

INTENTIONAL IMMIGRANT ENTREPRENEURS

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Principal Topic

Over the last decade or more Australia, New Zealand, and Canada are amongst countries which have sought to attract skilled entrepreneurial migrants as they contribute to the development of the economies of these nations (Hunter, 2007). Since 1999 New Zealand has issued business migrants with Long Term Business Visas (LTBV) which require them to implement their approved business plans within nine months. After three years they may apply for residency as entrepreneurs. This study seeks to identify which forms of capital entrepreneurial migrants rely on to establish their businesses during the critical start-up stages.

Few studies exist on intentional migrant entrepreneurs for three reasons: they are a comparatively recent phenomenon; there are fewer intentional migrant entrepreneurs; and they are difficult to identify within the mainstream population. Marger (2001a) described the bypassing of ethnic communities by well resourced, intentional migrant entrepreneurs in Canada, and Ley (2006) noted similar behaviour by Korean migrant entrepreneurs. This behaviour contrasts with the majority of ethnic migrant entrepreneurial literature which describes business migrants' experiences embedded within migrant communities (Kloosterman & Rath, 2003; Waldinger, Aldrich, & Ward, 1988). This study seeks to contribute a New Zealand perspective to the literature as it examines a group of intentional migrant entrepreneurs who entered New Zealand on a LTBV to qualify for residency as an entrepreneur. LTBV migrants

must focus on establishing a business within nine months despite having few social networks or connections.

Methodology and Propositions

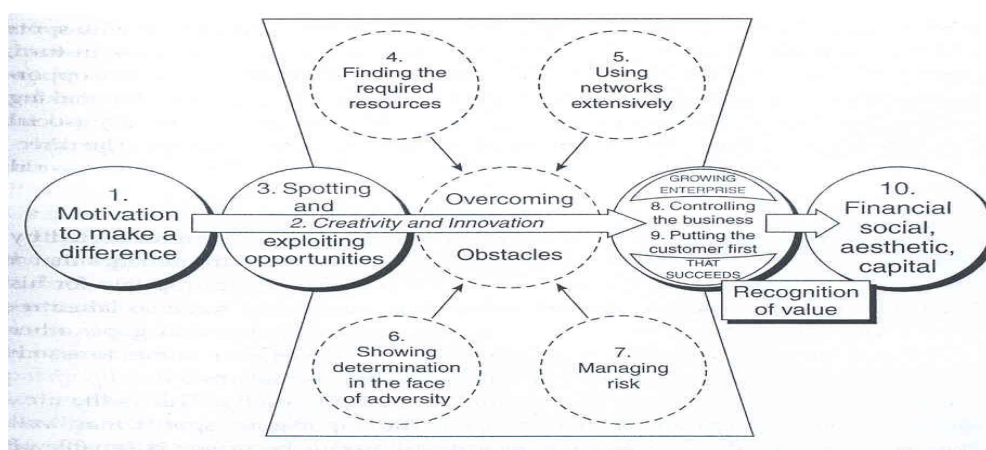
The New Zealand Department of Labour provided access to the LTBV database to request volunteers to be interviewed for this study. Fifteen LTBV migrants were interviewed from the 34 who initially responded. The interviews focused on three early stages of the entrepreneurial process: the migrants' experiences and preparation prior to arrival in New Zealand; their first nine months prior to the opening of their businesses, then the establishment phase of their businesses. In particular, it asked which strategies were used by the migrants to offset their lack of social networks and overcome obstacles to establish their businesses. One proposition was to ascertain whether human capital was a decisive factor in the establishment success of the intentional migrant entrepreneurs. A second proposition suggested that social capital was less significant than human capital in the start up stages for LTBV migrants, but becomes more significant once the business is trading.

Surprisingly, despite the statistical predominance of migrant settlement in Auckland, only three of the interviewees who volunteered for this research lived in Auckland. The others were scattered throughout New Zealand which necessitated phone interviews rather than face to face interviews. The interviews were recorded with permission and transcribed. The transcripts were then analysed in terms of the markers for social, human and cultural capital described in the literature.

Canadian migrant researchers Marger (2001b) and Ley (2006) noted that some business migrants, particularly Korean, chose to bypass their ethnic communities and establish themselves directly in mainstream markets. It was identified that these entrepreneurial migrants relied principally on their human capital, and the economic resources they brought with them. Human capital, defined as a person's education, training, and business experience (Becker, 1975) was evident in the migrants' business experience, and training. As part of the LTBV each had had to prepare an effective Business Plan to implement once their application was approved.

The *Entrepreneurial process diagram* (Bolton & Thompson, 2004), see Figure one, depicts the information needs, especially in the early stages of the start up process. It describes the attributes required of an entrepreneur including the motivation to start a business, the ability to identify opportunities, adequate problem solving skills to overcome obstacles and the necessary persistence. The decision to migrate and start a business in a new country indicates motivation to make a difference.

Figure 1. Bolton & Thompson (2004) Entrepreneur process diagram.

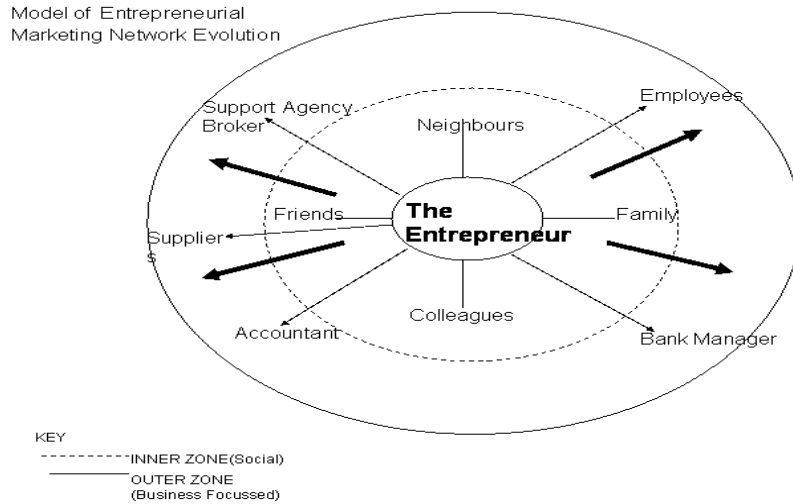


Migrant entrepreneurs often have to think laterally to identify business opportunities when confronted by new situations created by their relocation. It is challenging to meet a nine month deadline within a known context and culture, but more demanding when in a different country with few contacts and connections.

Cultural capital is defined as the artifacts of a culture, including the language, the way of thinking, and problem solving (Bourdieu, 1986), Migrants interviewed reflected a range of cultures from the United Kingdom, the United States, South Africa, China, and Korea. English language and Western business culture need to be acquired by migrants from non-Western countries (Fletcher, 1999; Forsyte, 1998).

The *Entrepreneurial marketing network evolution model* (Hill, McGowan, & Drummond, 1999), see Figure two, depicts the network development from an inner circle of trusting friends, family, colleagues and neighbours who often sustain the earliest stages of a business, to an outer circle of professionals including bankers, accountants, and lawyers who provide the compliance and financial advice required to establish and sustain an enterprise.

Figure two Model of an Entrepreneurial marketing network evolution (Hill et al., 1999)



Migrant entrepreneurs seldom possess networked resources of friends, family, neighbours and colleagues available to non migrants, and do not have time to develop networks in ethnic communities. To overcome obstacles migrant entrepreneurs must employ a range of strategies to access information and link to mainstream networks.

Results and Implications

Strategic networking behaviour was undertaken by most of the entrepreneurs. Social capital was indicated by the numbers and types of contacts migrants had in New Zealand, and also by their networking behaviour. Almost all migrants were aware of the need and value of networking to promote their business, but had to balance time spent networking with time allocated to establishing their businesses. Strategic networking options included finding a New Zealand partner to work symbiotically with supplying equipment, tailored to the needs of his New Zealand partner's niche contracting business, from the migrant's home country. One migrant met his future New Zealand business partner at annual trade fairs in Europe. The highly specialised skills brought by this migrant enabled the New Zealand company to expand into the

Australian market. One person bought a franchise from a school friend who had migrated to New Zealand several years earlier. Joining a family member in the hospitality business attracted another, but when other factors interfered with the success of that business, the migrant reverted to her research expertise to fill a vacuum in rural New Zealand. One person was so successful overseas he felt it was necessary to move away from his business to enable it to grow. After negotiating potential contracts, he brought his expertise to New Zealand to radically improve the safety of a major mode of transport.

Key informants helped to guide migrants while they established their businesses within nine months, by providing local knowledge and introducing migrants to relevant people. In one case a real estate person stayed in touch after the migrant had made a sortie to explore New Zealand's potential. In another case marriage to a New Zealander with family members who ran small businesses provided relevant information. Business partners were very useful especially when the relationship had been established over a number of years. One couple working to attract different tourists to an area later learnt that their neighbours had visited the local immigration office to positively influence their migrant neighbours' visa application. Interestingly, accountants, lawyers and bankers were seldom identified as being particularly helpful.

Migrant health professionals in a small, but strategically positioned, country community, introduced a variant on a well known form of therapy. They promoted their service by meeting with complementary health therapists and doctors, offering to exchange services to enable the professionals to understand precisely what the migrants were offering. One became involved with a community service group and promoted their therapy through its networks, while participating as an active member in the service club. The therapists recognised that initially business would be slow until they established their reputation, so used the time productively to introduce their therapy to key members of the community (GB6M transcript, 2008). This fits with Bolton and Thompson's (2004) *Entrepreneur process diagram* where entrepreneurs use networks extensively to help find the required resources, in this case both customers and the health professionals likely to make referrals. While some claim that business is the same anywhere, New Zealand's small markets means that word

spreads very quickly with both positive and negative news. Most migrants were very aware that all their work was scrutinised by the community.

An internet service provider strategised to raise her profile in her regional community. She did this by accepting small contracts initially to 'buy the business' (GB1F transcript, 2008) and establish a name for her business. She elicited genuine, positive testimonials on her performance which she incorporated into her website. She deliberately attended business functions to meet and greet as many of the local businesses as she could. As she employed staff she encouraged them to network just as effectively to achieve her goal to be recognised as one of the top two service providers in a growing agribusiness region.

Another business migrant planned to open a multi-purpose tourism hospitality business incorporating the outdoor challenges he wanted for himself and his family. He examined a map to locate a desirable location, beside an adequate traffic flow, and with minimal competition, He developed social capital by tapping into local tradesmen networks who responded very positively to his redevelopment needs and vision. Both he and his wife joined local groups, including the school trustees and the volunteer fire brigade, creating access to the local networks. Prior to the official opening of his restaurant he invited small groups of a cross section of his community to come for a free meal, to provide formal feedback on the food and the service. After opening, one night a month was provided as a fundraiser in which the profits were split with the local charity who promoted it. He estimated that he put over \$15,000 back into the local community through these fund raisers in his first year, despite the low average income in the area, and the small population (GB7M transcript 2008) Variations on these stories came from many of the migrants demonstrating how they developed their social capital by selecting a local community which reflected their interests. Other migrants' interests included surfing, mountain bike riding, and environmental interests which reflected their attraction to New Zealand. Their community contributions through these interests helped to integrate these migrants into local networks.

Other migrants strategically involved themselves in their communities, associating themselves with organisations of their choice which also served to enhance their

reputation. While they used the inherent social capital of networks to increase their profile, it was their human capital which drove their networking strategies. Having limited time and energy, the migrants used their business experience to successfully strategise the most effective application of their time and communication skills to develop their networks. This ensured the best result for them within the imposed deadline.

Human capital proved a critical resource to overcome obstacles and deficits in cultural and social capital. Human capital involved not only the migrants' formal education and training, but also their international, entrepreneurial, and business experience. The migrants' professions included a doctor, a lawyer, an engineer, a chef, a technology specialist associated with wine and fruit drinks, and several with specialist internet skills. Most had been self employed or run their own businesses. Particularly evident was the level of self confidence used to solve problems. None saw themselves as risk takers as they had such self confidence in their ability to do their research, to anticipate and resolve issues. Needless to say they were very positive. They were also able to identify opportunities not recognised by others. All these attributes fit with the Bolton and Thompson (2004) *Entrepreneur process diagram* in Figure one.

Business immigrants pride and determination in problem solving, underpinned by a high level of self confidence became evident when sometimes the first plan had to be revised in the light of new information on arrival. One newly arrived entrepreneur boldly approached those involved in the Asian fish importing business seeking opinions about the business potential of importing particular fish into New Zealand. "You must be fearless and ask anyone questions" (K1M transcript, 2008). Within nine months he had his business open and, shortly after had taken business away from his two largest competitors.

Deliberate strategies to acquire sufficient New Zealand cultural capital also surfaced. In some cases key mentors were used to offset the deficit of local cultural knowledge and social connections. This was critical in the first nine months of business establishment when migrants applied focused, strategic networking to provide immediate results, and longer term networking was also implemented. Cultural

challenges were immediately evident for the migrants from China and Korea who had to master sufficient English to undertake their business successfully. One migrant had visited New Zealand many times to do business over more than a decade before deciding to migrate. He was assisted by a New Zealander he met by chance on his first visit who helped to 'translate' English into English for him. The New Zealander effectively acted as an intermediary whenever the Asian migrant needed to undertake some business negotiations. The friendship continues over 15 years later.

Another migrant chose to take his family to a Pacific nation for two years to enable them all to develop their spoken English skills. While there he established a fishing business, which he had to wind up when later migrating to New Zealand. He identified speaking English as being the biggest obstacle he had to face. He continues with businesses in his homeland and in Singapore, while opening a new business in New Zealand. While only two migrants founded businesses associated with their communities, one of these recognised that the influx of immigrants from South Africa, clustered on Auckland's North Shore, provided a market opportunity for his speciality of a wide variety of dried meats, or biltong. Half of his production is locally consumed, and the other half is ordered on-line and is distributed throughout New Zealand and overseas. His social capital is created through his cultural networks, through which he provides services to his community and to individuals in need.

Settling in a small community can bring cultural challenges regarding acceptance and integration. Examples have already been provided of the activities migrants have participated in which have helped to link them to their communities. Migrants' willingness to volunteer their time and energy to support local endeavours is welcomed and appreciated. Such community involvement is almost a cultural requirement, especially in smaller or more isolated communities. Auckland and Wellington offer more community and networking choices, and migrants are less likely to be scrutinised for their community involvement.

Strong international connections were important for a few migrant entrepreneurs which formed the basis of their business. For others, international connections

enhanced their professional knowledge and reputation. An unexpected finding was that a few had also become unobtrusive, modest angel investors in local innovations.

Conclusions

Human capital was a significant factor for the migrants interviewed as it enabled them to speedily access resources and establish their businesses. Human capital also influenced the strategic networking as migrants deliberately targeted and prioritised strategic contacts.

Another dimension to emerge was the multi faceted value these migrants had already brought to their New Zealand communities. In addition to the high levels of human capital, including specialised knowledge which considerably extended local knowledge and capacity. Key local individuals played important advisory roles contributing to the success of the migrants. Many migrants also contributed to community organisations as a strategic form of networking and as part of their lifestyle choice in choosing New Zealand. The implication for receiving countries and communities is the positive investments these migrant entrepreneurs made in local businesses and communities, where migrant entrepreneurs had been welcomed and integrated into the community.

This study offers a different perspective from earlier ethnic migrant entrepreneurial studies. It fills a gap in New Zealand entrepreneurial migrant literature, and complements Canadian findings on highly resourceful migrant entrepreneurs.

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