Something New, Something Used, Something Borrowed: Innovation of Migrant Entrepreneurs in the Service Sector
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SUMMARY (ENGLISH)

Innovation practices contribute to the socio-economic development of a society, but research on the role of migrant entrepreneurs is still developing. This study looks at the intersection between innovation and entrepreneurship, focusing specifically on migratory experiences translated into business ideas. This research explores the elements in those businesses ideas that are new, those that are adapted from other contexts and those that are being shaped by the interaction with people around the entrepreneur.

The service sector was chosen because of its importance to individual customers and corporations in the present day. The presence of migrants as workers has been already studied, and their role as owners of companies is usually limited to the lenses of ethnic-based markets or the low-end of the opportunity structure. In this study, I look at the novel business ideas in the services provided by migrant entrepreneurs in a broader opportunity structure. The main theoretical inspirations come from the model of diffusion of innovations and the approach of mixed-embeddedness, as can be read in Chapter 2. The main argument is that businesses using innovation as a strategy are influenced by a variety of factors: i) individual characteristics, ii) the relation to innovation in terms of ideas transformed in products, iii) the local context in the receiving societies, and iv) the role of social connections. The research questions focus on each of those four theoretical contributions organized as building blocks. Each building block corresponds to important aspects that explore innovation and entrepreneurship, with the particular look at the case of migrants who are, at least in a first stage, outsiders in a receiving society.

This study identifies economic innovation as incremental, which can be seen in products, production of services, internal organisation of a company or marketing strategies. At the individual level of entrepreneurs, novel business ideas are said to be influenced by three main aspects: a) the educational background or work experience in other societies providing business ideas that are new for the specific sector where they operate; b) the financial means to test new services and face the unknown response of the consumers; and c) the diverse social groups contributing to create safe zones for the entrepreneurs.

To fill the gap of research about innovation among migrant entrepreneurs, the study looks at two empirical cases. 70 interviews in Brescia, Italy and 41 interviews in Amsterdam, the Netherlands are used to explore innovative business ideas based on the migratory experiences of entrepreneurs. In each of those cases, the collected information provides a deeper insight into the conceptual relationships of the theory. One case was looking at the relationship product & entrepreneurs, the other looked at context & entrepreneurs, and both looked at the connections & entrepreneurs.
The methods for data collection as well as for data management and data analysis are described in Chapter 3. Given the situation that each case explored complementing facets of the concepts, two parallel, but cross-fertilized, processes of data collection and analysis were used. Interview guides, in Italian and in English, were used to collect information. The analysis of the interviews was centred on aspects related to their personal situation, the situation of the company, the description of their services, their migratory experiences and the circle of business connections around them.

Chapter 4 looks at the relation of product & entrepreneurs using the empirical case of Amsterdam. Incremental innovation is identified, drawing upon a framework of five features: relative advantage, compatibility, complexity, trialability and observability. Migrant businesses adapt new goods and services that a local population does not have, using past experience accumulated in terms of education, work, migration and cultural practices. The results show two types of innovation: the use of digital technology in the form of marketing innovation, and the use of cultural traits in the form of product and production innovation. The English-speaking segment of the market benefits from digital technology that is used by the “expat community”. The cultural traits provide familiarity as the core of the service, with traditions embedded in the language, behavioural traits and social interactions.

Chapter 5 looks at the relation of context & entrepreneurs using the empirical case of Brescia. Despite the existence of programmes of support for innovation, there is a lack of incentives targeting foreigners who want to introduce innovative business practices in the region. Migrants’ services target the mainstream local market by using the Italian language for business purposes and competing, usually in price, against other service providers. The dispersion of immigrant communities in the region generates an intermittent demand for their services among people with the same ethnic origin, so their business activities struggle and survive on a small scale. Additionally, migrant entrepreneurs use their time for other activities to facilitate the individual adaptation of their human, social, financial and cultural capital to the receiving society. The relationship between migrants and locals shows incipient incentives for face-to-face communication channels to bring information that could be novel for locals. Also, migrants use digital communication among entrepreneurs of the same, or culturally close, ethnic origins, such as Facebook or WhatsApp groups to exchange information about prices, providers and regulations.

Chapter 6 looks at the relation of connections & entrepreneurs using both cases. The results show that both similar and diverse networks are needed, the former to develop and test business ideas, and the latter to implement and expand them. There is a knowledge stage where ideas are developed, being described by the interviewees in the case of Amsterdam and showing favourable conditions for the creation of innovative ideas. Migratory experiences contribute to the adaptation of innovative ideas to this urban location, together with the influence of networks with similar people with high levels of education, adequate work experience, and sufficient financial means. Besides, migrants have created an advantageous position in the local market with the creation of (Dutch) local business contacts. There is a decision stage, using the interviewees in the case of Brescia, showing a limited implementation of innovative business
ideas. It is the attributes of the connections, rather than the number of them, that is important for this context. Connections with people of a similar cultural background, younger than the entrepreneur and of the same sex suggest a lack of expertise and support. Entrepreneurs are discouraged and constrained from implementing innovation, and favour the replication of business ideas from the competition.

To conclude, chapter 7 shows the different impact of the introduction of innovations by migrant businesses. There are certainly intended positive consequences, such as high revenues for the entrepreneur, or a better way of doing things. At the same time there are unintended consequences such as the replacement of less efficient, but traditional, niches, or changes in cultural traits. For further studies, the above-mentioned factors ought to be considered when looking at the incorporation of novel business ideas in local economies. The findings using the four building blocks contribute to understanding the motivations, aspirations and potential of migrant entrepreneurs who are able – or not – to adapt innovative business ideas to their receiving contexts.