ENTREPRENEURIAL ACTIVITY OF IMMIGRANTS VERSUS NATIVES IN SPAIN: ARE IMMIGRANTS MORE ENTERPRISING THAN NATIVES? (SUMMARY)

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SUMMARY

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Principal Topic

The propensity of immigrants to become self-employed has been widely studied in the ethnic and immigrant entrepreneurship literature (Light, 1972; Aldrich and Waldinger, 1990; Basu and Altinay, 2002; Levie, 2007). The majority of findings in this field come from qualitative studies on inter-group differences in the entrepreneurial activity, conducted in a reduced number of countries (such as the USA, Canada, UK, Australia, Germany and the Netherlands). However, a lack of economic and cross-section studies (Rath, 2000) analyzing the influence of individual attributes on the decision to start-up a firm is detected. Drawing on human capital and location economy theories, this study aims to fill this gap by conducting an empirical test of the effect of being an immigrant on the individual’s decision to create a company and by comparing the determinants of self-employment for immigrants versus natives in Spain. In particular, we pose the following questions: Are immigrants more likely to become entrepreneurs than natives? Which are the determinants of self-employment for both groups? Are there inter-group differences in the entrepreneurial choice among immigrants coming from different origins? Are there regional level differences in the self-employment of immigrants and natives in Spain?

Method

A binary logistic regression method is used to exploit a database built on a survey conducted by the GEM project in Spain. Our sample includes 9,000 individuals randomly selected in 2005. Two dichotomic dependent variables describe potential entrepreneurs who intend to create a firm in the 18 months following this survey and those who run a firm no more than 3 years old. Independent variables represented human capital, culture-related and firm environmental factors.

Results and Implications

Our findings suggest that immigrants are more likely to become entrepreneurs than natives. Person-related factors such as demographic, human capital and perceptual variables explain the entrepreneurial choice better than contextual factors. We believe that our paper will make a worthwhile contribution to the literature by providing a multidimensional theoretical framework, which involves human capital, cultural and firm environmental variables, to explain the propensity of immigrants and native individuals to become self-employed.

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