, greater openness and porosity of borders, substantial tolerance toward "the other" and "otherness," enhanced legitimacy for multiculturalism and pluralism and societal acquiescence in the establishment of diaspora communities and organizations, including diaspora transnational networks, are likely to promote diasporas' dual loyalties." The following is only one example of a vast number of incidents that find their ways to media and public debate and questions third country migrants and descendants' loyalty towards the host country:

"The German Football Federation (DFB) has criticised its internationals Mesut Özil and Ilkay Gündogan for posing in photos with Turkish President Recep Tayyip Erdogan. - Are we supposed to be impolite to the president of our families' homeland?" Özil asked, "Whatever justified criticism there might be, we decided on a gesture of politeness, out of respect for the office of president and for our Turkish roots", he said, "it was not our intention to make a political statement with this picture".

Loyalty, surprisingly enough, is not, however, one of the parameters by which we in Europe usually measure integration. Mipex (Migrant Integration Policy Index) is the most comprehensive measurement of integration, covering 38 countries, alongside 8 indicators and 167 dimensions, providing a comprehensive assessment of the status quo in integration policies in different countries. The indicators include circumstances and conditions that influence migrants' participation in labour market mobility, education, and political participation, access to nationality, family reunion, health, permanent residence and anti-discrimination. Mipex' data primarily cover what government and public institutions do in order to improve the integration of migrants. The core of the Mipex study is the concept of citizenship, transnational citizenship, and its complications, but it almost exclusively addresses conditions for formal/nominal citizenship (Bauböck, 1994), excluding aspects that have to do with substantial citizenship, such as sense of belonging, actual utilization of participation rights etc. Seen in Honneth's theoretical framework that with regard to the question of recognition goes way beyond the formal/nominal

citizenship, legal right is only one: "...legal recognition split off from the hierarchical value order insofar as the individual was in principle to enjoy legal equality vis-à-vis all others". The individual could then – certainly not in actual practice, but at least according to the normative idea – know that he or she was respected as a legal person with the same rights as all other members of society, while still owing his or her social esteem to a hierarchical scale of values – which had, however, also been set on a new foundation. Studying some of these substantial aspects is possible within the theoretical framework that was not originally designed and presented in relation to migrant integration, but will, we believe, make a great deal of sense, namely the 3 fields/spheres of recognition that are presented by Honneth.

The integration discourses' social practices (Fairclough, 2013) at the institutional level of kindergarten and schools, where the secondary socialisation in the values of society and in interactions with peers and authorities take place has an impact on the development of self-confidence and self-efficacy (Bandura, 1977, 1988). But an even more important sphere of recognition for developing self-efficacy and motivations for actions is what Honneth frames as 'self-respect' and 'self-esteem'. Self-respect has less to do with whether or not one has a good opinion of oneself than with one's sense of possessing the universal dignity of all persons. It is about recognition of an individual's status as an agent capable of acting based on reasons closely attached to what Habermas terms 'discursive will-formation'. Self-esteem as a product of recognition, on the other hand, is about developing a sense of what it is that makes one unique, and cannot inherently be based on a set of trivial or negative characteristics, but on something that is regarded valuable. "It comes then as no surprise that members of denigrated groups have enormous difficulties being perceived in anything but stereotypical ways" (Joel, 1996). Even if this socialisation in values and proper modes of interaction is successful, there will still be challenges going transnational. "Another important issue is whether immigrants who are established in advanced countries would be motivated to settle down permanently or for a longer period of time in less advanced homelands:...For someone already residing in an advanced country, deplorable social conditions in the developing world are unattractive. That case offers no lifestyle compensation for accepting the unpleasantness of the shuttlecock lifestyle" (Light, 2016).

These differences are not the only ones. Applying Schein's model (originally exclusively applied to studies of organisational culture), one could say that MTEs, when in the homeland, are on a daily basis confronted with or challenged by a myriad of cultural phenomena that only they (due to the fact that they can compare to the equivalent practice in the host country) can elaborate explicitly on. Schein's model includes three interacting layers of cultural



traits that characterise organisational (in our respect community) practices and relations including business relations: 1. Top level/layer is Behaviours and artefacts, which refer to the manifest level of culture, consisting of the constructed physical and social environment of an organization. 2. Middle level/layer is Espoused values. The constituents of this level of culture provide the underlying meanings and interrelations by which the patterns of behaviours and artefacts may be deciphered. 3. Basic underlying assumptions that refer to the unconscious that is taken for granted as an acceptable way of perceiving the world. They are embedded in the social practices, leadership practices, and work traditions.

In order to grasp the fundamental cultural issues, it is inevitable to include Hofstede's operationalization of fundamental cultural dimensions that transnational entrepreneurs meet when attempting to operate in the home country. Our data indicate that the scope and the intensity of these dimensions are far beyond the simple notion of dual habitus. Fundamental differences with regard to power distance, collectivism vs. individualism, masculinity vs. femininity, uncertainty vs. risk willingness and innovation (Brockhaus, 1980), short-term normative orientation vs. long-term orientation, and restraint vs. indulgence, that they meet is not getting easier to accept and operate within solely because of awareness of their existence.

## **Conclusions and Perspectives**

Following the experiences of 'Actual Transnational Entrepreneurs' as well as the 'Could Become Transnational Entrepreneurs' expressed in the empirical data, we have scrutinised the core dynamics respectively, and the compatibility between the fields of EE, MTE and Integration discourses. Being the first study of this intersection, it is too soon and too daring to conclude unambiguously based on our relatively limited empirical data. We see the modest contribution of this study being number one asking new questions/generating a new hypothesis, and number two opening up for the inclusion of theoretical concepts and frameworks that originally were not designed to study transnational entrepreneurship.

In spite of the limited scope, our study indicates rather clearly that a different kind of comprehensive research of circumstances around MTE is needed and has to include simultaneous studies of host countries' integration discourses, home countries' socio-cultural conditions, and their respective attitudes towards the question of loyalty. Furthermore our empirical analyses indicate that EE is, opposite to what is usually imagined, far from the suitable engine of the business and societal change that is inherit and appealing in MTE. Our empirical analyses also point out that currently developing integration discourses in Western

countries do not bring about or support the kind of conditions and attitudes that foster and encourage transnational activities including transnational entrepreneurship among migrants and descendants. In order to study the intersections between these fields we will need a much more comprehensive comparative research design, which among other dimensions should map which host countries different migrant entrepreneurs (who operate or wish to operate in the specific home country) come from, what the net benefit is for specific home and host countries, and how fostering and supporting mutually beneficial developments are formally and informally institutionalised.

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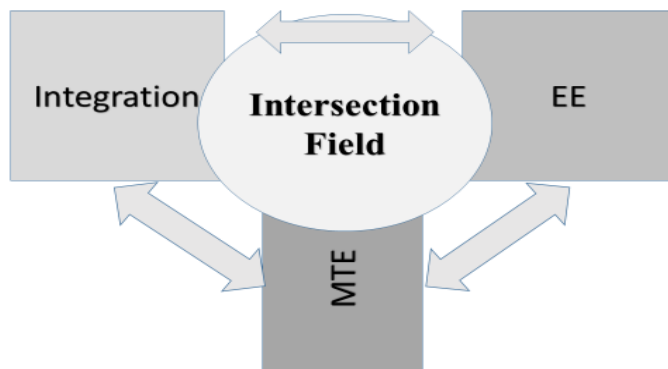
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- Michael Wyrwich, School of Economics and Business Administration, Friedrich Schiller University Jena, Carl-Zeiss Strasse 3, 07743 Jena, Germany.
- Rolf Sternberg Institute of Economic and Cultural Geography, Leibniz Universität Hannover, Schneiderberg 50, 30167 Hannover, Germany.

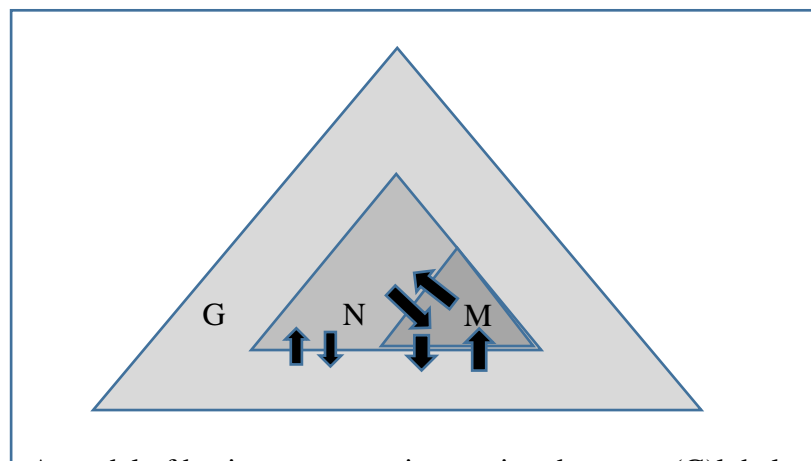
Figure 1: The practice field



The intersection field as a practice field

Source: Authors' own work

Figure 2: The interaction between the Global, the National and the Minority business system



A model of business system. interaction between (G)lobal (N)ational (B) and (M)inority business system

Figure 3: The “Can” and “Wish” model:

