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**CHALLENGES IN ACCESSING FINANCIAL CAPITAL AS A BARRIER TO
IMMIGRANT ENTREPRENEURSHIP:
EVIDENCE FROM FINLAND, KAJAANI REGION**

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Title Challenges in accessing financial capital as a barrier to immigrant entrepreneurship: Evidence from Finland, Kajaani region			
Subject Finance	Type of the degree Master's Degree	Time of publication May 2016	Number of pages 90
<p>Abstract</p> <p>Previous research on the topic of immigrant entrepreneurship has found that one of the most important challenges immigrant entrepreneurs are facing is access to financial capital. Empirical evidence of prior scientific research has shown that immigrant entrepreneurs are facing array of challenges including discrimination when accessing financial capital.</p> <p>Motivated by the prior scientific research on the topic, aim of this study is to understand what challenges and restrictions Finnish immigrant entrepreneurs are facing in Kajaani region when accessing financial capital to finance their businesses. Aim of this study is also to explore whether they are utilizing already available financial capital and services offered by government organizations and financial institutions.</p> <p>This study was done with the help of qualitative research methods. Semi-structured interviews were conducted with 5 immigrant entrepreneurs and 1 government official from TE Services from Kajaani region. Findings show that immigrant entrepreneurs in Kajaani region are facing the same challenges as native entrepreneurs, with several important distinctions.</p> <p>First, language barriers, financial literacy, miscommunication, lack of communication and understanding between immigrant entrepreneurs and government and financial institutions represent major challenge when accessing financial capital from both government and financial institutions.</p> <p>Second, difficulties in proving financial responsibility, lack of credit history, lack of long-term bank-customer relationship and collateral are also found to be additional challenges when obtaining financial capital. No evidence on discrimination was found, but there were pointers toward trust issues between immigrant entrepreneurs and financial institutions and government organizations.</p> <p>Because of challenges immigrant entrepreneurs are facing when accessing financial capital, they follow certain patterns when it comes to overcoming financing gaps. As a source of financial capital they are using their own savings, followed by finances obtained from their friends and family, partners and fellow entrepreneurs. Findings show that more often than not, immigrant entrepreneurs are not utilizing available resources, which could potentially affect future of their businesses in a negative way.</p> <p>However, because of limited time and resources available for this master thesis, sample size and type of data available represent the limitation of this study. Hence, this study could serve as a call for a nationwide quantitative study of the topic.</p>			
Keywords Immigrant entrepreneurship, Barriers, Challenges, Financial Capital, Finland, Sources of finance.			
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1 INTRODUCTION

Starting any kind of business takes a lot of planning, hard work and risk taking spirit. Informed entrepreneur is also aware that there is a great chance for business to fail, statistically greater than the chance to succeed. Successful businesses are the backbone of the economy, so in Finland government and different organizations offer help (training and education, guidance, grants) to those who are ready to start that kind of venture. Financial institutions like banks are always ready to grant loans, if they are satisfied with the business plan and vision of the business owner, and of course, his/hers credit information.

Immigrant entrepreneurship was an important part, and in many ways, it was a driving force of the development of Finnish industry in late 1800s and early 1900s. By bringing their expertise from different industries, immigrant entrepreneurs have accounted themselves as important market players by extending the variety of products and services. The Migration Institute of Finland reports that: “Swiss cheese makers, Bavarian brewers, Norwegian sawmill proprietors, British textile industrialists, Italian ice cream makers, Jewish merchants, and Tatar fur and carpet traders were among the first waves of voluntary immigrants to come to Finland in modern times and made a comprehensive and considerable contribution to the Finnish economy.” (Korkisaari 2014.)

Today, immigrants living in Finland seemingly have access to services government and financial institutions offer, so immigrant entrepreneurs have the same starting point as natives, but there is more to the story than meets the eye. Starting a life in a new country, learning a new language, embracing a new culture and becoming a productive member of society are not easy tasks. This has been even more difficult during these last years, since rhetoric around immigration has been harsh and critical in most of the developed countries. Economy crisis and high unemployment rates (especially among immigrants) are also contributing factor to this issue. These cultural and social factors affect every part of immigrants’ life, so we must take them into account when we study immigrant entrepreneurship.

Previous research on the topic of immigrant entrepreneurship has found that one of the most important challenges immigrant entrepreneurs are facing has been access to financial capital. (Bates 2011, Pierce 1947 via Carter, Jones, Mwaura, Ram and Trehan 2015: 52). Most of the studies on the topic have been conducted in U.S., but in recent years, this topic is gaining more interest in European countries as well.

By reviewing the literature of topic in question, studies show that immigrant entrepreneurs are facing a whole array of different challenges, including discrimination when obtaining financial capital.

In the U.S., most prominent studies show that challenges immigrant entrepreneurs face are combined of cultural (cultural theory) and social (enclave theory, middleman theory) differences, limitation in human and social capital (labor market disadvantage theory), which results in difficulties in accessing financial capital from government and financial institutions (Waldinger, McEvoy & Aldrich 1990, Disderio 2014). Further, when it comes to discrimination, most of the studies conducted in the U.S. have found evidence of discrimination when analyzing outstanding loans, interest rates on new loans and loan denial rates (Cavalluzzo & Cavalluzzo 1998, Michael and Pierce 2004, Cavalluzzo, Cavalluzzo & Wolken 2002, Blanchflower, Levine & Zimmerman 2003).

Studies conducted in Canada are in line with these findings. Studies by Filion, Menzies, Ramangalahy and Brenner (2002), Schlosser, Costante, Shallal, and Schlosser (2009) show that immigrant entrepreneurs face challenges in social, economic and institutional environments.

Studies conducted in Europe also confirm findings of prior research. Most prominent have been conducted in Germany, Netherlands, United Kingdom and Sweden, but other European countries are slowly following this trend. Mentioned studies show that immigrant entrepreneurs have difficulties obtaining financial capital and human capital (Kloosterman, Van der Leun & Rath 1999, Zhang 2015), they perceive more challenges than native entrepreneurs (e.g. discrimination by customers, suppliers and banks), they are less likely to apply for loans and their loans are more likely to be denied. Also, they are charged higher interest rates when obtaining financial capital. (Aldén & Hammarstedt 2016.)

Even though immigrant entrepreneurship has been present in Finland since late 1800s, research on the topic of immigrant entrepreneurship, especially in English language is quite scarce. Relevant studies on the topic of immigrant entrepreneurship which have been conducted are either focusing on specific geographical areas, or focusing on specific ethnic groups (Aaltonen and Akola, 2012). Studies concerning financial aspects of immigrant entrepreneurship are almost non-existing. Since access to financial capital is a major concern when it comes to immigrant entrepreneurship, the goal of this study is to put the spotlight on the subject and explore issues faced by immigrant entrepreneurs in Finland.

1.1 Research questions

Motivated by the prior scientific research on the topic, aim of this study is to understand the behavioral patterns of Finnish immigrant entrepreneurs in Kajaani region (from the perspective of entrepreneurs and local government officials) when it comes to obtaining financial capital, challenges they are facing when accessing financial capital to finance their businesses, and to explore whether they are utilizing already available financial capital and services offered by government and financial institutions. Based on research proposition problem statement of this study is: Immigrant entrepreneurs are facing problems when accessing financial capital. Aim of this thesis is to answer to following questions:

1. What kind of challenges and restrictions Finnish immigrant entrepreneurs in Kajaani region are facing when accessing financial capital?

Aim of this question is to understand the behavioral patterns of Finnish immigrant entrepreneurs and possible challenges and restrictions they are facing when accessing financial capital, as well as to understand their relationship with government and financial institutions when it comes to this matter.

2. How Finnish immigrant entrepreneurs in Kajaani region restrain themselves from applying for financial capital?

Aim of this question is to research whether Finnish immigrant entrepreneurs in Kajaani region prefer their social capital as a source of finances over financial institutions and government institutions when obtaining financial capital for their businesses. Are they risk-averse? Are their choices connected to their immigrant background? Goal is to understand the reasoning of immigrant entrepreneurs when it comes to obtaining financial capital from official sources such as government organizations and banks, and what factors drive them.

Research questions concern loans and grants (or other kinds of financial assistance) from financial institutions and government organizations which offer these kinds of services to immigrant entrepreneurs, like TE Services, Ely-keskus, Finnvera and commercial banks.

This topic was researched with qualitative research methods, since at the time of this study there was no available information on possible existence of databases with quantitative data about the subject. Matter was researched from experience and point of view of local immigrant entrepreneurs and local authorities. Semi-structured interviews with local immigrant business owners and authorities were conducted to get the needed information.

1.2 Thesis overview

In the introduction part, background motivation for research, objectives and research questions have been presented in a concise manner, showing the relevance and importance of the research topic. In following chapters, theoretical framework, most important definitions, terms and previous findings are presented, followed by research design and research methodology. In chapter 5, interviews with immigrant entrepreneurs and TE Services official are analyzed and most important findings are reported.

2 IMMIGRANT ENTREPRENEURSHIP

With the ongoing immigration crisis that has been affecting and changing many countries' economic, political and social outlook, Finland is no exception. With the existing aging population problem which Finland is facing (Bank of Finland 2016), growth in number of unemployed immigrants is only adding to the issue of burden on national fiscal system. Instead of looking at the situation negatively, or with fear, the reasonable thing would be to try to find solutions and hence prevent potential future problems. Besides mending the existing and preventing future issues, it is equally important to take a bold step looking into the hidden treasures in such challenging situation, and find new and innovative ways how to transform the challenge to opportunity and maximize, as well as utilize, the benefits of immigrant entrepreneurship in such a way that it is beneficial to both people and country.

2.1 Main concepts and definitions

2.1.1 Entrepreneur and Entrepreneurship

What ties this line of thought with literature is that innovation, creation and opportunity recognition have always been the terms which are most often associated with entrepreneurs. To define what it is that exactly entrepreneurs do can sometimes be challenging, but nevertheless it comes down to the same principles. The Oxford Dictionary (2017) defines entrepreneurs as: "a person who sets up a business or businesses, taking on financial risks in the hope of profit." Even though this definition is used in 2017, the concept of entrepreneurship is nothing new to the literature. It is actually nothing less than opposite of that.

Economist Jean Baptist Say, pioneer in entrepreneurship definition circle, already in 1800s defined the term "entrepreneur" by saying that "entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield" (The Economist 2009). In the same line of thought, agreeing with Say's definition, Drucker (1985: 27-28) states that substance which defines entrepreneur and entrepreneurship is that "the entrepreneur always searches for change, responds to it, and exploits it as an opportunity". On the other hand, Shane and Venkataraman

(2000) advocate that the entrepreneurship should be defined as the field of intellectual examination of discovery, evaluation and exploitation of needed supply, as well as examination of individuals who discover, evaluate and exploit those opportunities.

As it can be seen, the question of who is an entrepreneur, what makes individual an entrepreneur, what defines entrepreneurship, has different meaning to different scholars (Amit, Glosten and Mueller 1993, Casson 1982, Shane and Venkataraman 2000). For the Shane and Venkataraman (2000) that is probably the biggest stepping stone to overcome when it comes to the creation of the conceptual framework for the entrepreneurship field.

Opposing views regarding the definitions are not the only complication for studying the field according to Shane and Venkataraman (2000). The authors also implied that other researchers explicitly or implicitly wonder about the same issues, stressing that the difficulty in obtaining the data, underdevelopment of the theoretical concepts, and the repetitiveness of findings indeed makes it challenging for studying (Shane and Venkataraman 2000). But the fact that most scholars agree that the concept of entrepreneurship gets even more complicated when those who are choosing to pursue it are aliens in host country, means that this topic is definitely worthy of further research.

2.1.2 Immigrants

The term immigrant in Oxford dictionary has been defined as:” a person who comes to live permanently in a foreign country” (Oxford Dictionary 2017). Accordingly, in the existing immigrant entrepreneurship literature (SOU 1999, Najib 1999, NUTEK 2001 via Dalhammar 2004: 8), by moving to live permanently in a foreign country, one by definition becomes an immigrant. And by entrepreneurship definition, entering in to the self-employment by forming new venture, exploiting new opportunity, or creating new supply, one becomes an entrepreneur. Hence, that would make the persons who have moved and decided to permanently live in foreign country who become entrepreneurs - by definition - immigrant entrepreneurs.

(Dalhammar 2004: 8). The next subchapter will explore what immigrant entrepreneurship means in the relevant literature.

2.1.3 What is immigrant entrepreneurship?

The term “immigrant entrepreneurship”, in the literature seems to be intertwined with the term “ethnic entrepreneurship”. Aldrich and Waldinger (1990: 113) have defined ethnic entrepreneurship as: “set of connections and regular patterns of interaction among people sharing common national background or migratory experiences”. This definition has been widely used by other scholars in original or paraphrased form when conducting a research on immigrant entrepreneurship (Volery 2007, Aaltonen & Akola 2012). Yet, it seems that there is a small difference between those terms. In general, “ethnic entrepreneurship” means entrepreneurship referring to certain ethnic groups, whereas “immigrant entrepreneurship” refers to entrepreneurship performed by all groups of immigrants in a country (Waldinger, McEvoy and Aldrich 1990). Volery (2007: 30-31) on the other hand considers the term immigrant entrepreneurship as an alternative term for ethnic entrepreneurship. In their systematic review of immigrant entrepreneurship literature, Aliaga-Isla and Rialp (2013) also differentiate the definition from ethnic by focusing on first generation of migrants in contrast to those who have been born in the host country.

Another term which has been used in previous researches as an alternative term for ethnic entrepreneurship is “minority entrepreneurship” (Ram and Jones 2008, Volery 2007, Aaltonen and Akola 2012). Minority entrepreneurship in this case serves as a reference to self-employed-business owners which are not part of the majority of population, but at the same time this term is not gender exclusion based, which means that it can also refer to women in entrepreneurship (Aaltonen and Akola 2012). This is the one of the reasons why the term “ethnic minority entrepreneurship” is also known and frequently used in the immigrant entrepreneurship literature.

As suggested by Volery (2007), the term which will be used henceforth for the purpose of the research in this study will be immigrant entrepreneurship. The reason behind this is the term’s limitations to only those ethnic groups which can precisely

be consider being immigrants, and excluding ethnic minority groups which are the part of population for longer period of time. (Volery 2007: 30-31.)

Despite the intertwinedness of the definitions, migration in the developed countries (and the results of such phenomenon reflected in countries economic and regional development) has made the topic of immigrant entrepreneurship a topic of interest for many studies. This increase in interest on the topic has put immigrants on the spotlight not only as employees, but as well as entrepreneurs. Examples of such studies, according to Aliaga-Isla and Rialp (2013: 820), are those done by Dana (1993), Head and Ries (1998) and Wong and Primecz (2011). Other than that, it has been noted that there has been increase in the immigrant entrepreneurship field literature in form of studies conducted by scholars, policy makers and specialists in their field, such as Collins (2003), van Delft, Gorter and Nijkamp (2000), Kloosterman and Rath (2003), Waldinger, Aldrich, Ward and Blaschke (1990b) (Aliaga-Isla & Rialp, 2013: 820).

In the United States, studies and publications on the topic of immigrant entrepreneurship, have been researched as far as from 1720 according to German Historical Institute (2010) from different perspectives and disciplines, stating that: “Immigrant entrepreneurship was one of the decisive factors in the United States' rise as an economic superpower in the late nineteenth century” (Berghoff & Spiekermann 2010: 70).

To research what has been done in the literature, what theoretical frameworks and which methodologies have been applied on the topic of immigrant entrepreneurship, Aliaga-Isla and Rialp have analyzed 45 articles having them filtered through research criteria's such as: immigrant entrepreneurship definition, entrepreneurship scope, language, quality and impact, type and discipline. By analyzing the data from filtered articles, following the example for data extraction suggested by Petticrew (2006), authors have found that immigration entrepreneurship phenomena can be grouped into three geographical location categories where this phenomenon is occurring: North America, Europe and Oceania. (Aliaga-Isla & Rialp 2013: 823-824.)

2.2 Behavioral determinants and motivations

To become an entrepreneur, individual usually needs to own certain behavioral characteristics that make them stand out from other individuals who are more prone to be the 9 to 5 employee (Amit, Glosten & Mueller 1993, Casson 1982, Shane & Venkataraman 2000, Shane 2003). On the other hand, certain external factors can have larger impact than those already owned behavioral characteristics, and become determinant of entrepreneurial activity. (Williams 2008.)

The topic of behavioral determinants and motivations for becoming an entrepreneur has been interesting for many years for the researchers. (Harding, Brooksbank, Hart, Jones-Evans, Levie, O'Reilly & Walker (2006), Smallbone & Welter (2004) via Williams, 2008: 158.) Many different conceptual frameworks have been developed in order to explain background motivation for entrepreneurial activity, but in the recent years, approach researched by Bögenhold (1987), in which he differentiates between two types of entrepreneurs; one motivated by financial needs and other motivated by the need to be self-realized, seems to be prevalent. (Williams 2008: 158.)

Following approach proposed by Bögenhold (1987) different studies have been conducted in order to find out what are the reasons and factors behind the decision to become an entrepreneur. Main definitions and interpretations of those factors depends on authors own research topic, but the main idea behind it is the same. Those motivational background determinants of entrepreneurial activity can be categorized into two main motivational concepts: necessity driven (push) entrepreneurship and opportunity driven (pull) entrepreneurship. (Williams 2008: 158.)

Beside general research on the topic of behavioral determinants and motivational factors for entrepreneurs, studies have been conducted in order to research what are the main motivational factors behind immigrant entrepreneur's decisions to choose self-employment. Theories with motivational background which can be applied to the case of immigrant entrepreneurs are "Locus of control theory" developed by Rotter (1966) and "Need Theory" by McClelland (1961).

Rotter's (1966) "locus of control theory" assumes internal and external control of individual's life which are drivers of one's actions, and outcomes. In case of immigrant entrepreneurs, immigrant entrepreneurs by moving to host country, show signs of internal control which is necessary for self-employment, by taking control of life in own hands and creating opportunities for themselves.

On the other hand, McClelland's (1961) "need theory" assumes that individuals who are showing signs to be successful entrepreneurs are those who are solving their problems, setting and meeting goals as well as having a need to be high-achievers.

This need to achieve and succeed is what transforms them into entrepreneurs and distinguishes them from others. Applying this theory to immigrant entrepreneurs, it's evident that after moving to host country immigrants have a higher need which can be seen from both point of views; by necessity and opportunity both pushing and pulling them toward the achievement which in the end results in entry to the self-employment. (McClelland 1961.)

2.2.1 Push versus pull factors

Studies on self-employment motivation needed to separate motivations for self-employment in order to research them in a more precise way; dividing them into push and pull factors (Gilad & Levine 1986, Bates 1997, Fairlie 1996, Amit & Muller 1995).

When focusing on the pull factors, researchers see it as a positive motivation of self-employment since in this case, motivation for entrepreneurial activity is rooted in more in wants instead of needs, and hence, entry into entrepreneurship is by choice fuelled by hope to accomplish individual goals. The drive for accomplish can be derived from extrinsic and intrinsic motivators who are leading potential entrepreneurs into self-employment. (Shinnar, Cardon, Eisenman, Zuiker & Lee 2009.)

Table 1. Extrinsic and intrinsic motivators.

Extrinsic motivators	Intrinsic motivators
Obtaining monetary compensation	Independence
Building equity in the firm	Autonomy
Earning supplemental income after retirement	Freedom and control
Acquiring personal wealth	Self-fulfillment
Increasing personal income	Opportunity for creative expression
And/or increasing income opportunities	Personal growth
	Recognition
	Challenge
	Excitement and satisfying a need for achievement

Source: adapted from Shinnar et al. (2009)

On the other hand, push factors are more rooted into needs than into wants, and hence perceived in a negative light. In case of push factors, individuals are being pushed into entrepreneurship as it is their only way of being included in labor market. Since immigrants after moving to host country, are not able to transfer their human and social capital, they are often unable to recognize their prior education they are facing language barriers and they tend to have lower earnings in their salary work, it doesn't come as a surprise that for them self-employment is a way of coping and establishing themselves in new environment. (Freitas 1991, Light et al. 1994, Fairlie & Meyer 1996, Bates 1997.) The appeal of entrepreneurship is higher than that of wage work, since it offers them a feeling of belonging to community, professional acceptance, as well as providing for family needs in much more independent and flexible way. (Shinnar et al. 2009: 276.) This is also supported by disadvantage theory by Light (1979) which will be explained a bit further in immigrant entrepreneurship theories chapter.

When it comes to Finland and motivational factors for entry into self-employment among immigrants, research conducted by Turku's Regional Business Service Centre Potkuri supports the push/pull theory. For the report on Ethnic Entrepreneurship in Turku, they observe: "In most cases setting up an own company is the only way to labor market and out of social welfare. This is true especially for those whose educational background is not that strong. People from Africa or Arab countries also have difficulties in finding jobs in Finland." This further goes in line with the

existent research that shows that non-western immigrants are experiencing more difficulties entering to labor market, which results as a strong push factor toward entrepreneurship. (Eurofound, Ethnic Entrepreneurship Case Study: Turku, Finland 2012: 24.)

Wahlbeck's (2008) research on 27 Turkish immigrant entrepreneurs in South-West Finland fits to above mentioned description of push and pull factors. He also points out that their decision to become entrepreneur is influenced by "discrimination in the larger labor market and various disadvantages associated with immigrant status", as well as their need for good social status. (Wahlbeck 2008: 53-54.). Sjöblom-Immala (2006) reports that decision of entry into self-employment largely depends on push and pull factors, which in most of the cases are not mutually exclusive, in contrary, they are reinforcing each other. (Eurofound, Ethnic Entrepreneurship Case Study: Turku, Finland 2012: 24.)

2.3 Immigrant entrepreneurship theories

In this part of literature review, most prominent theories concerning the immigrant entrepreneurship are reviewed. Different disciplines have had their own specific contribution to the development of the theoretical frameworks for immigrant entrepreneurship. According to Volery (2007: 32) particularly scientific research of the effect of ethnicity, race and minorities in areas of economics, sociology and anthropology has greatly contributed to forming initial theoretical frameworks which have been used for the research and advancement as well as development of models in the field of immigrant entrepreneurship. He also states that the circumstances under which the business entry decision has been made by immigrant entrepreneur, have affected the way theories of immigrant entrepreneurship have been further developed (Volery 2007: 32).

The theories which will be reviewed are middleman theory, enclave theory, labor market disadvantage theory and cultural theory.

2.3.1 Middleman theory

The first thoughts, on why's and how's on the topic of immigrant's entry into the entrepreneurial waters, are tracing its roots back to the 1970s when Bonacich (1973) for the first time introduced the concept of middleman minorities. Back then it was more than clear, that the status and role, as well the immigrant's position in social and economic hierarchy of the host country, is specific. It was clear that immigrant minorities have taken the position of "middleman", the so called in-betweeners of market participants such as agents, money lenders, rent collectors and brokers, but at the same time much needed middleman between the both extremes - upper class and the mass. (Nestorowicz 2012: 40.)

According to the Bonacich's (1973) work, most common types of middleman minorities are the Jews in Europe, followed by the Chinese in Southeast Asia, Asians in East Africa, Armenians in Turkey, Syrians in West Africa, Parsis in India, Japanese and Greeks in United States, and so on (Bonacich 1973).

One more reason why Bonacich's (1973) research and development of the middleman theory is important, is that it was the first offered explanation for immigrant entrepreneurship in the economics discipline (Volery 2007: 33).

What initially has characterized the middleman theory was the thought that the immigrants are not permanent residents of the host country, at least in the first few years they settle in. The term which was used is "Sojourners", temporary residents, without the plan to reside permanently in the host country. The much needed focus on immigrant's shortness of the stay in host country was intended for the purpose of understanding specific socio-economic behaviors of the minorities which was used to refine the concept of the middleman. Such specific socio-economic behaviors were the main drivers enabling the minorities to achieve business success, regardless the possibility of disadvantageous socio-economical or legal environment. (Nestorowicz, 2012: 40.)

On the other hand, Volery (2007) is stressing that in order to become a viable and respectable business, immigrant businesses will need to work on interaction with

other ethnic groups, to establish themselves within the indigenous population. By doing so, they are growing their community and engraving themselves into the more successful business operations with the locals. Volery's (2007) line of thought goes hand in hand and reflects upon Waldinger's, McEvoy's and Aldrich's (1990) research on ethnic enterprises.

Waldinger et al. (1990) advocate similar environment concept. The authors elaborate the needs for ethnic enterprises to flourish, by noting that the larger the community of ethnic businesses, the faster the ethnic enterprise will emerge. However, the authors state that in order to have broader development of ethnic businesses, the minority group needs to have ethnic community large enough to sustain the businesses. The imperative in this case is twofold; the sufficiency of potential consumers of their services/products, as well as their determination for longer residency. The determination for longer residency includes also their plans for family reunion in the host country. The reasoning behind this lies in phenomenon which was discovered at the beginning of 20th century. The research in question concerned comparison of Jewish and Italian immigrants businesses in New York, and it resulted in Italians having lack of sufficient capital to back up new investments. Why was that a phenomenon and why it was interesting is the discovery of factor which was preventing immigrant businesses from growing, and that factor was actually the drain of the large sums of money from immigrant entrepreneurs to their families back home. (Waldinger et al. 1990 via Volery 2007: 33.)

Nestorowicz (2012: 40) offers explanation that emphasizes on Bonacich (1973) research, by noting that the immigrant entrepreneurs who are "sojourners" are usually entering the businesses which are not tying them or their capital to the host country for longer time, and which support them in exiting when needed, and offers them needed liquidity and transferability. For middleman, the business specifics according to Nestorowicz (2012) are connected to independent businesses such as trade, barber, shoemaker, goldsmith, and tailor. Waldinger et al. (1990) mention middleman minority business specifics such as travel agencies, garment shops, specialized grocery shops, tearooms and fast-food stands. At the same time Nestorowicz (2012: 40) continues to elaborate the same principles as Waldinger et al. (1990) by stating that middleman minorities are characterized by ethnic solidarity,

which can be evident in hiring own family members and friends in hope of future business establishment, providing information and resources when needed, keeping competition ties in orderly fashion and community organization. These factors are supporting immigrant entrepreneurs to compete with native businesses successfully enough and in such way that they are contributing to the forming of a strong concentration of immigrant businesses in middleman minority-specific business industries (Waldinger et al. 1990).

2.3.2 Enclave theory

First origins of ethnic enclave theory trace its roots not long after the publishing of Bonacich's (1973) work on middleman minority theory. The developers of the Ethnic enclave hypothesis are Portes and Wilson (1980) who by publishing their work in *American Journal of sociology*, have identified ethnic enclaves as a separate model of economic acclimation, and according to Nestorowicz based their hypothesis on the "claim that there exists a third alternative to the postulated primary and secondary labour markets." (Nestorowicz 2012: 42.)

Wilson and Portes (1980) have analyzed the integration of Cuban immigrants who came to the United States in early 1970s. They have used the longitudinal survey and observations on a sample of Cuban exiles in Miami by applying discriminant analysis. What they found was that there were significant differences in returns to the employment between Cubans who worked in low value-added sectors (low average wages, small average employment, no promotion) and those who worked for Cuban entrepreneurs. The main difference was that those who were working for their fellow Cuban entrepreneurs were found to have more significant returns in form of human capital and economic capital, which was even comparable to those working in the primary labor market. This was the trigger for the enclave economy identification. (Nestorowicz 2012: 42.)

Opposite to the Bonacich's (1973) middleman theory, the new stream of thought was more focused on socio-economics modes of internal operation of ethnic minority communities; particularly it was more concerned with how ethnic minority

communities are operating their own businesses and their community, putting a focus on their internal and social economic structures more than their interaction with host community. But, at the same time, as Nestorowicz (2012) points out, the work of Wilson and Portes (1980) and Bonacich (1973) eventually coincide from immigrant's point of view. Both authors agree on the same principles, hiring from same ethnic background group for a result has creation of window of opportunity for expansion, and the factors are benefiting and enabling such opportunity result from the privileged access to employment, and solidarity between immigrants and feeling of obligation of reciprocity. (Nestorowicz 2012.)

Bohon (2001) in her research on immigrant workers and their competition for jobs focuses on Latinos in ethnic enclaves and defines the ethnic enclave as: “a metropolitan area characterized by a concentration of businesses owned and operated by immigrants from the same country of origin, or their direct descendants”.

Along similar lines with previous research, Bohon (2001) continues by stating that there are four underlying claims behind Wilson's and Portes' (1980) theory which are responsible for bigger success of ethnic enclaves. Those are: “

- 1) English fluency is not necessary for employment and native language skills may actually improve employment chances,
- 2) “Bounded solidarity” and “enforceable trust” create a sense of camaraderie that encourages employers to hire more co - national employees and spurs employees to work harder for their employers,
- 3) Cultural differences that would impede workforce integration into the mainstream economy are dampened, and
- 4) Immigrants' skills will be in high demand because the enclaves “trade in ethnically - defined goods” (Bohon 2001: 2).

The available research on the topic of ethnic enclaves suggests that there are two necessary conditions for the development of the immigrant enclaves. Those conditions are:

- 1) Enough start-up capital provided through immigrant connections, or home country connections combined with existence of entrepreneurial skills among immigrant group
- 2) The regular restoration of workforce within the enclave group through the immigration. (Nestorowicz 2012: 42.)

Despite the agreements between scholars on certain aspects on the topic of ethnic enclaves, the research has also provided a decent debate among them. For example, many scholars have challenged Wilson's and Portes' (1980) work. Among the scholars who have challenged Wilson's and Portes' (1980) enclave theory are Sanders and Nee (1987), and Waldinger (1993). And on the other side of this debate were studies that have supported their claims, such as studies done by Portes and Jensen (1992) and Portes and Shafer (2007).

Sanders and Nee have adapted Wilson's and Portes' methodology and conducted a comparative study on the Cuban and Asian residents of an enclave and provided different results in comparison with those of Wilson and Portes (1980). They have found that outside of the ethnic enclave, the immigrant minority labor market participants have received higher returns on human capital. Accordingly, they found that Asian immigrants in broader area of Los Angeles favor the work outside the enclaves, since the work environment was better and wages higher. (Nestorowicz, 2012: 42.)

Waldinger (1993), on the other hand has also critiqued the theory, referring to it as "original, unhappy situation of a result in search of an explanation." Along the similar lines he criticized Portes and Bach (1985) for, in his opinion, not providing the evidence for immigrant solidarity performing in propositioned way and for not providing information on immigrant businesses as well.

The debate on the results of the studies on the topic of ethnic enclave and ethnic enclave economy have gone back and forth between the scholars, showing the results which would lead to opposing conclusions, but the debate remains unresolved.

2.3.3 Labor market disadvantage theory

Even though the enclave theory and middleman theory are the first explanatory frameworks from the economic point of view in the field of immigrant entrepreneurship to be recognized broadly, the theories itself were not enough to provide an explanation for all the peculiarities of the immigrant entrepreneurship phenomenon. It has been noted that the vast majority of theories on immigrant entrepreneurship develop from the field of sociology. Two other major theories, with important impact in the field of immigrant entrepreneurship, whose roots can be traced down to the field of sociology, are labor disadvantage theory and cultural theory. (Volery 2007.)

Labor disadvantage theory in its core implies that immigrants in their host countries have serious disadvantages which are preventing them and driving their behaviors and actions, but at the same time directing them and pointing them toward the entrepreneurship and characterizing it as the only opportunity for the employment (Volery 2007).

As Nestorowicz (2012) observes, Wong (1985) using the context of the middleman theory for his research, as well as Light, Sabagh, Bozorgmehr and Der-Martirosian (1994) using ethnic enclave theory, have indicated and directed to the fact that the immigrants decisions toward the entry into the entrepreneurship are not necessarily the result of opportunities, but rather the lack of them. In this case, the immigrants are driven into the entrepreneurship by the discrimination in form of lack of other opportunities. (Nestorowicz 2012.)

Other prominent researches and their findings in the field of entrepreneurship among immigrants (e.g. Freitas 1991, Light et al. 1994, Fairlie & Meyer 1996 and Bates 1997) suggest that immigrant entrepreneurship is simply the result of immigrant's way of handling the discrimination in host country's labor market. Difficulties obtaining employment, low economic returns to the employment and discrimination in the labor market caused by overlooking and shortcomings in social and human capital are main factors that are pushing immigrants into the entrepreneurship. (Nestorowicz 2012.)

Nestorowicz (2012) analyzes and categorizes academic constructions and empirical evidences and findings over the past three decades into three main concepts:

- 1) Employer discrimination
- 2) Capital market discrimination
- 3) Consumer discrimination

In this case, the employer discrimination concept offers the explanation for the stipulation under which immigrants would decide to be entrepreneurs instead of employees. She mentions Moore (1983), Clark and Drinkwater (2000) as representatives who have used this concept in their research. The capital market discrimination investigates capital accessibility as the fundamental element of business activity and analyzes the effects of lending limitations on motivation and future potential growth of immigrant businesses. For the representative of this concept she refers to study done by Coate and Tennyson (1992). And finally the concept of consumer discrimination can be used for offering explanation on the effect of consumer's preferences on expected returns in regard to suppliers and its influence on the amount of immigrant entrepreneurs. For this concept Nestorowicz refers to study done by Borjas and Bronars (1989). (Nestorowicz 2012: 45.)

2.3.4 Cultural theory

Cultural theory, firstly proposed by Weber (1930), represents one of the most back-dated offered explanations for overrepresentation of certain group of immigrant entrepreneurs. It is based on the assumption of ethnic and immigrant group's possession of individual cultural characteristics such as determination, work dedication, risk aversion, solidarity, integrity, loyalty, etc. and their linkage to entrepreneurship. It is argued that these specific cultural features that immigrant groups possess are often seen as advantages upon arrival in the host country, and that they can serve as an opportunity for entry into entrepreneurship. (Volery 2007: 32-33.)

According to Vinogradov, culture theories which can be applied to immigrant entrepreneurship research can be sorted into two categories: orthodox and reactive

theories. Orthodox theory is in line with Weber's theory, since it associates immigrant entrepreneurial success with the inherited cultural background. On the other hand, the reactive cultural theory advocates that the entrepreneurship stimulating cultural traits among immigrants are nothing else but developed in response to the scarce opportunities in host country. Further, Vinogradov elaborates the principles of these theories, stating that in the research these theories can be used combined since they are not mutually exclusive. (Vinogradov 2008: 41.)

It doesn't come as a surprise that in the same line of thought Volery (2007) observes the use of cultural theory for explanation of certain propensities, such as for example Asian immigrants becoming entrepreneurs, or the Chinese immigrant's propensity for catering sector. This has lead scholars to believe that certain cultural characteristics play important role in the determination of participation in entrepreneurial activities and sectors. Nevertheless, Volery stresses that recent studies are putting emphasis on the fact that mentioned assumptions are not taking into consideration other significant aspects of such complex phenomenon such as alternative for employment, immigration policies, market conditions and availability of financial capital. (Volery 2007: 33.)

2.4 Immigrant entrepreneurship challenges

Reviewing the literature of subject in question shows that the topic of immigrant entrepreneurship has been studied internationally for decades, especially in the United States, but not as much as one would expect considering the importance of immigrant entrepreneurship to the economy. Studies show that immigrant entrepreneurs face discrimination and array of different challenges. In 1990 Waldinger conducted a study with colleagues of immigrant groups in United States, Germany, Netherlands, France and Britain. He found seven challenges immigrants face when it comes to entrepreneurship:

- How to acquire needed information for establishing a business and surviving?
- How to acquire capital to fund the business?
- How to get training and skills need to run a business?
- How to manage affordable, professional and honest workforce?

- How to manage supplier and customer relationships with possible language, cultural and business practice barriers?
- How to survive in new and really competitive environment?
- How to protect the business from political attacks? (Waldinger, Aldrich et al. 1990 via Pinkowski 2009: 45.)

Consistent with Waldinger's findings, in the report: "Policies to Support Immigrant Entrepreneurship" (2014) Transatlantic Council on Migration argues that challenges facing immigrant entrepreneurship are combined of cultural and social differences, limited human and social capital and difficulty in accessing credit from official financial institutions. These obstacles are one of the factors why immigrant enterprises tend to be in low-value-added sectors. Immigrants also have lower knowledge of the functioning of local markets and greater difficulty navigating local regulatory systems, and this affects their businesses negatively. (Desiderio 2014: 1, 4.)

Obstacles immigrant entrepreneurs face tend to decrease with prolonged residence in the host country, but they are still faced during the whole life cycle of the business. Immigrant businesses have significantly lower chance of survival than business created by the native citizen. Immigrants tend to start businesses across OECD countries at higher rates than natives, but they face greater obstacles to set up, maintain and expand their businesses. (Desiderio 2014: 1, 4.)

When it comes to discrimination, most of the studies in US have found evidence of discrimination when analyzing outstanding loans, interest rates on new loans and loan denials. Cavalluzzo and Cavalluzzo (1998) have found that loan denial rates are higher among minorities than among white applicants, especially when it comes to African-American, Hispanic and Asian business owners. Mitchell and Pearce (2004: 44-47) have found that minority business owners face restrictions when it comes to accessing credit. They have found that minority business owners are less likely to have bank loans of any kind and more likely to have transaction loans from nonbanks (Mitchell and Pearce 2004: 44-47). Researchers (Cavalluzzo, Cavalluzzo & Wolken 2002: 30-34; Blanchflower, Levine & Zimmerman 2003: 23) have also shown that

minority entrepreneurs pay higher interest rates on small business loans, and that minorities are less likely to receive new loans from lenders.

Filion, Menzies, Ramangalahy and Brenner (2002) conducted a study in Canada, and results show that immigrant entrepreneurs face challenges in social, economic and institutional environments. Another study confirms these results, immigrant entrepreneurs in Canada face problems when it comes to legalities of small business, business language (and language in general) and financial literacy (awareness of availability of financial capital) (Costante, Schlosser, Shallal 2007: 17).

Studies conducted in Europe confirm the results of studies done in US and Canada. Kloosterman, Rath and Van Der Leun (1999) argue that some of the main challenges immigrant entrepreneurs face in Netherlands are lack of human capital and lack of financial capital. Study about ethnic Chinese entrepreneurship in the UK shows that Chinese entrepreneurs have faced difficulties to get access to loans and that these difficulties are often caused by a lack of communication and understanding between business owners and financial institutions (Zhang 2015). In an extensive study about financing of ethnic minority owned small and medium-sized enterprises, Fraser (2007: 12) does not find support for discrimination in the UK, but he finds evidence of large variations in financial rejections when it comes to minority businesses, and this could be perceived as discrimination. Bruder, Neuberger and R athke-D oppner (2007) argue that in Germany entrepreneurs with immigration background are much more likely to be denied credit or get smaller loan amounts than requested.

Outside the US, one of the most comprehensive studies about access to financial capital among immigrant entrepreneurs has been conducted in Sweden. Study indicates that non-European immigrant entrepreneurs perceive more problems in their business activities than native and European entrepreneurs. Non-European immigrant entrepreneurs also perceive more discrimination by customers, suppliers and banks. Access to financial capital is more likely to be considered as a major problem by non-European immigrant entrepreneurs. Immigrant businesses are also less likely to apply for bank loans. Study shows that non-European immigrant entrepreneurs are more likely of having a loan denied, and they are also charged higher interest rates on their bank loans. There are several possible explanations for

these results, but researchers believe discrimination in the market for bank loans is likely to be responsible for at least some quantity of denied loans and higher interest rates. (Aldén & Hammarstedt 2016: 21-23.)

2.5 Sources of finance for immigrant entrepreneurs

Majority of previously mentioned studies on immigrant entrepreneurship have in one way or the other tapped into the problematic of financing of the immigrant businesses. In order to understand the underlying pillars of the financing issues, the distinction between immigrant entrepreneurs and native entrepreneurs again needs to be highlighted. This means that the financial resources available to the immigrant entrepreneurs are much scarcer on many different levels, but at the same time their ethnicity serves them as a resource for opportunity creation and business entry. This is supported by the Light and Bonacich (1988) resource theory of entrepreneurship, according to which, both class and ethnic resources are formers of opportunities for entrepreneurship. (Kushnirovic & Heilbrunn 2008: 168.) In the next two sections, theoretical classification of the financing sources available to immigrant entrepreneurs is presented as well as input ratio of those sources and their constraints.

2.5.1 Financial capital classification

In case of immigrant enterprises, which are usually (but not exclusively) micro and small firms, where one individual performs multiple roles, from management, to marketing and funding, obtaining financial capital for start-up, or expansion is challenging job by itself. According to Kushnirovic and Heilbrunn (2008) there is a large body of studies which are specifically concerning obtaining financial capital for immigrant enterprises. Those studies can be differentiated into different research streams, depending on their research view of the available sources. Those different approaches include:

- Classic conventional classification of financial capital on equity and debt
- Classification of the sources based on the capital suppliers

- Classification based on the ethnic approach (Kushnirovic & Heilbrunn 2008: 168-169.)

Researchers like Bates (1997), Bond and Townsend (1996) apply similar approach when classifying sources of finances for immigrant entrepreneurs. These authors use classic conventional classification of financial capital on equity and debt, with small differences in their subcategories which can be seen as represented in the table below.

Table 2. Classification of financial capital on equity and debt

Bates (1997)				Bond and Townsend (1999)		
Equity and Debt				Loans	Gifts	Personal resources
Financial institutions	Loans from friends	Rotating credit associations	Associates, family and other	Banks	Immediate family and friends	Personal savings
				Private lenders		Credit cards
				Mortgages		Loans from other businesses/inventory
				Government programs		Partners contribution
				Ethnic associations		
				Immediate family		
				Other relatives, friends or businesses associates		
				Suppliers' credit		

Source: adapted from Kushnirovic & Heilbrunn (2008: 168)

On the other side, there is a research stream which classifies the sources of finances for the immigrant entrepreneurs based on the supplier of the capital. Huck, Rhine, Bond and Townsend (1996), Smallbone, Ram, Deakins and Baldock (2003) apply similar methods for classification of the sources of finances for immigrant entrepreneurs based on the supplier of the capital:

Table 3. Classification of the source of finances based on the supplier of the capital.

Huck <i>et al.</i> (1999)			Smallbone <i>et al.</i> (2003)		
Personal resources	Informal sources	Formal sources	Increments from other financial institutes	Own financial sources	External sources
	Loans or gifts from family, friends, or business associates	Loans from banks		(not formal and not informal)	<i>Formal</i>
					<i>Informal</i>
					Banks
					Family and friends
					Leasing companies
					Venture capital partners,
					Loan funds
					Grant awarding bodies

Source: adapted from Kushnirovic & Heilbrunn (2008: 168)

Some of the researchers are following the third approach when classifying sources of finances for immigrant entrepreneurs; in this case sources are classified based on their ethnicity origin. Light and Bonacich (1988) have divided sources of finances based on relationship between ethnic community and immigrant entrepreneurs to two categories: external sources and internal sources, pointing out that the majority of finances for immigrant entrepreneurs are coming from internal ethnic community.

Even though commercial banks and commercial financial institutions are not per se categorized into ethnic ties group, immigrant entrepreneurs are sometimes using their services for funding of their businesses from the branches in host country, which can be seen as source of ethnic capital. Co-ethnic owned banks can be added to this category since by default they are more prone to provide their services to the immigrant entrepreneurs, setting aside their credit history and by accepting their properties in home country as collateral. (Kushnirovic and Heilbrunn 2008: 169.) Tseng (1997) in his study on Chinese immigrant entrepreneurs in Los Angeles examines the importance of ethnic resources as a social capital, and he as well points out that the finances obtained from family and banks with ethnic background can be looked at as a capital access from ethnic ties.

Table 4. Sources of capital.

Equity	Personal savings: - money brought from the home country	Informal	Ethnic
	- money saved in the host country		Non-ethnic
Debt	Family		Ethnic
	Friends		Ethnic
	Rotating credit associations		Ethnic
	Government financial support	Non-ethnic	
	Bank loans: - non-ethnic commercial banking	Non-ethnic	
		- ethnic banking	Ethnic
	Credit company	Non-ethnic	
	Trade credit (business associates): - from ethnic suppliers	Ethnic	
		- from non-ethnic suppliers	Non-ethnic
	Miscellaneous sources	Non-ethnic	

Source: Kushnirovic & Heilbrunn (2008: 169)

In the table above, Kushnirovic and Heilbrunn (2008: 169) have combined previously mentioned approaches to create their own version of classification of financing sources for immigrant entrepreneurs' businesses. In their classification they have divided the sources to two main categories: debt and equity and combined it with the immigrant's relationship to the ethnic community. What they have shown with this method is that these categories are interconnected and not mutually exclusive. (Kushnirovic & Heilbrunn 2008: 169.)

2.5.2 Immigrant entrepreneurs' financial capital input ratio and constraints

To fully comprehend financing process of the immigrant enterprises and restrictions they face, deeper analysis of the types of financing sources is needed by taking into account two additional factors. Firstly, input ratio of the financial capital into immigrant businesses needs to be taken into consideration, and secondly immigrant entrepreneur's preferences over financial capital sources need to be included.

Major constraining factor for immigrant entrepreneurs is often seen as a lack of security in form of own assets in the host country, which as a result affects their

access to external financing (Myers 1984). Myers and Majluf (1984) pecking order theory of optimal capital structure presumes that the asymmetric information and signaling problems related to external finances are reflected in company's hierarchy of financing, with the result that companies prefer internal over external financing and debt over equity. By preferring internal financing over external financing and debt over equity, company's choices over the source of financing are a signal to external investors who can be affected by the choice of financing company makes. (Bruder et al. 2011: 4.)

Bruder et al. (2011) state that pecking order theory of optimal capital structure despite being developed to explain financial practices of large companies can be applied to the small and medium enterprises in an SME adjusted form. Authors argue that the financial practices of small companies are similar to those of large publicly traded companies, but special characteristics that they own need to be taken into consideration.

Firstly, the authors emphasize that SMEs being smaller and closely held companies, owners and investor's information asymmetry and agency costs discrepancy is much higher for small companies due to the less disclosure requirements. Secondly, they argue that financing hierarchy proposed by pecking order theory of optimal capital structure is more appealing to the small and medium companies because of the larger discrepancy between costs of debt, costs of internal and costs of external equity. Thirdly, authors point out the inability of small companies to issue equity. Also they reflect to the tendency of the managers of the SMEs (who are most of the times owners) to dislike even the thought of ownership interest and control diffusion. (Bruder et al. 2011: 4.)

Combining these arguments, Bruder et al. (2011) describe modified pecking order financing hierarchy for SMEs as following: internal finance, followed by new capital contributions and last debt finance (Bruder et al. 2011: 4).

Fully modified financing hierarchy SMEs is proposed by Zoppa and McMahon (2002). They have conducted a survey on 871 Australian manufacturing firms over the period of four years (1994-1998). And the research results are offering empirical

evidence which broadly suggest pecking order financing behavior among SMEs. The authors full specification modified pecking order theory for SMEs is as following (most preferred to least preferred sources of financing):”

1. Reinvestment of profits (this is represented as well in long working hours and below market salaries)
2. Short-term debt financing (relying on trade credit and using personal credit card financing)
3. Long-term debt financing (owner’s longer-term loans and possibly loans from their friends and family)
4. New capital injections from existing owners/owner-managers (perhaps including their families and friends, with acceptance of low or zero dividends)
5. New equity capital from hitherto uninvolved parties (including private equity investors).” (Zoppa & McMahon, 2002: 16-17.)

Previously mentioned issues of accessing external finances can be explained in the frames of the theory of credit rationing under asymmetric information. Bruder et al. (2011) point out that small and young companies have high information opacity which is preventing them access to credit. To ease up credit rationing there are certain mechanisms which can help companies to overcome issues in accessing credit. Those mechanisms can be collateralization, close bank-customer relationship, house bank relationship or multiple banking relationships. (Bruder et al. 2011: 4-5.)

Nevertheless, those mechanisms for easing the credit restrictions might not be successful for small companies for several reasons. First of all, to ease the credit rationing with collateralization, costs need to be taken into consideration for both parties. Credit providers are responsible for the cost of liquidation and utilization of collateral, while credit receivers must bear the costs of providing additional reports and limited use of assets. Secondly, close bank-customer relationship can potentially turn out to be malicious for the borrower, since all important information is provided for credit provider which makes credit-providers upper hand holders in the bank-customer relationship. That position allows credit providers information monopoly and opens possibility for non-competitive terms for future loans. Thirdly, multiple banking relationships create a possibility of being credit rationed. By putting start-

ups into this picture, it can be concluded that start-ups and small companies usually don't own assets which can be used as collateral, start-ups and small companies usually don't have a credit history, long customer-bank relationships or established house bank relationship. Hence, credit risk and information opacity is even higher in the cases of immigrant businesses, which makes credit constraint arguments even more applicable to them. (Bruder et al. 2011: 5-6.)

Similar arguments have been provided by Kushnirovich et al. (2008) who argue that immigrant entrepreneurs are less likely to request credit from bank or credit companies, and most offered explanation for that are above mentioned credit constraints. Further, they point out that the effect of credit constraints on immigrant entrepreneurs' businesses is evident on their start-up capital which is usually smaller than those of native entrepreneurs. Difficulty in accessing credit from official financial institutions is often connected with language barriers (i.e. lack of proficiency in English), lack of formal credit history, and with legal and financial legislation and administration. As a result of increased difficulties in accessing credit from banks and financial institutions, immigrant entrepreneurs tend to finance their businesses with borrowed capital from their closest environment like friends and family much more often in comparison to those non-immigrant entrepreneurs. (Kushnirovich et al. 2008: 170-171.)

2.6 Immigrant entrepreneurship in Finland

In total, population in Finland amounted to 5 487 308 at the end of 2015. Labor force consisted of 2.7 million people, of whom 2.4 million were employed and 252 thousand unemployed (Table 5, page 36). There were 346 thousand entrepreneurs and assisting family members. (Statistics Finland 2017a.)

Table 5. Finnish population by activity.

	1990	2000	2010	2014	2015	2016
	1 000 persons					
Mean population	4 986 000	5 176	5 363	5 462	5 480	*5 495
Population aged 15–74	3 737	3 901	4 043	4 095	4 102	4 109
Labour force	2 586	2 589	2 672	2 679	2 689	2 685
Employed	2 504	2 335	2 447	2 447	2 437	2 448
Unemployed	82	253	224	232	252	237
Inactive population	1 151	1 312	1 372	1 416	1 413	1 424
Labour force rate, %	69,2	66,4	66,1	65,4	65,6	65,3
Unemployment rate, %	3,2	9,8	8,4	8,7	9,4	8,8
Employment rate (persons aged 15–64), %	74,1	66,9	67,8	68,3	68,1	68,7
Industrial status						
Self-employed persons and assisting family members	388	319	328	343	346	344
Wage and salary earners	2 116	2 016	2 120	2 105	2 090	2 105
Unknown	0	0	0	0	0	0

Source: adapted from Statistics Finland (2017)

At the end of 2015 there were 339 925 persons with foreign background living permanently in Finland. Almost 287 000 of them were first generation immigrants (born abroad) and over 53 000 persons were second generation immigrants (born in Finland. (Statistics Finland 2016.)

Table 6. Foreigners in Finland.

Country of citizenship	2014	%	2015	%
Estonia	48 354	22,0	50 367	21,9
Russia	30 619	13,9	30 813	13,4
Sweden	8 288	3,8	8 174	3,6
China	7 559	3,4	8 042	3,5
Somalia	7 381	3,4	7 261	3,2
Thailand	6 864	3,1	7 229	3,1
Iraq	6 795	3,1	7 073	3,1
India	4 728	2,2	4 992	2,2
Turkey	4 508	2,1	4 595	2,0
Viet Nam	3 993	1,8	4 552	2,0
United Kingdom	4 280	1,9	4 427	1,9
Germany	4 044	1,8	4 112	1,8
Poland	3 684	1,7	3 959	1,7
Afghanistan	3 527	1,6	3 741	1,6
Former Serbia and Montenegro	3 360	1,5	3 535	1,5
Others	71 691	32,6	76 893	33,5
Total	219 675	100	229 765	100

Source: adapted from Statistics Finland (2017)

Of all foreigners, almost 230 000 held citizenships of other countries, with Estonia, Russia and Sweden taking top 3 positions (Table 7, page 37). At the end of 2015,

84 100 of those holding foreign citizenships were employed and 31 741 were unemployed. Of employed foreign citizenship holders, 8 671 were registered as entrepreneurs, with Estonia, Russia and Turkey holding top positions (Table 3, page 22). (Statistics Finland 2017b.)

Table 7. Foreign citizen entrepreneurs in Finland.

Country	Total
Estonia	2043
Russian Federation	1110
Turkey	551
China	536
Thailand	436
United Kingdom	376
Sweden	368
Germany	255
Italy	162
United States	141
Former Serbia and Montenegro	127
India	124
Iraq	121
Netherlands	106
France	105
...	
other or unknown	233
	8671

Source: adapted from Statistics Finland (2017)

Immigrant entrepreneurship in Finland is an important contributor to the country's economy, but studies on the topic are pretty rare, and most of the existing studies focus on specific geographical area (Sjöblom-Immala 2006), or specific ethnic group(s) (Jumpponen, Ikävalko & Karandassov 2007, Katila & Wahlbeck 2012, Sandelin 2014). Few studies do however study immigrant entrepreneurship on national level (Aaltonen and Akola 2012, Joronen 2012).

Reasons for becoming an entrepreneur vary among immigrants, but they are more than often connected to challenges immigrant face in labor market. Aaltonen and Akola (2012) argue that immigrants have difficulties when it comes to employment opportunities. Even immigrants with high education struggle in some cases to find jobs, and when they turn to entrepreneurship, they usually don't start businesses in the field of their education, but in the fields where they can exploit their cultural and ethnic background. Family ownership also plays a role in self-employment. Aaltonen

and Akola found that in 78% of the cases the study subjects had entrepreneurs in their family, so it was easier for them to choose entrepreneurship. Immigrant entrepreneurs face different challenges in Finland, specifically the lack of cultural knowledge and language skills, and distrust of locals. (Aaltonen and Akola 2012: 8-10.) Joronen (2012) states in her study that forced entrepreneurship is more common among immigrant business owners, because of challenges immigrants face in labor market. Study also shows that immigrants manage to stay in business and secure their employment as commonly as native Finnish entrepreneurs do.

Studies conducted in Finland don't focus on financial resources for immigrant entrepreneurs - researcher was able to find only one study that tackles that subject. Katila and Wahlbeck (2012) found that Turkish entrepreneurs could access bank loans (with the guarantees of their Finnish relatives) much more easily than Chinese entrepreneurs, who in many cases relied on the financial capital from family ties and international connections.

3 RESEARCH METHODOLOGY

As it was previously mentioned in this paper, this study aims to explore issue of financial capital accessibility for immigrant entrepreneurs. In line with Lewis, Saunders and Thornhill (2009) statement on research topic choice, the motivation and drive for this study lies in researcher's own background and personal interests in this topic.

In order to study mentioned research problem, qualitative research method was applied. The choice of research method was based on the fact that at the time of preparation for research topic there was no unified database on immigrant entrepreneurs in Finland, from which the researcher could have extracted the needed data for Finland in order to conduct quantitative study. Unavailability of the data for quantitative study also represents the limitation of the study. The researcher limited the study to Kajaani region using qualitative research method. The reason behind this choice is that researcher lives Kajaani and has knowledge of the area which can be utilized for the purpose of this study.

Another reason was the information that regional council of Kainuu region is developing demographic strategy, in which the planned target population of Kainuu is 82 000 inhabitants by the year 2035. Included in formulation of mentioned demographic strategy is planning of active immigration policy, which includes the immigrants in the demographic growth of the region, or in their own words: "without immigrants population target is not possible". (Ponnikas 2014.)

Researcher hopes that this study will help future potential immigrant entrepreneurs, who are interested in creating and opening their own business, to see what the pitfalls are and what could be utilized better. At the same line of thought, researcher hopes this study will help institutions and policy makers to see the issues immigrant entrepreneurs are facing, and serve as inspiration for tailoring better fitting policies that will help to develop and maintain nourishing environment for business creation.

3.1 Qualitative methods

This study is done with qualitative research methods. Qualitative research gives tools to conduct studies in number of different fields and topics. In an economic study qualitative research can be used especially when faced with unavailability of sufficient data and/or lack of cover of variables. (Yin 2011: 6.) Most important features of qualitative research are: “

1. Studying the meaning of people’s lives, under real-world conditions
2. Representing the views and perspectives of the people in a study
3. Covering the contextual conditions within which people live
4. Contributing insights into existing or emerging concepts that may help to explain human social behavior
5. Striving to use multiple sources of evidence rather than relying on a single source alone” (Yin 2011: 8).

Qualitative research aims to understand some aspect of social life. Qualitative research produces data for analysis, but it is usually words, not numbers. For example, quantitative methods can offer information like what percentage of population uses some type of service, but only qualitative research can explain the reasons behind them using or not using service in question, and experiences they have (Bricki & Green 2007.) Qualitative research aims to understand how subjects of the research interpret their experiences (Merriam 2009: 5). This type of research tries to understand the meaning (not frequency) of some phenomena in the social world. In qualitative research process is inductive and researcher is main instrument for data collection and analysis. (Merriam 2009: 13-14.)

There are different types of qualitative research and the most used are: basic qualitative research, phenomenology, ethnography, grounded theory, case study, narrative analysis and critical research. In qualitative research data is collected through observations, document examination and analysis, and interviews. (Merriam 2009: 37.) Research can be exploratory, descriptive or explanatory, or combination of these (Saunders et al. 2009: 139). Qualitative research can be conducted with different approaches and methods, but given to the nature of this study; research will

be conducted within the framework of case study with the help of semi-structured interview.

3.2 Case study

Case study can be useful in situations when there is a need to understand unique situation in depth, particular problem or some special people. Case studies can provide better understanding and more accurate portrayals of what is going on. This method is especially useful when aiming to capture individual differences from one setting to another. (Patton 1990: 54.) Case study is a “strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence.” In case study, boundaries between studied subject and the context within which subject is being studied are not clear. Case study’s principals have ability to help find answers to questions “why?”, “what?”, and “how?”. Data can be collected in various ways, for example with the help of surveys, documentary analysis, observations and interviews. (Saunders et al. 2009: 145-146.) In this study research problem is viewed as a case, and data gathered in 6 different interview instances is used to formulate a descriptive and explanatory picture of the research problem in question.

3.3 Interviews

Interviews can be categorized by three different types:

1. Structured interviews
2. Semi-structured interviews
3. Unstructured or in-depth interviews

Structured interviews are conducted with a predetermined and identical set of questions, usually with pre-coded answers. Even though there is a social interaction between researcher and participant, questions are always read out exactly as written and in the same tone of voice. Structured interviews can be used to collect quantifiable data. (Saunders et al. 2009: 320.)

Unstructured interviews are informal. They are used to explore a subject of interest generally, but in depth. There is no list of questions, but there has to be a clear idea about the aspects that need to be explored. Interviewee is given the chance to talk freely about the subject, so interviewee's perceptions about the subject guide the conduct of the interview. (Saunders et al. 2009: 321.)

In semi-structured interviews the researcher has a list of questions, but the questions may vary from interview to interview. This means that, depending on circumstances, some questions in particular interviews may be modified to serve data gathering better. Order of the questions may also vary depending on the progress of the conversation. Some questions may be omitted all together, if they don't concern the interviewee in questions. In some situations, additional questions may be needed to explore research question and objectives better. Nature of semi-structured interview is such, that data gathering should be recorded by audio-recording, or for example note taking. (Saunders et al. 2009: 320-321.)

This study was conducted with the help of semi-structured interviews. Interviewees have different backgrounds and experiences, so flexibility is needed. Also, semi-structured interview is a good method to give interviewees the chance to explain their positions and express their feelings.

3.4 Data collection

All interviews were conducted face-to-face at interviewees' place of business and recorded by audio-recording. Face-to-face interview is a form of interview when researcher and interviewee(s) meet in person. During the interview researcher needs to demonstrate competence in following areas: “

- opening the interview
- using appropriate language
- questioning
- listening
- testing and summarizing understanding
- recognizing and dealing with difficult participants
- recording data” (Saunders et al. 2009: 336.)

Interviews are conducted with the help of interview guide. Interview guide is a list of questions that need to be explored during the interview. Researcher prepares the guide to make sure that the same information is obtained from interviewees. Interview guide helps researcher to decide how to best use limited time available for the interview, and it makes the process more systematic and comprehensive. Guides can be formulated in less or more detail, depending on the type of the study and researcher's ability to specify in advance issues surrounding the subject in question. (Patton 1990: 283.)

Interview guide of this study (see appendices) consists of following areas:

- background information
- cultural and family background
- motivational factors
- business plan
- finances and challenges.

Every area is consisted of multiple questions which are presented to all participants. There is only one example: presentation of some questions depends on the respond on the previous question. For example if the answer on the question "Have you applied for loans?" is "No." next question "Was the loan approved?" will not be presented. Also, some questions are modified based on the answers, or more information is asked. Questions are based on the theoretical framework of this study.

Two of six interviews were conducted on Finnish language, because interviewees were more confident in their Finnish language skills. Interview guide was translated and written in Finnish language for these interviews and questions were presented in Finnish. Finnish language translator was also present during these interviews, to help researcher and interviewees in the case of need, or miscommunication. Translator was used only during one interview to explain few questions to interviewee. Translator's participation is also recorded in audio-recordings.

3.5 Data analysis

Data analysis was done in three stages:

1. Transcription of audio recordings
2. Write-up of all 6 interviews, reported in chapter 4
3. Analysis and conclusions, reported in chapter 5

All audio recordings of interviews were transcribed. Transcription is reproducing audio-recording as a written (word-processed) account (Saunders et al. 2009: 485). This was done with the help of Express Scribe Transcription Software and InqScribe software. Transcription was done in accordance with intelligent verbatim transcription rules. This type of transcription produces a clean transcript that has improved sentence structure, and that has been checked for grammatical errors. Intelligent verbatim transcription does not include fillers (um, ah, you know, etc.), repeated words, stutters and stammers, physical sounds (coughing, throat cleaning, etc.) and incomplete sentences. (Weloty 2016.)

In qualitative research data can be processed in three ways:

- summarizing (condensation)
- categorization (grouping)
- structuring (ordering) (Saunders et al. 2009: 490).

Data structuring is done using narrative, basically researcher writes a story about the data with beginning, middle and end with following points: what, to whom, where, why, consequences, significance, final outcome. Categorizing data is consisted of two phases: developing categories and attaching categories to meaningful parts of data. Data summary is summarization of the key points from data. With help of summary big parts of data can be compressed into smaller parts (for example long statements into short). Summarizing means condensing the meaning of larger amounts of words into fewer words (large amounts of text into small amounts). Summarization must be done carefully, so that important parts of data are not missed. Original source of data should always be accessible (if necessary). (Saunders et al. 2009: 491-492, 497.) In this study processing of interviews was done with the help of summarizing.

3.6 Interviewees

Interviews for this study were conducted with 5 immigrant entrepreneurs in Kajaani city center and one government authority. Entrepreneurs were approached based on their location; all of them are occupying the same part of the city, so they enjoy same location based circumstances. From 7 immigrant entrepreneurs asked to participate, 5 agreed. From local government authorities, TE Services were interviewed, since they are in unique position to comment on immigrant entrepreneurship. All interviews were conducted face-to-face in period from 11.4.2017 to 20.4.2017. All interviews were recorded with audio-recording device and transcribed to text in full. Report of every interview is presented in this chapter with analysis at the end of the chapter. Some interviewees were more talkative than others, which results in variation in length of the reports.

Table 8. Interviewed immigrant entrepreneurs.

Entrepreneur	Age	Gender	Country of origin	Moved to Finland	Business	Years in Business
A	46	M	Turkey	2003	Cafeteria	10
B	37	M	Iraq	2012	Barber shop	3
C	34	F	Russia	1999	Teahouse	4
D	30	M	Turkey	2008	Hair saloon	2,5
E	30	M	Nepal	2012	Restaurant	2,5

3.7 Validity and reliability

Credibility and objectivity of the research is ensured through validity and reliability. Validity is concerned with insurance that the findings are really about what they seem to be about. Validity considers study's ability to measure what it wants to measure. Reliability refers to the extent to which research tools produce stable and consistent results. (Saunders et al. 2009: 156-157.) Reliability is the degree to which the findings of research are independent of accidental circumstances of the research (Silverman 2006: 285).

Making conscious and ethical decisions need to occur in every stage of the study. Researcher must abide by human dignity principals. Privacy and confidentiality need to be permanent properties of the study. This has been done by providing anonymity to interviewees' identities. Research and data collection must not lead anyone in any direction. Interviewees were free to speak their own mind and lead conversation in wanted direction. Outside factors can not in any way influence the research. Research cannot be used for commercial gains. Being careful, precise and accurate are all features of a scientific research. Scientific and ethical methods are to be applied every step of the way - during research, data collection and storage, and processing and reporting. (Saunders et al. 2009: 187-189.)

This research has been conducted with highest standards for ethical manners. Validity and reliability of the research were ensured by implementing ethical research standards and requirements respectively.

4 RESEARCH RESULTS

4.1 Interview with TE Services

TE Services offer public employment and business services. TE Services are a regional government organization.

Background information of the interviewee

Interviewee T

Female

Service manager for employment transmission and business services

Bachelor of Business Administration (studies in progress)

Experience: labor culture, integrator (for immigrants), international labor services

Official T says that organizations in Kajaani which are providing information, resources and other services to entrepreneurs are:

- TE Services who help those who plan to start their own business
- Ely-keskus, which also gives information, financial aid for developing and investing
- Kainuun Etu which is a development company owned by municipalities and they give information and help with development for those who already have their own business, but also for those who are in planning phase, but are investing in Kainuu
- The city of Kajaani also has some kind of business adviser
- And of course, there is Finnvera, Tekes and Finnpro who also provide services for entrepreneurs

T continues to explain that resources which are available for entrepreneurs are consisted of: information (knowledge); help in developing business idea; education about business, finance and marketing; and different types of financial support. All these services are also available to immigrant entrepreneurs. There are no special services just for immigrant entrepreneurs; one exception can be translating service in TE Services, for example booking a translator services to make sure that immigrant

customer understands the details. All other services are available to immigrant entrepreneurs and native residents, but in her opinion, the main question is how to make sure that immigrant entrepreneurs understand all resources which are available to them.

Entrepreneurs can start application process from a webpage, or they can contact TE Services. They have an expert who will help them start, and expert will provide information and advice for developing the business idea. This service is same for natives and immigrants.

T explains services are provided mainly in Finnish, Swedish and if needed, they will try in English. If there is no common language, TE Services arranges translator services (usually over phone). T thinks that language can be a significant barrier for immigrant entrepreneurs, because staff has limited language knowledge, and also some immigrants have limited language knowledge, or they speak only a quite rare language.

“...Basically, all of the services offered to native residents and immigrants should be the same. But, if you think about it, language can be a problem. For example, if we have some education about how to start your own business, but it is only in Finnish language, it is blocking away immigrants. So that can be the difference.”

Services of TE Services are promoted mainly on organization’s webpages. There is not so much advertisement, so that can be constraint as well. But TE Services experts do go to different kind of courses or school classes, sometimes for immigrants also, and they tell about their services.

“...These marketing channels are enough, but then again, we should encourage people to start their own companies and get themselves employed, so in that perspective it is maybe not enough.”

In T’s experience immigrants start their own business from few reasons:

“...Some of them have had their own business in their home countries; they have had that kind of culture to be a part of business. Some are used to work, they are hardworking, and they don’t want to be at home or wait something to

happen, and they solve the problem of not having/finding a job by starting a business.”

Immigrant entrepreneurs are usually male. When asked how they come to decision to start their own business, T replies:

“Immigrants can make the decision to start their own business quite easily and quickly, but then there are things which can make the process slow, or even destroy the whole idea, and they are: Finnish laws, legal issues, different kinds of permissions, taxes, etc. Biggest reason for not pursuing the business can be financial issues, getting the money to start the business. It is an issue for everyone. For example, last year we had a lot of customers who applied for financial services from different banks or Finnvera, but they were denied, so they were not able to start. “

T continues that in her opinion government wants everyone, and especially immigrants, to be able to start their own business and government is trying to make it easier. But politics, regulations and things like that are not easy and change takes and requires time.

TE Services in Kajaani has not seen increase or decrease in immigrant entrepreneurship; amount is quite the same, about 5 every year. Industries of interest are usually service oriented: restaurants (pizzerias), car garages and barber shops / hairdressers.

Interest in getting information or education on how to start a business is also quite the same. Information about entrepreneurship is also been distributed in same way for years, mainly face to face in TE Services, sometimes in courses for immigrants or school courses, and if someone wants to discuss starting a business, TE Services will make an appointment and try to help and give information. In her opinion bigger cities offer more opportunities, and maybe it is easier, so that will motivate some people to move away from Kajaani region.

For TE Services, the main idea is to provide same services and give information to everywhere, every city, every little town. Webpages are their way of spreading information to anywhere. Government tries to bring the services where clients are, so they will have enough purchasing power, to start their own business, to live in

Kajaani and not have to move away. For Kajaani more immigrant entrepreneurs would be beneficial and give more possibilities to everyone. Area would get more vitality, so increase in immigrant entrepreneurs would result in an increase of the need for more workers and the whole area would have more money, so the purchasing power would be stronger.

When it comes to legal requirements, T explains, that it depends on the business. For example, for some business (like taxi business) one needs to apply for permits and for some other type of business, simple registration is enough. Legal requirements for immigrant entrepreneurs are basically the same as for the native residents, but of course, one needs to have permission to work and/or permission to live in Finland.

In case of asylum seekers, T says, it's quite hard, or maybe even impossible to start own business. But in other cases, it should be the same as for native residents. Finnish constitutional law forbids putting anyone in different position based on their background or nationality. Also in practice T has seen it has always been the same for all.

T explains that immigrant entrepreneurs can apply for financial services, or get information, from TE Services, Finnvera, banks, Ely-keskus, Kainuun Etu. In her recommendation, the best way to start is from Yritys Suomi -web pages. They contain all information and opportunities in the same package. If someone wants to start their own business and they contact TE Services, TE Services gives advice and information, and tries to find out can they make the decision about start-up grant (in Finnish Starttiraha). TE Services looks at the business idea, competition, chance to make profit, revenue strategy etc. And if entrepreneur in question needs loan, TE Services have to wait for positive decision by Finnvera or/and banks, and then TE Services can make positive decision about start-up grant. TE Services check does the entrepreneur (who is planning to start the business) have any business skills and knowledge. Sometimes TE Services, if they think entrepreneur is lacking needed skills, will ask the person to go to entrepreneurship education course. TE Services always try to find positive reasons to make positive decisions. But if there are really difficult issues, or issues that would go against the law, TE Services have to deny the application.

Immigrant entrepreneurs can, like native residents, get start-up grant from TE Services, loan from Finnvera, loan from banks, and Ely-keskus can give financial capital for development, but there are no loans in Ely-keskus. Terms may be quite hard: one has to have his own capital, some amount of professional skills or knowledge, and needs to know something about having your own business.

“...For example, last immigrant for whom we’ve made positive decision for starting grant is buying art abroad and selling it in Finland. One immigrant is starting a business in traveling industry. And one lady immigrant is starting business providing beauty and wellbeing services.”

Immigrant entrepreneurs usually have experience and/or some education in the industry they want to open their business. Cultural background can also improve business opportunities. When it comes to the main obstacles immigrant entrepreneurs are facing when obtaining financial capital, in T’s opinion, the main problem or barrier is how they can prove that they have ability to pay them back. But this same problem in her opinion is faced by native residents as well. Trust issues are possible, but also possibility of issues in their background, like earlier loans or financial situation in big picture. These problems are the same for the natives and immigrants, but T feels that it could be more difficult for the immigrants who have been here a short time, because:

“...How can they prove that they have been very liable with finances, if they have been here only few months, of few years? And in this perspective, it may be harder for immigrants. Banks can, for example, want that someone is their customer for many years, before they will consider business loans and things like that. So it can be harder for immigrants who have not been a long time here.”

T has not in her experience witnessed any kind of discrimination against immigrants or natives who are starting their own business regarding access to financial capital. Rules have been the same for natives and immigrants.

T continues explaining that immigrant entrepreneurs as source of financing usually use start-up grant (because they don’t have to pay it back) and Finnvera loans, because it is easier to get them than bank loans. Many of them have little bit of their

own savings, and they also use their personal connections, like family, relatives and friends. Cultural ties are much stronger than in natives.

“...For example, in some cases, they get money from friends and family, and friends and family also work here, there is no need to hire employees, so it is easier. It is a very human thing to help and to get help from your family and friend. Of course, threat there is if business goes down, everyone is left broke.”

Starting grant is about 4200 euros for 6 months and it can be given twice, second time after 6 months. When it comes to loans, it depends; it is different every time based on the idea, need, amount, etc. T has not seen any kind of mistrust from immigrant entrepreneurs toward government organizations regarding financial aid or loans.

When it comes to commercial banks, TE Services cooperate with them. TE Services can't, of course, affect their decisions, but they can give advice and support, for example they provide courses on entrepreneurship to immigrants who are applying for loans from these banks. TE Services can also give their opinion to banks and other authorities on the current competition situation on market, or their opinion on some individual case. This is why it is so important for TE Services to conduct their work precisely and professionally, and be careful what they announce as their official opinion. And to avoid one person making decisions, pair of professionals will always discuss the case.

All of the authorities connected to developing entrepreneurship and also commercial banks used to meet from time to time to get know the services they all provide so they can serve their clients better. T continues that nowadays they don't meet so much, but they all know each other and what they do, since it is a small place. This could be improved; they could meet from time to time to improve their knowledge about the current situation.

Social connections can affect positively or negatively entrepreneur's chances for starting and financing a business. Building social connections is important for everyone and especially for immigrants. And it is a small area, so everybody knows

somebody who knows somebody. Here it is easier to get connected and you're your own social network.

T continues that reason why they don't have more entrepreneurs in Kajaani is perhaps because some of those who are willing to start their own business are moving away. Some just don't want to be entrepreneurs, they want to work from 8 to 16 o'clock and not worry about their business all the time. And this is the same for native residents also. Some immigrants start their own business, usually pizzerias, because they, in T's opinion, cannot get any other job and they have to do it, if they want to be employed. Often, they start their own businesses without even contacting TE Services. TE Services visits them and offer advice and help, but they usually answer that they have already started. This does not create any problems, but they are missing out on something that they could have had (like start-up grant).

T states that during the year 2016 TE Services got 78 applications for start-up grants, 3 of them were denied. Among applicants there were 6 immigrants, and they all got start-up grant. 3 denied applications were from entrepreneurs who have already got the grant for the first period, and they were now applying for its continuance. One application was delayed and law changed for circumstances in other two, so they had to be denied.

During the course of the interview T realized that TE Services marketing channels are not enough, because many of the immigrant entrepreneurs they have talked to seemed to not to know what services and help they offer and provide. So, T concluded that they should use more marketing, to pass out the knowledge about the services and their terms, because they are there to help their clients. T would also advise every possible client, including native residents, to ask for help and for the knowledge and information TE Services can offer.

4.2 Entrepreneur A

Entrepreneur A is a 46-year-old male from Turkey. He has moved to Finland in 2003, because his wife was living and working in Finland. In the beginning he had residence permit, but now he has dual nationality (Turkish and Finnish). A has a

university level degree in tourism and hotel management acquired in Turkey. He has tried to get it recognized in Finland, but government did not accept it. In Finland he has finished cook school in Oulu. He moved to Kajaani in 2006.

Entrepreneurship is quite common in Turkey. Entrepreneur A has been working for years in tourism sector in Turkey, first as a bartender and then as a professional tourist guide for hotels and travel agency. He has worked with Scandinavian tourists for almost 10 years, so he had a good picture about Finns and Finnish culture. People are entrepreneurial in Turkey, but newer generations spend more time in school, they don't open businesses as early in life as older generations. Entrepreneurship is viewed positively in Turkey and government supports it with grants. For some entrepreneurship is a mean of survival. Turkey has a lot of people, so it is difficult to succeed as an entrepreneur. Entrepreneur A's father had also a small business, but he was not successful enough. A's sister's husband is also an entrepreneur; he is one of the owners of a big company.

Entrepreneur A was motivated to start his own business by his education and experience from restaurant and tourism industry, and the fact that a lot of people (foreigners) work in restaurant business in Finland. He worked with them and they were also supportive of him when he got the idea of his own business. A's business is connected to his education and his culture, and in a positive way. He tried to take everything good from his culture and (from his experience with Scandinavians) everything good from Finnish culture and integrate it in his business. He feels that he is constantly creating and developing something himself.

It was much easier for him to start his own business than to apply for some other work. He feels that one needs a good knowledge of Finnish language, knowledge of Finnish culture and Finnish education before they can have a chance in the job market. And even then, it is easier for Finnish companies to hire Finns, because it is easier with own countrymen. Entrepreneur A chose Kajaani for his business because his wife got work position in Kajaani, and Kajaani was suitable for the kind of business he had in mind. His business has been open for 10 years now, and he has been in the industry in Finland all together for 14 years.

A did not make his business plan alone, his friends helped him. They checked out Kajaani together, and A realized that Kajaani was missing a good cafeteria with different types of coffee and light food. After 2-3 months of checking out the situation, he decided it was worth the risk, but he worked really hard. He did not write his business plan alone; his wife helped him because of the Finnish language barrier. His business plan is a cafeteria with different coffees and fast, but light and healthy food for people of all ages, but it is especially popular with women and young people. He did not have any education/courses connected to economics or finances, but when he was in school in Oulu he had some classes about financial terms in general. In beginning (when he started the business) he did not understand well accounting and financial processes and Finnish law system in general. He consulted professional in these things, and also got a Finnish accountant. He also asked advice from people with experience. He tried to learn fast, to do more things himself because of the high costs. When it comes to marketing, his cafeteria is on a good, visible position; word spreads around quickly in a small city and after an article in local newspaper everybody became familiar with the place. 18 months ago, on the suggestion of an employee, business started using Facebook and Instagram. It is affecting the business positively, since social media is really popular.

Entrepreneur A consulted his business idea (before starting the business) with his wife, friend and acquaintance, who was in business for 10-20 years. A also went to TE Services, but they told him that Kajaani is a small place, that it is difficult to keep business going and that it will not work. Banks did not grant him loans, and Finnvera also did not grant him loan. A believes that negative TE Services report affected their decision. A found TE Services helpful in giving some information, but most of advices toward his business idea were negative. He believes they have a negative mindset when it comes to business in Kajaani, and that their attitude can affect entrepreneurs negatively and even affect people to move away. But also, entrepreneur A believes that TE Services were (from their point of view) open, realistic and honest.

In A's opinion, it is easy to get all the information you need for starting a business from government and authorities, and they will try to help you, but you have to know where to ask and what to ask. A firstly used English to communicate with TE

Services, then tried to use Finnish and had a friend with him who spoke Finnish well. A believes that language is an important barrier and it affects quality of service. A knew that TE Services offer service in English, Finnish and Swedish, but he did not know he could ask them to arrange (phone) translator if needed. In financial institutions like banks he sometimes used English, but usually had someone with him who spoke fluent Finnish.

Entrepreneur A believes that government and organizations like Finnvera will always support native residents more, because they have more trust in them. He believes if one doesn't have Finnish nationality, or if one is a foreigner, it is totally different.

“...For example, they will ask about money, about permissions to be in Finland, about passport. They are checking everything; it cannot be as easy as with Finnish persons.”

A also has Finnish friends who are entrepreneurs, and based on their conversations, he came to a conclusion that it is easier if you are a Finn, and especially if you are a woman. In his experience, women get support easier than rest. A believes that during first years of his business he was not treated as an equal (compared to native residents), but after 3, 4 years of doing business he was, which he explains by getting financial capital for expansion of his business.

A thinks that financial support offered to new businesses in Finland is good, and that institutions try to help especially when compared to Turkey. But he finds that financial institutions are not realistic when it comes to cost of running the business. When they offer capital, they offer too little. It might be enough for the first year, but after second year when paying of all kinds of taxes kicks in, loans have to be returned at faster pace, so expenses are huge and running the business becomes more difficult.

When he started his business, A used his own money, his wife helped too, and he took a small loan from his brothers in Turkey. He used friends and family as source of finances because his loan applications were denied by Finnvera and banks. Later, when he wanted to improve his business A applied three times for loans. First two times loan were denied, but third time it was approved. He used his own assets as

collateral. He sees interest rate as high in small loans, but quite reasonable in bigger loans. In future, if he needs money for improving the business, he will not use friends or family, he will apply for loans. Taking credit to conduct business is seen as normal activity in A's culture. When asked does he trust financial institutions, A replied:

“Yes, if they trust you, you trust them also.”

When it comes to knowing different organizations where it can be applied for financial capital, A knew only basic few: banks and Finnvera. Only after 3 or 4 years he learned about the rest, which he has missed, for example start-up capital and EU funding. He never got that information. He believes that this type of information should be given to immigrants during the first integration courses.

Entrepreneur A thinks government should make new strategies when it comes to financing of immigrant entrepreneurship. People are leaving to the southern parts of Finland, so government could have tax breaks or other benefits (like paying for the part of workers' salaries) to motivate small businesses owners who try to make it the northern part of the country. In his opinion small businesses in general should have smaller rate of taxes and costs for workers.

4.3 Entrepreneur B

Entrepreneur B is a 37-year-old male Kurd from Iraq. B moved to Finland in 2012 from political reasons. He does not have any official education; he has worked as a barber since he was young boy. Entrepreneurship is seen in positive light in B's culture and it is a common practice. B comes from family of entrepreneurs; his grandfather was a barber and father too. He also went to barber school in Finland, but only for one day. He showed in practice that he can do his job, and since he was opening barber shop and not a hair salon, it was enough to get certificated as a barber.

Entrepreneur B did not even think to do something else and he did not apply for any other job. He started his own business because it is his calling, something he has been doing his whole life. He chose Kajaani because he liked it and he thought the

business has a chance. B opened his business in 2014, but he has worked in the industry for 20 years.

When it comes to the business idea, he talked about it with his friends, who are also Kurd entrepreneurs in Kajaani owning coffee shops and pizzerias. They gave him a lot of good advice, and also with their advice B got himself an accountant. He learned quickly. B went to TE Services, but he was told that his business idea was quite risky, that there are a lot of barbers in Kajaani, and they did not offer him any kind of help or grants. He used Finnish language in TE Services, but he knew he could ask for translator services.

B also went to Finnvera and was granted a small loan (10 000 euros). He decided not to take the loan because of two reasons.

“...First, taking loan means you owe the money and you have to return it. If your business does not survive, but you don't have loans, at least you don't own money.”

Second reason was religion. B's religion says that if you don't need the loan it is forbidden to take it. And if you don't have any other choice, you can take the loan, but only the amount you need, not a euro more. Loan without interest would be fine, but loan with any kind of interest is not. B also consulted acquaintance from Helsinki, who has deeper religion knowledge, and he told him the same thing. Because B had little bit of his own savings and he was able to loan small amount of money from his Kurdish entrepreneur friends, he decided not to take Finnvera's loan. His friends have helped him with other things to, for example with remodeling of the shop. B says that helping friends in any way possible is a strong part of his culture.

B found authorities and financial institutions to be helpful, but he knew in advance what he wanted to ask them. This information he got from his friends. One of the things that disappointed him was the fact he had to pay taxes from beginning, since he did not get any relief when he started his business. B thinks that immigrants are of course being treated differently than native residents; just looking like an immigrant is reason enough to be treated differently. When asked does he think that he would

be treated differently if he was a native resident, B answered that he can't really say, but answer in his case was negative.

4.4 Entrepreneur C

Entrepreneur C is a 34-year-old woman from Russia. She has moved to Finland in 1999 to study. In Russia she has finished high school. In Finland she got a bachelor's degree in Tourism from Kajaani University of Applied Sciences, and two years ago she got a master's degree (Russian language) from University of Eastern Finland. During her studies in Finland she has had a lot of different jobs, working for cleaning company, gas station coffee shop and Pentik (interior design retailer). Also she has worked for many years as a teacher of Russian language and she still does.

She feels that entrepreneurship is not so common in Russia, and in many cases not seen as a positive thing. She thinks this is the result of the breakup of Soviet Union, when some people got rich really fast not necessarily in legal ways. C feels that some people also don't understand how much work most of entrepreneurs have to do for their business to survive. C is first entrepreneur in the family; there were no entrepreneurs on either father's, or mother's side of the family.

Entrepreneur C started her own business because she wanted to realize her idea, to do her own thing, and luckily circumstances were good enough to try. Business is connected to her education but also to her culture. And local people as well connect Russians with tea drinking. C has had a lot of jobs before starting her own business, and she still works as a private teacher of Russian language. Sometimes she has few students, sometimes a lot. She didn't have difficulties finding work in Finland.

C chose Kajaani for her business because she lives here, it is her home, but also everyone knows her so it was easier to start in Kajaani. But it has been also challenging since it is a small city and Finns are hard coffee drinkers, so teahouse and tea theme was this new world for them. Teahouse has been opened for almost 4 years now and C has been in and around the industry for about 17 years.

Before opening the business, C talked about her business plan with her family. She went to business coaching education course. She also went to business adviser in Ely-keskus. Adviser was really excited about the idea. He also knew her from somewhere before, so she was not a stranger to him. She knew a lot about entrepreneurship from her education. She was satisfied with the information she got and calculations and business plan they did. C thinks that it was easy for her to get the information she needed, but because of her education she had a pretty good picture about what she is doing.

Entrepreneur C does not know how institutions treat native residents, but she thinks she was treated really well. All institutions and authorities she contacted tried hard to help her. She applied for starting money and she got it. She also applied for business loan from Finnvera in amount of 35 000 euros and she got it. Everything went smoothly and without problems. But also circumstances 4 years ago were different; there were not a lot of cafeterias, so situation would maybe be different today. Also, C believes that her living in Kajaani, having Finnish education, speaking fluent Finnish and knowing and meeting local people for longer time may have helped her when starting business. Everyone was really helpful and she is happy they believed in her and her business idea so strongly. In her opinion knowing people, having social relationships with them is helpful in these types of situations.

C invested only minimal amount of money required by law, so she was dependent on grants and loans. But luckily, her applications were approved. C is satisfied with the terms and the interest rate of loan. C thinks that she was treated fairly by these organizations and TE Services also. She thinks that positive review made by business advisor from Ely-keskus affected all other decisions the most. Finnvera did not ask for collateral and most of the loan was approved based on personal responsibility. C thinks that she would not have been treated better, or been offered better terms, if she was native resident. And after she opened her business, she was visited by the same business adviser, who came to see how things are going and offer support. When it comes to challenges, she sees Kajaani as a challenge but also as opportunity. In her opinion, a lot work has to be done; a lot of hours have to be put in, if one wants that his business survives.

4.5 Entrepreneur D

Entrepreneur D is a 30-year-old male from Turkey. He moved to Finland in 2008, he got married and his wife lived in Finland. First, he had resident permit for 1 year, then he got 4-year resident permit. Now he has permanent resident permit. D has finished elementary school in Turkey and in Finland he got his hairdresser degree. Entrepreneurship is viewed in a positive way in his country, people respect having your own business. D is a first-generation entrepreneur; there are no others in his family. D started working as hairdresser when he was 12 years old, but later in life he worked in a restaurant, in a bar, pharmacy and other places, and now he came back to his original job.

D thinks that it is difficult for immigrants who were not born in Finland to find a job from a Finnish company. So, this is the reason why he opened his own business and he is happy to have a job and he thinks that having his own business is better than normal work. D learned basic trades of the job in practice, but he studied for the degree in Finland. Job is not connected to his culture, but he feels that it is his calling, he likes it a lot. He chose Kajaani for his business because of partner, she is from Kajaani. Now he has been in Kajaani for 9 years, his business has been open for 2.5 years, and Kajaani is like his second home city. D has been working for 15 years all together as a hair dresser.

Entrepreneur D did not make any business plans, he just opened the business. He bought all things from his country and said, “welcome money, welcome customers”. He does not have any business education, he has an accountant and he sends her all reports and she does all financial reporting. In his opinion costs of running a business are high, e.g. rent, electricity bill, water bill and taxes are high. D does not really market his business (once in while he posts an ad in newspaper), he believes that customers bring customers. His motto is:

” If you do a good job, people will notice and come.”

D did not really discuss his business ideas with anyone. Of course, he knew the environment and he spoke with other Turkish people who gave him some advice, but

all the rest he did by himself. D did not go to TE Services, because he knew they will not give him start-up grant, so he did it alone. He had 4000 euros and he opened his business for 4000 euros. He did not get any information from official government organizations, because he did not need it and he did not contact any other organization. He just found a good location and started his business. Even though he did not use any of the services, D believes that starting business is really easy in Finland and that one can get all the information and help if requested.

“...In Finland is also much easier to open the business compared to Turkey. Level of bureaucracy is much smaller in Finland; you just go to registry office. In Turkey, you have to visit so many offices and get so many signatures and stamps.”

D thinks that it is not easy to get financial service when opening your own business. He heard from his friends that they ask for a lot of documents, ask for 5-year plan, ask how it will go, all of the things that one can't really know at the beginning. Because of those reasons, D did not ask any help. Like his previous immigrant entrepreneur fellows, he as well thinks that is much harder to get financial services if you are an immigrant.

”...But also, it is always better to start your business without taking loans. And it is much harder to get any kind of help when you are starting a new business. If you already have a business and you apply for something, it is easier to get it.“

D believes local authorities have treated him equally as they treat native entrepreneurs. He never got any bad feelings; service is always good, better than in his home country. Still, in his opinion it is harder to live and to do business if you are an immigrant. For example, it took him really long to sell his car. He explains it as following:

“People see your name and they don't want to contact you, because of language, culture and maybe some prejudices. But if I was in my home country, and someone from other country was selling something, I would be the same. People always trust their fellow countrymen more.”

D does not own any assets. He did not loan money for his business from anyone, he used his own savings. In the beginning it was hard, there were not so many

customers, but he waited patiently and luckily situation changed. Taking loans is not a problem in D's culture or religion. He has plans for expansion to other cities, and if one day he tries to make them come true, he plans to visit financial institutions for loans. D does not believe social connections help a lot:

“...everyone is busy, and if someone helps you, you have to open your pocket first.”

When it comes to suggestions to financial institutions and government, entrepreneur D thinks that government should show a better and easier ways to immigrants how they can engage in working life. In his opinion they should so to say, “hold immigrant's hand” through that process.

” ...Finnish people understand everything about their society, but when you are an immigrant everything is new to you. Government could appoint some expert to guide the new immigrant entrepreneur from planning his business until the day he opens his business.”

4.6 Entrepreneur E

Entrepreneur E is a 30-year-old male from Nepal. He moved in 2012 to Finland to work. When he started his own business, he had a 4 year residence permit. Now he has permanent residence permit. Entrepreneur E has a master's degree in English literature. He has acquired his education in his home country. He has not tried to get his degree recognized in Finland. In his home country E first studied, and then he worked in service industry.

Entrepreneurship is viewed in a positive way in E's culture, it is common and appreciated. E comes from family of entrepreneurs; his mother, mother's brother and father's brother are all entrepreneurs. Some of them are in garment industry, some of them in hotel industry, and some are involved with restaurant business. Currently his uncle is running two restaurants in Helsinki. E started working as a waiter in his uncle's place. After two years, he started thinking with his friend about their own place, because: “...your own is your own”. Then one of his friends asked him why he doesn't try to open business in Kajaani, so he came and it has been 2.5 years now.

His business is not at all connected to his education, but it is to his experience and culture. They are trying to change customs of Finnish people a little bit with the Nepalese culture. Also, E says for himself that he is a food guy, he loves to cook and he loves to be around people, so these reasons are as important as any others.

E thinks that there is a big difference between working for someone and doing business for himself. He also did not have problems finding work in Finland. Once he applied for a job in a quite exclusive hotel, just to see what would happen, and he got it. He chose Kajaani for his business, because there were not a lot of restaurants offering something else besides Finnish food and fast food. His business has been open for 2.5 years now and he has been in the industry for 8-9 years.

E registered his business in Helsinki and YritysHelsinki (Eng. NewCo Helsinki) helped him by providing advice on first steps in entrepreneurship, he participated on course that lasted for 5 days. E wrote his business plan and his business education comes basically from experience in travel tourism and hotel business. His business plan includes things they need, how much profit they have to make to cover expenses, where to buy needed products, who are the suppliers, how much customers they have to have. Advisors from YritysHelsinki helped them topic-wise, so for them it was easy. When it comes to revenue strategy, E explains, for first couple of years there is not much profit, because of re-investing:

“...But maybe after 3, 4 years’ costs will get smaller and you will have profit.”

E hopes this will happen next year. When it comes to marketing, E feels he was lucky. When he came to Kajaani he was in touch with Kainuun Etu, an organization that helps people who are willing to invest to Kainuu. Their slogan is: “Made in Kainuu”. They have good relationship with Kajaani AMK (Kajaani University of Applied Sciences), so they connected E with students who were looking for a project to do for their thesis. So they did marketing plan for E’s business. For them it was theoretical, but it was also implemented, so it was practical for E too. Therefore E did not have to do anything regarding the marketing of his business, students did it all. E was really satisfied with their services, marketing was successful, and he was happy that he got this service as a new entrepreneur. Word spread around fast, people

started noticing the business and everything went well. E thinks that social connections he had were helpful to him:

“...These kinds of social connections are most important in beginning; they are backbone when you are starting the business. Getting to know the people, the local customs and socializing inside the market are really important.”

Before opening the business, E discussed his ideas with his colleagues and his family, who already have their businesses and much more experience. He also talked with people from Kajaani about local restaurant scene. Authorities were really helpful and he can't think of anything different to say. E thinks he has been treated as a native resident by everyone and he does not have any negative experiences.

“...When it comes to getting needed information; you will get it if you know where to ask. And everyone will try to help, but of course you have to have some solid plan.”

When it comes to understanding business, and obtaining financial capital, E puts the language in crucial position, especially in cases when he had to read and sign official and complicated business documents. He says:

“...You can find yourself in a situation where you are not sure what you are signing, or you have to trust someone else who read it and explained it to you. This is a really big issue.”

E does not understand why English language is not utilized more especially in legal documents. And also, E feels that services offered to entrepreneurs are too decentralised, so many organizations offering so many different things.

“...And if you are not informed and you don't know, you will not be able to ask for things and services that you could get. Or if you get letter with information about these services in language you don't understand it is also wasted opportunity.”

E has also missed many things when opening the business that he found out only few years later. E thinks that authorities should do more marketing of their services, because a lot of entrepreneurs don't know what they have to offer.

“...And many times, language is a big problem too, people speak with you differently, or they don't know how to explain things, if you are not speaking native language fluently.”

E conducted his business always on English. He did not know that one can ask for translator at TE Services if there is no common language. Also, E has had a bad experience with one insurance company which is not willing to sell their policies to immigrant entrepreneurs because they don't speak Finnish.

“...It is maybe because they have to pay if something happens and the customer says, “I didn't understand the language”. Of course, they will not say there are not selling policies to immigrants because that would be illegal, but they are always making delays and excuses, so you have to go somewhere else.”

E has had this information confirmed by an acquaintance that works in that company, so he believes it was intentional. Entrepreneur E also thinks that getting financial capital is really hard for immigrant entrepreneurs. First time when he went to TE Services, they did not grant him start-up money. They said there were too many restaurants out there. No one helped him before opening of the business, but also, he did not know about a lot of places he could have asked for financing. He used his savings and he borrowed some money from his friends, because there was no other choice for him. When one month from opening passed, E took all of the documents about their investments and one month of business reports to Finnvera, and then they got the loan. With banks it is difficult, in his opinion it's very hard.

“...It's very hard with banks because they want guaranties, collateral. But how can you have collateral if you have been in the country for only few years? Finnvera on other hand is much better for immigrants, and interest rates are pretty good too.”

Even though he has no proof, entrepreneur E feels that financial institutions treat immigrant entrepreneurs differently. It might be a trust issue, E is not sure, but he is 100% sure it would be easier for him to get a loan if he was not an immigrant.

E has also noticed that everything changes when you open the business:

“...Before no one really cares, but when you have opened your business everyone treats you differently: bank, authorities, society, people, etc. But this gap between common people and entrepreneurs probably exists everywhere.”

E has plans for expanding his business and if or when he goes forward with his plans, he will contact different organizations for advice and possible financial help, because now he knows a bit more and he is familiar a bit more with services they offer.

When it comes to advice for government and financial institutions, E would like to see more documents in English language, especially legally bounding ones. This should also happen with written agreements between companies:

”...For example, if you make an agreement with other company and you sign the documents written in Finnish, and one day you want to terminate the agreement, they can inform you have to wait for 6 months (or something like that) and that is was in the agreement. And of course, you don't know that, because of the language. That is wrong. All business-related papers should be available on English too.”

Also, all new entrepreneurs should be given an information package with most important information about all the organizations that can help them with starting of their business and who can provide them financial capital if needed. It should include contact information, e-mail and responsible person. His suggestion is that this package should be given when you go to the registry office to register business, or the first time one goes to the bank to open a business account, because everyone has to go there and do it, and it is a perfect opportunity to get all the information about services to immigrant entrepreneurs at one place. In his opinion there is a huge gap in communication between immigrants who are potential entrepreneurs, immigrant entrepreneurs and government support system, but he also thinks it can be fixed easily with a little effort.

5 ANALYSIS

TE Services explained clearly what kind of services they offer to entrepreneurs: information, advice, education and financial aid. These services are the same for native and immigrant entrepreneurs. TE Services abide by laws and regulations, and no one can be discriminated against. TE Service acknowledge that their decisions and opinions can have a huge impact on entrepreneur's plans, so it is crucial to them to be neutral, fair and professional in their work.

5.1 Language barrier

TE Services during the interview have recognized that starting business can be more challenging for immigrants. For example, they acknowledge that language can be a barrier for access to financial capital if TE Services offers entrepreneurship education and business education courses only on Finnish, which later can affect the decision on approval of start-up grant or Finnvera's loan.

On the other hand, for immigrant entrepreneurs, language is a barrier in many situations, especially with financial and government institutions, obtaining financial capital and services from official government organizations and financial institutions. In conducted interviews, entrepreneur E especially stressed the importance of English to be used in business matters and official business documents.

These findings from both point of views are in line with those empirical findings of Kushnirovich et al. (2008) who argue that immigrant entrepreneurs are experiencing difficulties in accessing financial capital because of language barriers (i.e. lack of proficiency in English). Another empirical finding that confirms these results is the study by Costante et al. (2007) where they find that immigrant entrepreneurs in Canada face problems when it comes to legalities of small business, business language (and language in general) and financial literacy (awareness of availability of financial capital). Zhang's (2015) findings go in line as well; he found that immigrant entrepreneurs are experiencing difficulties to get access to loans and these

difficulties are often caused by a lack of communication and understanding between business owners and financial institutions.

5.2 Communication issues

Entrepreneurs can ask for advice or financial help from Ely-keskus, Finnvera, Kainuun Etu and different commercial banks. TE Services cooperate with all these organizations, but they could meet more often to share their experience and recent developments in order to improve efficiency and utilization of the services they provide.

On the other hand, miscommunication between government institutions and immigrant entrepreneurs, followed by immigrant's language barriers and lack of social and human capital when arriving to host country are resulting in wasted opportunities: financing opportunities are more often than not missed by immigrant entrepreneurs and very often immigrants do not seek help or advice for their business from official government institutions. This can be explained by the fact that they are not familiar with the system and they seek information and help from their friends, family, acquaintances and fellow entrepreneurs rather than involving official government services.

TE Services in this case recognize that there is always room for improvement, for example with better marketing and trying to get the information out there about services they provide and places from where entrepreneurs can seek for guidance and help. Both sides in this case as well agree on certain things; marketing channels could be better, information regarding available services and financial capital access could be represented better and communication between officials and (potential) immigrant entrepreneurs should and could be improved.

5.3 Discrimination

When it comes to the discrimination the analysis of the interviews shows following: entrepreneurs A, B, D and E share one thing in common - they think that all institutions treat native residents differently. They don't necessarily see it as

discrimination, but more of a communication and trust problem. When it comes to trust, they basically think that financial institutions trust native residents more and are willing to do business with them more eagerly. These findings are again in line with those findings of Aaltonen and Akola (2012) where they state that immigrant entrepreneurs face different challenges in Finland, specifically the lack of cultural knowledge and language skills, as well as distrust of locals.

By elaborating further findings from interviewed immigrant entrepreneurs, we can say that distrust can be caused by the fact that they are foreigners or the fact that they usually cannot meet standards of financial institutions when it comes to assets, collateral and credit history. Both sides, immigrant entrepreneurs and TE Services Official, agree on this topic; these things are quite impossible if you have been in the country for only few years. These findings are in line with those of Bruder et al. (2011), Kushnirovich et al. (2008) and Transatlantic Council on Migration (2014).

Based on the analyzed data, evidences of discrimination against immigrant entrepreneurs in the conducted research could not be found, which is in line with Fraser findings (2007). He as well does not find support for discrimination in the UK, but he finds evidence of large variations in financial rejections when it comes to minority businesses. In order to investigate variations among financial rejections, much larger data sample is needed. Hence, the limitations of this study may contribute to different result with much bigger sample size.

5.4 Immigrant entrepreneurship theories

In line with presented theoretical framework, interviewed immigrant entrepreneurs also have tendency to employ their friends and families, to help each other and rely on each other for advices, help and support. This is stated by TE Services Official and immigrant entrepreneurs themselves. Entrepreneurs A, B, D and E got a lot of help and advice from their friends, usually countrymen and immigrant entrepreneurs themselves. Especially entrepreneur B has utilized his friendship relationship well, but that is also part of his culture - friends should always help each other. This finding is also in line with middleman theory and Waldinger's, McEvoy's and Aldrich's (1990) research on ethnic enterprises, Volery's (2007) arguments and

Nestorowitz' (2012) elaboration of Waldinger et al. (1990) findings. Nestorowitz (2012) points out that middleman minorities are characterized by ethnic solidarity, which can be evident in hiring own family members and friends in hope of future business establishment, providing information and resources when needed, keeping competition ties in orderly fashion and community organization.

Interviewed entrepreneurs have different backgrounds and experiences in life, but also in starting their own business in Finland. All interviewees are in services business, and this is dominant industry of immigrant entrepreneurs in Kajaani region. This fact is again in accordance with the middleman theory, proposed by Bonacich (1979) according to which immigrant entrepreneurs are taking the role of the middleman, or the in-betweeners of market participants, between the both extremes - upper class and the mass. Further, Nestorowitz (2012) argues that for minority middleman the business specifics are connected to independent businesses such as trade, barber, shoemaker, goldsmith, and tailor. Waldinger et al. as well (1990) mention middleman minority business specifics such as travel agencies, garment shops, specialized grocery shops, tearooms and fast-food stands, which reflects in a quite accurate way industry and employment of the interviewed entrepreneurs.

On the other hand, findings could not be reflected in the enclave theory. The reason for this might be in the limitations of the study; first of all, because of the resources and time limitations, researched example was not big enough to make further conclusions. Second, the area where the research is conducted is in the words of locals: "quite small" which again can contribute to the fact that there were no enough empirical findings in this study to support the enclave theory. Nevertheless, as mentioned before, enclave theory at one point coincides with middleman theory, and that is from immigrant's point of view. Wilson and Portes (1980) and Bonacich (1973) in essence come to agreement that hiring from same ethnic background group for a result has a creation of opportunity for expansion, which is in line with explanations provided from immigrant entrepreneur A, D and E.

5.5 Financial capital

Obtaining financial capital was difficult for interviewed immigrant entrepreneurs. Entrepreneurs A, B and E had all got their start-up grants and loans denied, with exception of B when it comes to Finnvera loan. This finding goes in line with arguments and findings on higher credit loan denial for immigrant entrepreneurs by Bruder et al. (2007), Cavalluzzo and Cavalluzzo (1998), Mitchell and Pearce (2004) Cavalluzzo, Cavalluzzo and Wolken (2002), Blanchflower, Levine and Zimmerman (2003), Aldén & Hammarstedt (2016) but at the same time because of the limitations of the study, we cannot make conclusions about differences in interest rates.

Entrepreneur D only used his savings and he did not visit any organization, or did he apply for any grant or loan. He thought, based on experience of his immigrant entrepreneur friends that he will be denied, so he was discouraged to take it further. Also, he was not quite willing to take the loan. Entrepreneur B as well used his savings and he borrowed money from friends. In fact, entrepreneurs A and E also used their savings and borrowed money from family (A) and friends (E), but because they did not have any other option.

As a result of increased difficulties in accessing credit from banks and financial institutions, immigrant entrepreneurs tend to finance their businesses with borrowed capital from their closest environment, friends and families much more often in comparison to those non-immigrant entrepreneurs. This is supported by Kushnirovich et al. (2008) findings; Zoppa & McMahon (2002) modified pecking order theory for financing of SMEs. Also, based on their views on taking credit from financial institutions, it can be said that interviewed immigrant entrepreneurs were not showing the signs that they are risk averse. This finding goes in line with argument that on average immigrant entrepreneurs, since they have already moved to other country to start their new life are taking per se taking a risk, are a greater risk takers than their native counterparts. Nevertheless, subjective experience of the interviewed entrepreneurs does not represent objective comprehension of risk aversion. So, in order to get much more precise findings, bigger sample size is needed.

On the other hand, Entrepreneur C had completely different experience when it comes to opening her business. She got support from Ely-keskus, start-up grant from TE services and loan from Finnvera. One of the reasons, in C's opinion, is that circumstances were suitable and business idea was good. She also recognizes that her status in society may have had a positive impact on decisions made by financial institutions. She came to Finland as a student, she got her university degree, she speaks fluent Finnish, she finished entrepreneurship education course and she had worked different jobs over the years. She also knew a lot of local people. C has never experienced any kind of different treatment and she is satisfied with services offered to entrepreneurs. At first glance, her experience might be different to those of other immigrant entrepreneurs, but again, it puts the highlight to the issues and restrictions immigrant entrepreneurs face, e.g. who are not fluent in host country's language, who are not familiar to with the host country's culture, system, laws, regulations, who don't have their education from host country, etc. Although from different point of view, this finding reflects again previous research Desiderio (2014); being involved in community for longer time, acquiring social and human capital in host country, as the research shows, decreases the barriers immigrant entrepreneurs are facing as well as increases the chance of their business survival.

5.6 Motivational factors

When it comes to the motivational factors for starting the business, two of the interviewees (A and D) think it is quite hard to get a good job as an immigrant, so having your own business is a way of making a living and entering into labor market which is in line with the labor market disadvantage theory. In the case of A, B and D, they have been pushed into entrepreneurship. But in case of C and E, pull factors were more prevalent. Entrepreneurs A, C and D have education connected to the business they are in. But, again their education is acquired in Finland. Based on the findings and in relation to previous research by Wahlbeck (2008), Sjöblom-Immala (2006), Shinnar et al (2009), it can be concluded that both push and pull factors were interchangeably affecting their decision to start their own business, as well as it can be concluded that the reasons for business entry can be found in both intrinsic and extrinsic motivators.

5.7 Summary findings

All interviewees trusted financial and government institutions, which shows that this feature of Finnish culture (trust in authorities) is also part of immigrant business culture in Finland. Entrepreneurs also said it is quite easy to get information and authorities are eager to help, but usually one needs to know what to ask and where to ask to get the needed information, which again can sometimes be challenging for the reasons mentioned earlier. They wished for institutions to promote themselves and their services better, as well as to make it simpler to use their services. To make improvements, both sides, immigrant entrepreneurs and government need to make additional effort. By improving marketing channels, simplifying information accessibility and minimizing language barriers, government can engage more into entrepreneurial direction and potential success of immigrant businesses. On the other hand, by including local government for advice and information, and engaging in local community, immigrant entrepreneurs can also positively affect the future of their businesses, especially in smaller areas and regions where word of mouth and social network has a quite strong impact. Based on positive and success stories, job creation and motivation is not lacking, hence, by making a first step together and in the same direction toward the improvement, future of Kajaani region can be successfully secured.

6 CONCLUSIONS

The purpose of this study was to put the spotlight on immigrant entrepreneurship in Finland, in order to explore the accessibility of financial capital to immigrant entrepreneurs and to explore challenges they face when it comes to obtaining financial capital from government and financial institutions. Research problem was approached by answering the questions of what kind of challenges and restrictions Finnish immigrant entrepreneurs face when it comes to obtaining financial capital, and how Finnish immigrant entrepreneurs restraint themselves from applying for loans.

Subject of the study was explored with deep literature review and theoretical framework of all relevant concepts like immigrants, entrepreneurship and immigrant entrepreneurship. Themes like behavioral determinants and motivations were also discussed since they represent important factor of entry into self-employment among immigrants, as well as immigrant entrepreneurship theories and immigrant entrepreneurship challenges in generals. Theoretical framework was concluded with information about sources, classification and scope of financial capital for immigrant entrepreneurs and immigrant entrepreneurship in Finland. Thorough literature review and theoretical framework gave necessary tools for forming methodological approach for this study.

This study was done with qualitative research methods. Semi-structured interviews were conducted in English or Finnish language with immigrant entrepreneurs in Kajaani and local TE Services office. Interviews were conducted with the help of interview guide. Data was audio-recorded and later transcribed into text while applying intelligent verbatim transcription rules. Transcriptions were then summarized into reports and analysis was done. Validity and reliability of research were ensured by applying high standard for ethical manners and scientific method.

Results show that immigrant entrepreneurs in Kajaani region are facing the same challenges as native entrepreneurs. However, distinction is quite visible, since language is a great barrier in many situations, for example when obtaining financial capital and services from official government organizations and financial institutions.

The results are in line with those findings of Kushnirovich et al. (2008) Costante et al. (2007) and Zhang's (2015) who argue that immigrant entrepreneurs face challenges when obtaining financial capital because of language barriers, financial literacy, miscommunication, lack of communication and understanding between immigrant entrepreneurs and government and financial institutions.

The reasons for entry into self-employment vary among interviewed immigrants. Their experience with employment is individual, which is quite understandable per se. Although some of them have stressed the difficulty obtaining a job, others did not experience difficulties finding work in Finland. Based on the findings and in relation to previous research by Wahlbeck (2008), Sjöblom-Immala (2006), Shinnar et al. (2009), it can be concluded that both push and pull factors were interchangeably affecting their decision to start their own business, as well as it can be concluded that the reasons for business entry can be found in both intrinsic and extrinsic motivators.

When it comes to discrimination, there was no evidence for such activities, which is in line with Fraser findings (2007) but nevertheless immigrant entrepreneurs think that all institutions treat native residents differently. They don't see it necessarily as discrimination, but at least as a form of distrust because they are foreigners. These findings are supported by Aaltonen and Akola (2012) results.

Both immigrant entrepreneurs and TE Services agree that proving financial responsibility to banks and/or other organizations who are providing financial capital, if they have been only few years in the country, can be really challenging which as a result indeed represents a barrier when accessing financial capital. This finding from both point of view is in line with those of Bruder et al. (2011), Kushnirovich et al. (2008) and Transatlantic Council on Migration (2014).

Immigrant entrepreneurs trust financial and government institutions, they find that getting information is easy and organizations are eager to help, but there are certain issues in communication which need to be worked on. Additional finding was that TE Services' marketing channels should be improved to improve functionality of the services they offer.

However, there are several limitations to this study. Firstly, the study is limited by its qualitative methods. Unavailability of the data for a quantitative study is the biggest downside when researching this subject. Secondly, time and resource limitations were affecting this study in such a way, that in a short amount of time that was reserved for this thesis, it was not possible to have bigger sample for analysis, which further represents the limitation itself. And last, but not least, since the researcher itself is an immigrant, use of second language between both the researcher and interviewees might represent a limitation in the sense that, in case of misunderstandings or language barriers, more information, or more precise information, was not being able to be collected.

Immigrant entrepreneurship is steadily becoming more important part of Finland's economy, so hopefully it will get more academic attention in the future. This study could serve as a call for a nationwide quantitative study on the topic.

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8 APPENDICES

Interview guide for TE Services

Background information

1. What is your name?
2. What is your age?
3. What is your current position and title?
4. What is your background education?
5. What department are you working for?
6. What kind of experience do you have with immigrant entrepreneurs when working for the department?

Information on entrepreneurs/immigrant entrepreneurs' resources

7. Can you explain to me what government organizations in Kajaani are providing information/services/resources for entrepreneurs?
8. Can you explain to me, in general what kinds of resources are available for entrepreneurs?
9. What kinds of resources are available specifically for immigrant entrepreneurs?
10. What services are available for entrepreneurs that government institutions are offering to entrepreneurs?
11. What government services are available specifically for the immigrant entrepreneurs?
12. What is the difference between the resources and services offered to entrepreneurs/immigrant entrepreneurs?
13. What is the process for applying for those resources/ services?
14. In what languages those services are provided?
15. What is the difference between services provided in Finnish/other languages?
16. What is your opinion on the differences in resources provided for native entrepreneurs versus those provided for immigrant entrepreneurs?
17. How do you offer help/support for those who are having language deficiency?

18. How do you promote these services? What are your marketing channels?
19. What do you think, are those marketing services enough?
20. In your experience, why immigrants decide to start a business?
21. When having conversations with immigrant entrepreneurs, what do you think, how they make the decision to start a business?
22. What is current government's view on immigrant entrepreneurship?
23. How do government policies and regulations are affecting immigrant entrepreneurship?
24. Do you see increase in immigrant entrepreneurship in Kajaani, in the future? In which industry? Can you elaborate that?
25. What is currently being done to achieve that?

Capital access for immigrant entrepreneurs

26. What are the legal requirements for starting a business in Finland?
27. What are the legal requirements for immigrants when starting a business in Finland?
28. How are legal requirements imposing constraints to obtaining financial resources?
29. What financial services/borrowing opportunities are available for entrepreneurs/immigrant entrepreneurs?
30. How to access those financial services/opportunities? What is the best way to do it?
31. What types of capital/grants are provided for entrepreneurs/immigrant entrepreneurs who are starting their business?
32. What types of capital/grants are provided for entrepreneurs/immigrant entrepreneurs who are expanding their business?
33. What are the terms/requirements for those capital/grants?
34. How those terms/requirements are different than those for native entrepreneurs?
35. What are the main obstacles for immigrant entrepreneurs when obtaining capital/grants? How do you see this situation?

36. What problems are you facing when providing capital/grant to immigrant entrepreneurs?
37. What sources of finances in your experience immigrant entrepreneurs are usually using when starting their business?
38. What are the amounts they are provided/granted with? What amounts are they taking? Why?
39. Through your work with immigrant entrepreneurs, what differences did you notice among them? Can you give some examples?
40. What are the main differences among immigrant entrepreneurs that you have noticed when they are applying for capital/loans?
41. Have you noticed differences between them when they are continuing to financially support their businesses?
42. What is the relationship between governmental organizations and commercial banks/micro loaners when it comes to providing capital/grants to immigrant entrepreneurs? Can you describe it?
43. Is there any program that would promote such relationship? What?
44. How many grants/loans have been available to immigrant entrepreneurs last year?
45. How many grants/loans have been granted last year to immigrant entrepreneurs?
46. How many grants/loans have been rejected during the last year?
47. What are the main reasons for rejection of a grant/loan?
48. What can be done to improve that?

Suggestions for improvements

49. Is there anything that you would like to add?
50. What suggestion/advice would you give to immigrant entrepreneurs in order to improve functionality of services you provide?

Interview Guide for Entrepreneurs

Background Information

1. Name:
2. Age:
3. Gender:
4. What is your home country?
5. When did you move to Finland and why?
6. What kind of residence permit you had when you started your business? And now?
7. What is your educational background? Is your educational degree acquired in Finland or your home country? If home country: Have you tried to get it recognized by Finnish national agency for education?

Cultural and family background

8. How common is entrepreneurship in your culture?
9. How is entrepreneurship viewed in your culture?
10. Does your family (children, siblings, parents, siblings of parents) have any entrepreneurial history? If yes: what history?
11. Are any of your family members (children, siblings, parents, and siblings of parents) involved currently in any entrepreneurial activities? If yes: what kind of business?
12. What did you do in your home country?

Motivational Factors

13. What factors motivated you to start your own business?
14. Is your business connected to your education or to your cultural background? How did this factor influence your decision to start the business?
15. Why have you chosen to start your own business instead of looking for some other job? If interviewee answers that he/she was applying for other jobs, but was not able to get any: Is you not being able to get another job the main reason you started your own business?
16. Why did you choose Kajaani for your business?
17. How long has your business been open for?

18. How long have you been working in this industry?

Business plan

19. How did you come up with business plan? Who wrote it?

20. How would you describe your business education background? How would you describe your financial literacy?

21. What is your business plan?

22. What is your revenue strategy? How are you maintaining it?

23. What is your marketing strategy?

Finances and challenges

24. Who did you consult or discuss your business ideas (before starting your business), for example family, countrymen or local authorities and organizations?

25. If you have consulted local authorities, have you found them helpful? Did you get the information you wanted or needed?

26. Do you believe local authorities treated you equally as they treat native residents? If not, why?

27. Was it easy or difficult to get the information needed for starting a business in Finland? Why?

28. What do you think about finance borrowing opportunities in Finland? What do you think what are the limitations to borrowing opportunities?

29. Did you apply for loans and/or grants (for example startup grant)? If yes:

30. How did you applied for loan?

31. Did you face any challenges when applying for loans? If yes, what challenges did you face?

32. Did you face any challenges when applying for grants? If yes, what challenges did you face?

33. Have your loan or grant applications been approved or denied?

34. Was there enough information about the terms? How well did you understood them?

35. In what language have you been served? Did you have opportunity for use of another language?

36. How familiar are you with different organizations from where you could get help with your business finances?

37. Do you believe you have been treated equally as native residents by financial institutions? Why?
38. Do you believe it would be easier for you to get loans and grants if you were not an immigrant? Why?
39. Do you own assets in Finland? If yes what assets?
40. Did/would you use your asset as collateral for your business?
41. What source of finance did you use for startup capital? From where did you get your startup financial capital?
42. Did you use your friends or family members as source of finance for your business? If yes, what was the reason?
43. Are you expending or planning to expand your business?
44. If yes, what source of finance will you use (for example own savings, friends/family, apply for loans)?
45. Have you faced any other challenges?
46. What do you think about the terms of the financial capital you have been provided with? (Interest rate)
47. What are your suggestions to the government or banks regarding how they can help to make the process of obtaining finances easier?
48. Do you have anything else to add or comment?