

GRITIM-UPF (The Interdisciplinary Research Group on Immigration at Pompeu Fabra University), DiasporaLink partner

Outline for a conceptual framework on the socio-economic drivers behind and implications of Transnational Diaspora Entrepreneurship (TDE) within a context of post-2008 financial crisis and increasing precariousness among immigrants in Spain

The financial crisis in Spain has had severe effects for the economic situation and unemployment of immigrant workers, many of whom migrated to work in sectors as construction and agriculture during the years of economic boom, and now struggle to cope with effects as increasing precariousness and inability to continue sending remittances (Torres-Pérez 2014). In this context, programs to promote (voluntary) return have appeared as an attractive strategy for governments (Parella et al 2014), though far fewer immigrants than expected enroll in such programs (Rendón, interview 2014, SAIER report 2014, Torres-Pérez 2014). Return (or circular migration, though it should be noted that voluntary return programs in Spain significantly limits the opportunity to circulate, as the economic aid the participants in these programs receive entails the condition that the migrant cannot return within the next 3 years) instead appears as the last resort when the immigrants' economic situation in Spain becomes unsustainable (SAIER report 2014, Torres-Pérez 2014)

Earlier research on transnational migrant entrepreneurship generally distinguishes between two main types of migrant entrepreneurs:

- i) Poor, often less educated migrants that engage in entrepreneurship due to the lack of other opportunities (Sequeira et al 2009, Urbano et al 2011). We would expect that this form of entrepreneurship, which generally is performed in the destination country, *only would become transnational when it is transferred to the country of origin due to economic hardship as an effect of the crisis.*
- ii) Highly skilled migrants, belonging to a transnational elite, which take advantage of globalization through business activities and links between the country of origin and (one or several) countries of destination (e.g. Drori et al 2009, Urbano et al 2011). This category of migrant entrepreneurs may have more in common with the “cosmopolitan elites” of any, also Western, origin, and it may

be argued that rather than migrant entrepreneurs, they are simply “mobile entrepreneurs” without the legal impediments to mobility that the “precarious migrants” face. The implications of this kind of entrepreneurship for international development needs to be further explored: do these activities, for instance, have general positive effects on employment opportunities and economic development in the country of origin (Newland and Tanaka 2010)?

Within the framework of WP6, we will employ Newland and Tanaka’s (2010) conceptual distinction between “necessity entrepreneurs” and “opportunity entrepreneurs” to define the kind of transnational migrant entrepreneurs in the Spanish > Chilean and Moroccan migration corridors that we encounter during our empirical work. We are mainly interested in three dimensions of TDE in this context:

- 1) Who are the Chilean/Moroccan immigrants that return to their countries of origin to establish businesses, and why have they taken the decision to do so?
- 2) What is the character of their entrepreneurship: in what ways is it transnational and what kind of business activities do they develop?
- 3) What impact does their entrepreneurship have in terms of economic revenue, creation of employment and business links between the countries of origin and destination?

Particularly in times of recession, as has been the case of Spain for the last years, it appears reasonable to expect that migrant entrepreneurship becomes a “last solution” to the lack of employment rather than the result of resourceful and innovative individuals who see investment opportunities in their countries of origin. This assumption is supported by recent data on the Spanish governmental programs for voluntary return (SAIER report 2014). Earlier research has argued that the businesses of such migrant “necessity entrepreneurs” tend to be less beneficial in terms of socio-economic development: they are generally small, often one-person companies, which generate few job opportunities, if they at all prove to be economically sustainable (Newland and Tanaka 2010). Indeed, immigrant entrepreneurship in general (in the country of immigration) has often been seen as a response to unemployment and/or discrimination on the regular labor market (e.g. Scott 1999,

Kloosterman and Rath 2001) – thus considered to be motivated by necessity rather than interpreted in terms of opportunity.

The so called “opportunity entrepreneurs” instead tend to be often highly educated and skilled migrants with access to financial resources and influential, transnational networks. They may be part of the economic and cultural elites in their countries of origin, who receive training in the country they have migrated to and then return to their home countries to start businesses, benefiting from the new skills and contacts acquired during the migration project (Newland and Tanaka 2010).

An important part of the research task is to follow the trajectories of returning/circular migrants identified as both “necessity entrepreneurs” and “opportunity entrepreneurs”, to examine what effects these respective types of entrepreneurship have and to what extent transnational diaspora entrepreneurship represents a solution to precariousness and unemployment both in the destination country and the country of origin (and thereby contributes to international development).

We initially identify two conceptual aims related to *the socio-economic dimension of transnational migrant entrepreneurship*:

- 1) *Define the type of migrant entrepreneurs that establish businesses in Chile/Morocco.* Focus here lies on the *drivers behind* their entrepreneurship, and the central conceptual categorization, based on earlier research within this field, mainly distinguishes between two types of transnational migrant entrepreneurs: “necessity entrepreneurs” and “opportunity entrepreneurs”.
- 2) *Analyze the socio-economic impact of these TDE activities, which will lead to the formulation of hypotheses involving different types of TDE and their implications for international development.*