

**Ambitious Entrepreneurship and
Migration
A Multi-Level Study across the
Local Authorities in England and
Wales**

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Ambitious Entrepreneurship and Migration

A Multi-Level Study across the Local Authorities in England and Wales

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ABSTRACT

We consider why both immigrants and regional migrants may embark on different types of entrepreneurial projects: high versus low aspiration; opportunity driven versus necessity driven. Next, using Global Entrepreneurship Monitor data, we construct a multiple-years sample of UK working age population with wide spatial coverage, and apply a multi-level multinomial logit model to test and compare propensities of migrants to enter into different forms of entrepreneurship. We find that – compared with those who are not spatially mobile – both internal (regional) migrants and immigrants are more likely to start new ventures characterised by high growth aspirations. Immigrants are more likely than non-migrants to engage in both opportunity-driven and high-aspiration entrepreneurship, but, unlike regional migrants, not in necessity-driven and low-aspiration entry.

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INTRODUCTION

Cross-border migration is a highly charged issue that dominates current political debates in many (if not all) developed countries. Much of that discussion is focused on economic benefits versus economic cost of migration. However, public conversations are based on thin evidence and speculation, as little is still known about the economic consequences of migration. In turn, this implies that public attitudes and political disputes are often driven by emotionally blurred perceptions of reality.

This lack of knowledge is reflected in the field of entrepreneurship research. While there is general consensus that immigrants are characterised by higher propensity to entry into entrepreneurship (e.g. Godley, 2006; Parker, 2009; Levie and Hart, 2011; Bolívar-Cruz et al., 2014), far less is known and understood about both the motivation and the aspirations of the immigrants-entrepreneurs, aspects which are crucial predictors of the economic implications of the new ventures (Estrin et al., 2013). Moreover, the focus on cross-border flows of people results in too little attention being paid to the related issue of inter-regional migration, in particular in the context of entrepreneurial motivation and aspirations (Levie and Hart, 2013).

Based on this, our aim in this paper is first to disentangle different and conflicting arguments about the motivation and ambitions of migrants entering entrepreneurship. Our second aim is to push this discussion in a slightly different direction. While public debates are dominated with the theme of cross-border movement of people, we posit that equal attention should be paid to internal mobility. Our take on the issue is that while immigrants are more entrepreneurial compared with long-term residents, so are within-country internal migrants compared with those who stay in one place. Immigration is good for entrepreneurship, but it is a partial answer. A more complete answer is that it is mobility, both cross-border and internal, that enhances high-aspiration entrepreneurship.

Here, the question is not just whether migrants enter self-employment and/or start new ventures. Going beyond that, we are interested in two

related, but distinctive issues. Are (internal and cross-border) migrants pull- or push-driven entrepreneurs? And, are they high-aspiration, ambitious entrepreneurs, whose aim is to create ventures that have economic impact beyond creating employment for themselves?

WHY ARE THE DIMENSIONS OF PUSH- VERSUS PULL-DRIVEN AND LOW-VERSUS HIGH-ASPIRATION ENTREPRENEURSHIP IMPORTANT?

Why are these two questions important? By definition, new ventures introduce an element of novelty into the economic neighborhood in which they appear. Recombination of resources that creates a new organisation provides opportunities to do things differently, to experiment and to innovate. This may lead both to direct economic benefits via value creation in the new firms, but also to indirect benefits via 'creative destruction' (Schumpeter, 2008[1934]), exerting competitive pressure on existing firms, and in turn motivating them to learn and respond with adjusted strategies and improved products (Brixy, 2014). However, not all of the new ventures share this characteristic. And the potential for 'creative destruction' links closely with the type of motivation that lies behind entrepreneurial entry.

In particular, entrepreneurship is an occupational choice that may be a result of push or pull factors. In the first case, self-employment is chosen because other labour market opportunities are limited. This often leads to imitation: type of activity and business model are borrowed from already existing businesses. It still creates a positive competitive pressure, but may mostly result in crowding out existing ventures, leading to limited economic net impact. Applying this description to the new entry by immigrants, leads to portraying them as economic agents taking over jobs from ingenious entrepreneurs; if so, the logic of it amounts to little more than a zero-sum game.

The situation differs when entrepreneurship results from pull factors; that is, entry is attractive because of perceived opportunities of realising a unique, inimitable project that generates a quasi-rent for the entrepreneur. Rather

than taking a share of the existing market from other economic agents, an entrepreneur creates a new market (or some elements of it). In this case, the resulting competitive pressure may in fact be even stronger, but remains less direct, and it is counterbalanced by significant economic value generated by new ways of doing things and by new products or services. Importantly, any quasi-rents associated with market innovations are temporary: knowledge spills over to other businesses in the neighbourhood and only a fraction of the economic rent can be retained by the innovator-owner of the new venture (Baumol, 2010). Migrants who enter into entrepreneurship along the pull-opportunity route are less likely to provide arguments for those who build their political programme on resistance to migration; programmes which, if successful, crystallise into government-erected barriers to entry.

This push–pull (necessity–opportunity) distinction is closely related, but not identical, to the distinction based on the entrepreneur’s ambition (aspiration) related to the growth objectives of his or her new venture. While entry into entrepreneurship is precarious, starting a new dynamic venture that expands fast is even more so. As articulated by Penrose (2009[1959]), growth is always risky, moreover it is best explained by the mindset of those who decide venture strategies. Two identical ventures, facing similar market conditions, may either expand or remain small scale, depending on the objectives adopted by the decision makers. It is this line of argument that supports focus on entrepreneurial aspirations and ambitions (Efendic et al., 2014): the latter are a highly reliable predictor of subsequent growth (recent empirical evidence: Neville et al., 2014). Ultimately, growth does not result from strategy (e.g. exporting, financial design) but from the owner’s objectives that lead to choice of a particular strategy.

How much risk and how much dynamism an entrepreneur wishes to adopt for his or her venture depends on his or her personal characteristics, preferences, circumstances and knowledge. For example, alongside material gain, an objective of independence is a popular one amongst entrepreneurs (Stephan et al., 2015), yet there may be a tension between

the objective to remain independent and the objective of growth, because the latter may require external finance, which in turn is a threat to independence. Another relevant factor is that, for more than one reason, a family embedded business is likely to take less risk and therefore to become more dynamic. And last but not least, individuals are either more or less ambitious because they differ in both their perceptions of self-efficacy and in degree of loss aversion.

To recapture this discussion, we argue that entrepreneurial ambitions and aspirations are important, because they are the key determinant of subsequent venture growth, and it is the latter that is a good predictor of the economic impact of the new venture (Estrin et al., 2013). Moreover, while increase in value added is associated with growth in employment or sales, the former is more difficult to capture directly for new projects.

At the same time, the distinction between high and low growth aspirations cannot be reduced to the opportunity-push dimension discussed earlier. In particular, an opportunity-driven entry may still be associated with little dynamism, if the entrepreneur lacks self-efficacy or is highly loss averse. Thus, when trying to assess what economic impact may be associated with entrepreneurial entry by migrants, it is best to look at both dimensions.

PUSH AND PULL FACTORS AFFECTING MIGRANTS' ENTREPRENEURSHIP

Push factors

Parker (2009) discusses the push factors that lead immigrants towards self-employment, combining them under the heading of 'blocked mobility'. These factors include formal and informal barriers, due to which some labour market opportunities in paid employment are more difficult to realise for many immigrants, who are therefore likely to be pushed into self-employment. Here, formal barriers may include non-validated foreign qualifications, or more radically not having a legal right to work altogether. In the latter case, self-employment remains the only viable form of work as it enables immigrants to escape detention by the authorities (Parker, 2009).

Informal disadvantages that may close options in paid employment relate to language, cultural differences, prejudices and discrimination (Bolívar-Cruz et al., 2014).

All these factors imply that some immigrants are likely to start a business as a means of economic survival (Basu, 2006). This leads us to our first hypothesis:

H1a. Immigrants are more likely to enter necessity-motivated entrepreneurship than non-migrants.

Parallel, but slightly different arguments may be developed to support why internal (regional, within-country) migrants may enter entrepreneurship via the necessity route. First, we need to take into account that the reasons for internal migration are more often than not unrelated to economic factors (Reuschke, 2015). Therefore, internal migrants may enter entrepreneurship out of necessity, to support themselves upon arrival.

Second, while sharing national culture, unlike cross-border migrants, internal migrants may still be unfamiliar with the local conditions and that in turn may limit the range of the job market opportunities they identify in the local environment. This would imply that the necessity route into entrepreneurship may be characteristic for internal migrants as well.

We may also notice that the situation of internal migrants is somewhat similar to that of returning international migrants. Migrants returning from a temporary but longer stay abroad obviously share cultural traits with their country of origin. However, due to their stay abroad they lack local social connections (Li et al., 2012; Wahba and Zenou, 2012) and that may limit their job market opportunities, pushing them into necessity entrepreneurship. In this respect the position of internal migrants is very similar.

That leads us to propose:

H1b. Internal migrants are more likely to enter necessity-motivated entrepreneurship than non-migrants.

Pull factors

There may be a link between the capacity to spot and realise economic opportunities and the spatial mobility. The decision to emigrate may be seen as an entrepreneurial decision, which implies risk taking, and is based on expected realisation of economic gains from moving abroad, under condition of limited knowledge and uncertainty. As argued by Parker (2009), immigrants are 'self-selected risk takers by virtue of their willingness to leave their homeland to make their way in a foreign country' (*Ibid.*, p. 176; also: Neville et al., 2014).

The argument above focuses on inherent characteristics of immigrants existing already before the actual act of moving abroad; that is, *ex ante*. Yet while immigrants may be self-selected individuals who have the capacity to identify and realise opportunities, their comparative advantage in spotting entrepreneurial opportunities may increase even further as a result of migration; that is *ex post*. This advantage is explained by Bolívar-Cruz et al. (2014, p. 32): 'migrants, having come from elsewhere ... see the world differently to life-long residents and as a result see a wider set of opportunities in their local area'. A similar argument is developed by Basu (2006) who posits that higher opportunity recognition by immigrants is based on involvement in dual cultures, radically different prior experience compared to non-immigrants, and on the higher creativity that results from it. Thus, different a pool of knowledge may give the immigrants an advantage in opportunity recognition.

Summarising the argument, we posit:

H2a. Immigrants are more likely to enter opportunity-motivated entrepreneurship than non-migrants.

The argument about mobility as an indicator of entrepreneurial attitudes applies not only to external migrants but also to internal migrants. Clearly, there is typically less risk involved in internal migration; nevertheless it is

also a sign of proactiveness, and a willingness to accept some uncertainty.

In addition, like immigrants, internal migrants come with a slightly different set of knowledge than that represented by local inhabitants. This difference of experience implies they can spot some opportunities, which are not well-understood locally. These may relate to new ways of doing things, modifications in the products and services offered, and to different business models. Fielding (1992) described internal migration as associated with exporting of 'entrepreneurial culture' from one region to another. Accordingly, we posit:

H2b. Internal migrants are more likely to enter opportunity-motivated entrepreneurship than non-migrants.

As will hopefully become clear once we present our econometric design, we will be able to test the two sets of hypotheses parallel to each other, not as alternatives, so that H1a is not seen as opposite to H2a, and likewise H1b when compared with H2b. It is perfectly feasible that incidence of both necessity-driven and opportunity-driven entrepreneurship is higher amongst both categories of migrants compared to non-migrants. If so, the overall level of engagement in entrepreneurship will be higher for migrants, as we would also expect.

MIGRANTS' HIGH- AND LOW-ASPIRATION ENTREPRENEURSHIP

As already argued, the necessity–opportunity contrast is related to but not the same as the difference in high- versus low-aspiration entrepreneurial entry. A possible, even if relatively unlikely, scenario is that an individual may be pushed into entrepreneurship, but at the same time try to make the most of it, leading to a necessity-high aspiration project. A more likely case however is that opportunity-driven entrepreneurship may be associated with limited aspirations, if for example the entrepreneur either faces resource limitations or is loss-averse and scales down his/her growth ambitions as a result. Both examples explain why correlation between the two dimensions may not necessary be a strong one. Accordingly, we next

discuss the low–high aspiration axis as a separate topic, complementing motivation of H1a–H2b for the necessity–opportunity dimension we just completed.

Low-aspiration entry

Aspirations of some of the immigrants-entrepreneurs may be scaled down when they perceive barriers not just on the wider labour market, but more specifically related to their entrepreneurial activity. A number of these barriers can be summarised under the heading of a knowledge disadvantage.

First, immigrants may not be familiar with the host country’s regulatory environment, in particular those relating to hiring legislation and practices (Neville et al., 2014) – the most relevant for new ventures that aspire to expand. More generally, larger scale businesses typically need to comply with more complex legal requirements, and lack of familiarity of those may reduce growth aspirations.

Second, lack of relevant knowledge of the local labour market’s characteristics may constrain immigrants from expanding and can make them more reluctant to adopt a high growth strategy. As observed by Neville et al. (2014), an immigrant’s business often relies on employing family members as substitutes for better-qualified personnel: due to lack of the labour market’s knowledge, immigrants may be constrained in accessing the local available pool of talent.

Third, and equally important, immigrants may lack credit history (Neville et al., 2014). As this factor affects availability of finance, it is a strong constraint on growth ambitions of new ventures.

Fourth, alongside access to finance and labour, expanding business needs to build and rely upon business-to-business networks, in the form of suppliers, marketing, and distribution channels for its products or services. Here, limited social networks and limited local social capital of immigrants (Neville et al., 2014) may impose another constraint on growth and lead to

scaling down the entrepreneurial ambitions.

Finally, lack of local knowledge may also work against immigrants in access to government assistance, for example in the form of advice services (Neville et al., 2014). That will again constrain growth aspirations.

All these factors may explain why immigrants may be facing limitations in access to resources (Basu, 2006), and as we argue, this will also imply they may scale down their growth aspirations. Parallel to this, growth aspirations may also be lower due to the perceived legal risks of larger scale operations by those immigrants who lack the right to work. Illegal immigrants need to escape detention by the authorities (Parker, 2009). Larger scale operations may draw the attention of the government administration and this is one of the reasons why, more generally, those who remain within the shadow economy sector are typically characterised by more limited growth aspirations (Estrin and Mickiewicz, 2012). This line of argument can be traced back to the seminal work by De Soto (1989).

All this leads us to postulate:

H3a. Immigrants are more likely to enter low growth aspiration entrepreneurship compared to non-migrants.

Arguments related to informality are probably less relevant to internal migrants, but even for this group we may find informality being associated with mobility. Probably more relevant, while (unlike immigrants) the regional migrants share national culture with local inhabitants, they still lack local social connections and local social capital. This may limit their growth aspirations, as social connections are conducive to accessing resources, expanding the client base and facilitating finance. This follows the same line of reasoning that has been applied above.

Cultural differences may also work against internal migrants leading them to scale down their growth aspirations. Within a country, people move across regions that are also characterised by significant differences in culture. Recent business research clearly demonstrates that these regional cultural differences are of high magnitude (Kaasa et al., 2014) and

sometimes the regional differences in business-relevant values may even exceed the cross-border differences.

Hence we posit:

H3b. Internal migrants are more likely to enter low growth aspiration entrepreneurship compared to non-migrants.

High-aspiration entry

The set of factors leading to opportunity-motivated entry that we discussed above may also enhance the growth aspirations of immigrant entrepreneurs. However, perceptions of opportunities are more likely to be transformed into high-aspiration entrepreneurship where unique and inimitable resources are available to the immigrant entrepreneur.

In that context, Neville et al. (2014) argue that immigrants are likely to have rare human capital resources compared to non-immigrants. Consistent with the resource-based view, this opens a possibility of acquiring and sustaining competitive advantages by new ventures (*Ibid.*). This in turn may enhance the aspirations and ambitions of immigrant entrepreneurs compared to non-migrants. Bolívar-Cruz et al. (2014) argue that immigrants often come with specialist skills that the long-term residents do not have.

Moreover, in the globalised economy, the main advantage attributed to immigrant entrepreneurs relates to the opportunity they have in exploring trans-national networks (Neville et al., 2014), including, in some cases, dual-location global ventures (Basu, 2006). These arguments lead us to expect the following:

H4a. Immigrants are more likely to enter high growth aspiration entrepreneurship compared to non-migrants.

It is not difficult to see that similar arguments are applicable to internal migrants. While they are likely to be handicapped when it comes to local connections, at the same time they import connections from the region they came from. That is likely to enhance the potential for growth, as distance

enhances the value-added generated by trade linkages.

Wider markets for products, access to additional resources and knowledge, wider opportunities for business cooperation in production and design may give an internal migrant more confidence, increasing his/her growth aspirations. Hence we posit:

H4b. Internal migrants are more likely to enter high growth aspiration entrepreneurship compared to non-migrants.

TAKING CARE OF THE TWO KEY CONFOUNDING FACTORS

First, in our reasoning above we carefully avoided arguments that relate to specific characteristics of different ethnic cultures seen as a factor in self-selecting into the different types of entrepreneurial entry we have discussed so far. Yet, in our econometric design we will control for ethnic characteristics of the potential entrepreneur, as entrepreneurship culture and ethnic resources may be specific to the ethnic groups regardless of the fact of migration (Bolívar-Cruz et al., 2014). Accordingly, while in our design we focus on the effects of mobility, we also need to control for the effects of ethnicity (Levie and Hart, 2013).

Separating these two is important; as argued by Basu (2006) ethnic minorities are used interchangeably in the literature with immigrant entrepreneurship. This leads to confusion. For example, in the context of the European Union and Britain in particular, many immigrants may be culturally and ethnically close to the natives. Ethnic minorities may or may not have similar linkages as immigrants at origin and at destination: some of the ethnic minorities may already be well established with relatively weaker external links (Basu, 2006), while these links are the key factor we emphasised with respect to immigrants when motivating our hypotheses above.

An additional reason why in this work we do not focus primarily on ethnic minorities is because there is relatively better understanding of the subject,

compared with that of immigrants' entrepreneurship. While it is generally found that ethnic minorities are characterised by higher entrepreneurship rates, the latter vary significantly amongst different ethnic groups (Basu, 2006). The same applies to growth aspirations. Aspirations differ across ethnic groups; for example black respondents in the UK were found to have higher aspirations, once we control for other social characteristics (Levie and Hart, 2013).

Second, Felzensztein et al. (2013) found that respondents are more positive about entrepreneurial opportunities in peripheral regions than in central regions. While this looks surprising, it is the wider gap between potential and already realised gains from trade in the peripheries, which may explain these findings.

In contrast, resource endowment may be better in central regions. That relates to funding, entrepreneurial education, accessibility and transferability of R&D, transport infrastructure, communication, utilities.

The impact of fewer resources versus more opportunities may be offset with relation to entrepreneurial entry (Felzensztein et al., 2013). However, in our design we are able to separate the necessity–opportunity motivation axis from growth aspirations, and this may shed some additional light, contributing to this discussion: growth aspirations may be more affected by resource constraints than opportunity motivated entry.

To operationalise the central region–periphery contrast, we follow Levie and Hart (2013). We will pick Inner London as the most central location of the UK, for which we will control in our design.

DATA AND METHODS

Consistent with the literature, our definition of high aspirations entrepreneurship is based on Global Entrepreneurship Monitor (GEM) and relates to early stage entrepreneurs (i.e. either involved in start-ups or owners-managers of young companies up to 42 months) who aim to increase employment by 50% or more over the next five years, and will employ 10 people or more. Our data come from GEM UK, a representative

sample of working age population. We use harmonised 2003–2013 data (between 81k and 283k observations used in estimations), with location of respondents attributed to one of 326 local authorities (LA).

We apply a multi-level multinomial logit model (Rabe-Hesketh and Skrondal, 2012), estimating a likelihood of being engaged in high-ambition entrepreneurship. Multi-level analysis seeks to distinguish between the set of independent variables which operate at the individual level (i.e. age, gender education, attitudes, etc.) and those which operate at a ‘higher level’ (i.e. LA – contextual variables), and controls for the fact that individual observations share joint factors across space.

Our two key explanatory variables related to our hypotheses are the indicator for being an immigrant and for being a regional migrant. We also include the indicator for being a graduate and its LA average (density of people with higher education) to capture the density of high-value human capital in the neighbourhood. Consistent to what we discussed above, we include ethnicity (eight categories), inner London dummy, and also being female, age (categorised into seven intervals), occupational categories, income categories, annual dummies for subsequent waves of GEM data collection, plus random intercepts for LA areas. Definitions and descriptive statistics for all variables are presented in Table 1.

{Table 1}

RESULTS

The results of the multi-level multinomial logit model are presented in Table 2. The first two columns relate to the model that distinguishes between ‘low-aspiration’ and ‘high-aspiration’ entry, taking ‘no entry’ as a benchmark. The last two columns correspond to necessity versus opportunity entry, again with ‘no entry’ as baseline category.

{Table 2}

The evidence presented in Table 2 suggests that internal (regional)

migrants are more entrepreneurial than non-migrants: we therefore found support for Hypotheses 1b, 2b, 3b and 4b. At the same time, for regional migrants there is little difference in type of motivation that drives entrepreneurial entry. The post-estimation test reveals no difference in coefficients between necessity-driven entry and opportunity-driven entry by regional migrants (χ^2 virtually at zero, insignificant). However, there is some weak evidence supporting the difference in their level of aspirations. The corresponding post-estimation test between low aspirations and high aspirations entry for regional migrants results in $\chi^2=3.53$, which is borderline in terms of significance (at 0.06).

The results look slightly different for immigrants. Here we found support for Hypotheses 2a and 4a, but not for 1a and 3a. That is, in the UK, immigrants are more likely than non-migrants to engage both in opportunity-driven and in high-aspiration entrepreneurship, but not more likely to enter with the necessity motive and with low aspirations.

We may explore this further by again looking at the differences between types of entry within the immigrants' category. Here, the pattern that is revealed is the same as for regional migrants. If we focus on the contrast in motivation, there is no difference: post-estimation test of the necessity versus opportunity coefficient for immigrants results in $\chi^2=0.62$, which is again highly insignificant. At the same time, similar to what we found for regional migrants, for the level of aspirations (pitching the coefficient for low aspirations versus that for high aspirations) we obtained $\chi^2=5.38$, significant at 0.02 level.

Thus, it is high-aspiration entry, not opportunity type of motivation that distinguishes both types of migrants – internal and external. This is further confirmed by post-estimation tests, where we pitched coefficients for regional migrants versus immigrants for each of the four entry categories we have in our models.

First, for the motivation contrast (necessity- versus opportunity-driven entry), we detect that regional migrants seem more likely to engage in necessity-driven entrepreneurship compared to immigrants ($\chi^2=5.75$;

significant at 0.02). At the same time, the difference in propensity to engage in opportunity-driven entry is weaker ($\chi^2=3.53$; significant at 0.06).

Second, the single most important difference between regional migrants and immigrants relate to low-aspiration driven entry: the regional migrants are far more likely to engage in it than the immigrants. The corresponding post-estimation test results in $\chi^2=10.88$, highly significant at 0.001. Remarkably – in sharp contrast to the above – there is no difference between propensity to engage in high aspirations entry between internal migrants and immigrants. The corresponding result is $\chi^2=0.23$, which is highly insignificant.

Taking stock, the evidence we found suggest that both immigrants and internal migrants are very similar in one important aspect: compared to non-migrants, both categories of respondents are characterised by propensity to engage in high aspiration entry. There is also relatively little difference in opportunity-driven entry between both categories of migrants. However, internal migrants are more likely to engage in both low-aspiration and necessity-driven entry than immigrants. Combined, all this in turn implies higher overall entry rates of regional migrants compared to immigrants, but similar entry rates in the narrower, but more economically significant, high-aspiration category, where the rates of both groups of migrants are superior to non-migrants.

In our discussion above we highlighted both ethnicity and centrality of location as two important factors we need to account for in our models. For ethnicity, the single most remarkable result, represented by the highest relative odd ratio at 3.6, is superior propensity of black ethnic respondents to engage in high-aspiration entry, which is entirely consistent with earlier results obtained by Levie and Hart (2013). As can already be seen from Levie and Hart's (2013) work, this difference is visible for all categories of life-long residents, internal and external migrants, albeit again higher for black migrants than black non-migrants.

The results are equally interesting for our centrality of location measure. Living in inner London gives no advantage in most of the entrepreneurial

categories, apart from one: high-aspiration entry, where the corresponding odds ratio is high at 1.6, significant at 0.01 level. In line with our earlier observation, this may suggest that the effect of better access to resources prevails over the effect of more unrealised opportunities at the peripheries.

There is a number of additional interesting results for our controls, which may be worth highlighting. Resources matter. Both higher education and the environmental effect of living amongst highly educated people are conducive to all forms of entry. Similarly, those with largest income are also characterised by the highest propensity to engage in all types of entrepreneurship, with one exception: the effect changes sign and is again highly significant for necessity-driven entry, as one would clearly expect given the opportunity cost those with high earnings face.

Working part time instead of full time facilitates all forms of entrepreneurial entry, consistent with Folta et al. (2010), who argue that retaining attachment with prior employment facilitates risk taking and transfer into entrepreneurship. As expected those not in work are less likely to enter entrepreneurship, with the exception of the unemployed, for whom necessity-driven entry is highly likely, as one would expect. Consistent with many other studies (e.g. Estrin and Mickiewicz, 2011) we found women to engage less in entrepreneurship. With respect to age contrasts, it is worth mentioning a striking pattern, where propensity to high growth aspiration entry diminishes monotonically as one gets older. Finally, with respect to year dummies, we see a clear pattern with the impact of the global financial crisis. For 2008 we find the lowest relative odds ratios of high-aspiration entry compared with all other years. Similarly, for 2008 and 2009 we see the lowest relative odds ratios for opportunity-driven entry.

ROBUSTNESS CHECKS

Given that we apply a multi-level approach, we were able to construct environmental measures aggregating information obtained from individual respondents to the level of LA area. As we are concerned with potential confounding between migration and various ethnicity effects, we explored adding control for ethnic diversity measures (calculated as a local

Herfindahl index of distribution of respondents into ethnic categories). Our expectation for a sign of this variable was ambiguous. On the one hand, in a more homogenous area there could also be more social capital, which may facilitate accessing neighbourhoods for capital, labour, business information, and cooperation. On the other hand, in line for example with Smallbone et al. (2010), Efendic et al. (2014), and Audretsch (2015), diversity may bring advantages related to sources of new knowledge and further-reaching business contacts, which may help to identify additional entrepreneurial opportunities. However, when added to our specifications, the coefficient on our measure of ethnic diversity was positive, but the effect was insignificant.

We next experimented with a slightly different measure of ethnic environment, where we only used the percentage share of the ethnic group of the respondent. This design focuses on the positive effects of having access to resources via own-ethnicity-based contacts. We also added a square term accounting for a difference between belonging to large minority group and to majority ethnic group in the local area. The results of both linear and polynomial specifications were however insignificant.

Given that according to our core set of results (individual) ethnicity matters a lot for growth ambitions, we also explored whether it makes a difference when interacted with migration. However, we found no significant interactive effects. It seems therefore that these two effects – of migration and ethnicity – while both strong, are clearly distinguishable.

We also verified that the results on migration are robust over the business cycle; they do not change significantly over time, as obtained from interacting our year dummies with the two indicator variables representing correspondingly internal and external migrants. Interestingly, our results for the UK differ in this respect from those obtained by Bolívar-Cruz et al. (2014); they found that during the economic crisis ‘total entrepreneurial activity (TEA) has decreased more for immigrants than for natives’ (*Ibid.*, p. 35). While production in the UK was seriously affected following the 2008 global financial crisis, the level of unemployment remained relatively low, leading to ‘crisis migration’ of entrepreneurs (Audretsch, 2015), with

immigrants coming from (in particular) more affected Southern Europe, to start enterprises in Britain. However, we do not detect a statistically significant result of that kind in our data.

We explored several additional interaction effects with respect to migrants. Interactions between individual migration and individual higher education suggested that higher education matters less for migrants' propensity to enter entrepreneurship than for non-migrants. However, interactions between contextual migration and contextual education indicate that the environment that combines human capital and presence of migrants is the most conducive to high aspirations entrepreneurship. Last but not least, knowing other entrepreneurs has a more positive effect for immigrants. These interactive effects are not included in our preferred model for two reasons: first they cause multicollinearity, and second and related they may mask some other interactive effects when not entered jointly. This is why, while signalling these effects, we do not have sufficient trust in them to make them our key focus.

Last but not least, we experimented with adding a measure of local dynamism, as approximated by a percentage change in population. This would also proxy for an environmental effect of recent migration. Yet it had no significant effect and did not change other results.

DISCUSSION, FURTHER WORK, CONCLUSIONS: IMPORTING ENTREPRENEURSHIP

There are several limitations to our study. Our measure of migration is very general, and we are not controlling for how recent the migration was – that is, we do not distinguish between recent and established immigrants (as for example does Neville et al., 2014). Clearly this would come with additional important insights.

Also, our measure of aspirations is very broad, and more work on profiles of aspirations, distinguishing for example between medium range aspirations and very high impact 'gazelles' could be interesting. As one of

our additional results, above we discussed for example high aspirations of black respondents (once controlling for education and other characteristics). Yet Levie and Hart (2013) show that their advantage diminishes again for the projects within the highest category of aspirations that is 20 jobs and above expected. Clearly, there is scope for more work here, as black respondents seem to exhibit a nonlinear pattern of aspirations: they are far more ambitious than white respondents, but their ambitions hit a glass ceiling somewhere. It is feasible that some similar, nonlinear pattern in aspirations could apply to migrants.

Likewise, we left the theme of space and diversity underdeveloped. We found a very significant positive effect of living in central London on high growth aspiration entry. Further exploration could be worthwhile. In particular, Smallbone et al. (2010) argue that it is diversity based on migration and ethnic mix that generates pool of new knowledge and networks. While we focused on direct own effects for migrants, migration may also be seen as creating positive externalities.

Low-aspiration entrepreneurs create jobs for themselves. In contrast, high-aspiration entrepreneurs create jobs both for themselves and for others, and therefore the economic and social impact of their activity is more significant. We provide evidence that those who are spatially mobile (both regional and international migrants) play a significant role in high-impact entrepreneurship. In particular, both within-country migrants and immigrants are more likely to create high-growth than low-growth ventures. This is relevant because it undermines the notion that migrants compete for jobs against the locals in the form of a zero-sum game. This leads us to posit that those interested in promoting entrepreneurship should embrace both immigration and within-country migration as a source of economic dynamism. High inter-regional mobility has an equally positive effect on high-aspiration entrepreneurship than immigration. For the type of entry that is likely to make economic impact (Estrin et al., 2013), that is for high-aspiration entry, the difference in likelihood ratio between immigrants and regional migrants is highly insignificant (based on post-estimation test on differences in coefficients), while both differ significantly compared to non-

migrants. It is not just the case of people moving their businesses after they became successful as represented by their earnings, but of people engaging in entrepreneurship after they moved, as we control for income.

Public policy pays a lot of attention to supporting local entrepreneurship (see e.g. Storey, 2006 for overview and Audretsch, 2015 for a recent policy-oriented discussion), while our results lead us to recommend that more value can be created importing entrepreneurs (both within and cross-country). Public policy has been interested in attracting foreign direct investment for a long time now. However, the problem with this strategy is that large companies may be footloose, and creating local mono-cultures comes with risk: exits of large investors have equally spectacular effects as their entry (Audretsch, 2015). Within the context of regional studies there is an ongoing discussion about mobility of people versus mobility of firms (Storper, 2013). We contribute to this discussion by emphasising that paying attention to mobility of people may create more lasting effects. In particular, it is the importing of entrepreneurial skills that matters. While selectively attracting people with entrepreneurial skills is possible, this kind of selection may be difficult, and a simpler, yet as our results suggest, effective policy, may be to encourage mobility.

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Table 1. Definitions and descriptive statistics of the variables used in estimations.

Name	Definition	Mean	S.D.
High-aspiration entry	Early stage entrepreneurs (i.e. either involved in start-ups or owners-managers of young companies up to 42 months) who aim to increase employment by 50% or more over the next five years, and will employ 10 people or more.	0.007	.
Low-aspiration entry	Early stage entrepreneurs (i.e. either involved in start-ups or owners-managers of young companies up to 42 months) who do not have high aspirations as defined above	0.037	.
Opportunity-driven entry	Opportunity-motivated early stage entrepreneurs	0.035	.
Necessity-driven entry	Necessity-motivated early stage entrepreneurs	0.007	.
Cross-border migrant	Born outside the UK	0.070	.
Regional migrant	Born outside the current region of residence	0.428	.
White British	White British ethnic origin (omitted benchmark category)	86.01	.
White Irish	White Irish ethnic origin	5.63	.
White other	Other white ethnic origin	3.63	.
Indian	Indian ethnic origin	1.08	.
Bangladeshi and Pakistani	Bangladeshi or Pakistani ethnic origin	0.80	.
Asian other	Other Asian ethnic origin	0.72	.
Black	Black ethnic origin	1.20	.
Mixed	Mixed ethnic origin	0.93	.
Inner London	Living in Inner London	0.014	.
Higher education	Higher education graduate	0.277	.
Higher education average	Higher education graduates in local authority where the respondent lives	0.278	0.080
Income up to 11.5k	Head of household income (standardised for years 2002–2013) up to £11,449 (omitted benchmark category)	0.150	.
Income 11.5k–17.5k	Head of household income £11,500 to £17,499	0.124	.
Income 17.5k–30k	Head of household income £17,500 to £29,999	0.197	.
Income 30k–50k	Head of household income £30,000 to £49,999	0.187	.
Income 50k–100k	Head of household income £50,000 to £99,999	0.112	.
Income 100k or more	Head of household income £100,000 or more	0.024	.

Working full time	Working 30 hours or more per week (omitted benchmark category)	0.474	.
Working part time	Working between 8 and 29 hours per week	0.158	.
Homemaker or carer	Homemaker or full time carer	0.054	.
Retired or disabled	Not working – retired, sick or disabled	0.240	.
Student	Not working – student	0.031	.
Unemployed	Not working – unemployed	0.043	.
Female	Female respondent	0.584	.
Age less than 18 years	Less than 18 years old	0.014	.
Age 18–24 years	Between 18 and 24 years old	0.067	.
Age 25–34 years	Between 25 and 34 years old	0.149	.
Age 35–44 years	Between 35 and 44 years old	0.210	.
Age 45–54 years	Between 45 and 54 years old	0.208	.
Age 55–64 years	Between 55 and 64 years old	0.201	.

Table 2. Estimation results.

VARIABLES	(1a) low aspirations	(1b) high aspirations	(2a) necessity	(2b) opportunity
Cross-border migrant	1.070 (0.078)	1.506** (0.198)	1.016 (0.167)	1.167* (0.083)
Regional migrant	1.350*** (0.049)	1.597*** (0.132)	1.375*** (0.118)	1.375*** (0.051)
White Irish	1.056 (0.155)	0.780 (0.267)	0.646 (0.293)	1.042 (0.154)
White other	1.429*** (0.129)	1.458* (0.247)	2.072*** (0.406)	1.320** (0.120)
Indian	1.205 (0.143)	1.470+ (0.315)	1.706* (0.425)	1.210 (0.142)
Bangladeshi and Pakistani	1.491** (0.198)	2.961*** (0.605)	2.357*** (0.580)	1.647*** (0.212)
Asian other	0.960 (0.163)	2.286*** (0.536)	1.401 (0.477)	1.177 (0.182)
Black	1.759*** (0.184)	3.556*** (0.578)	2.042** (0.454)	2.131*** (0.210)
Mixed	1.311* (0.164)	3.070*** (0.552)	1.095 (0.358)	1.763*** (0.196)
Inner London	0.841 (0.104)	1.635** (0.274)	0.897 (0.218)	0.998 (0.119)
Higher education	1.225*** (0.045)	1.370*** (0.105)	1.089 (0.098)	1.251*** (0.046)
Higher education average	1.852* (0.485)	1.811 (0.846)	2.758+ (1.496)	1.725* (0.464)
Income 11.5k–17.5k	0.943 (0.068)	0.718+ (0.128)	0.842 (0.118)	0.976 (0.077)
Income 17.5k–30k	0.922 (0.060)	0.859 (0.132)	0.746* (0.096)	1.018 (0.073)
Income 30k–50k	0.954 (0.063)	1.032 (0.157)	0.551*** (0.076)	1.158* (0.082)
Income 50k–100k	1.017 (0.071)	1.607** (0.250)	0.435*** (0.070)	1.383*** (0.103)
Income 100k or more	1.420*** (0.125)	3.430*** (0.585)	0.526** (0.120)	2.217*** (0.196)
Working part time	1.630*** (0.070)	0.920 (0.105)	1.939*** (0.199)	1.467*** (0.066)
Homemaker or carer	0.435*** (0.050)	0.378*** (0.109)	0.634+ (0.159)	0.401*** (0.049)
Retired or disabled	0.254*** (0.029)	0.277*** (0.074)	0.316*** (0.073)	0.243*** (0.031)
Student	0.324*** (0.064)	0.203*** (0.079)	0.529+ (0.197)	0.270*** (0.055)
Unemployed	0.987 (0.082)	1.234 (0.195)	1.661*** (0.250)	0.960 (0.084)
Female	0.478***	0.330***	0.371***	0.454***

Age 18–24 years	(0.017) 1.000	(0.026) 1.000	(0.032) 1.000	(0.016) 1.000
Age 25–34 years	(0.000) 1.475***	(0.000) 0.772+	(0.000) 1.165	(0.000) 1.286***
Age 35–44 years	(0.118) 1.485***	(0.104) 0.729*	(0.215) 1.523*	(0.097) 1.211**
Age 45–54 years	(0.116) 1.168+	(0.095) 0.513***	(0.269) 1.336	(0.089) 0.917
Age 55–64 years	(0.093) 0.865+	(0.071) 0.448***	(0.240) 1.015	(0.070) 0.664***
Year 2002	(0.074) 1.000	(0.070) 1.000	(0.194) 1.000	(0.056) 1.000
Year 2003	(0.000) 0.727**	(0.000) 0.967	(0.000) 0.501**	(0.000) 0.856
Year 2004	(0.076) 0.690***	(0.208) 0.787	(0.114) 0.411***	(0.090) 0.793*
Year 2005	(0.073) 0.715**	(0.174) 0.842	(0.098) 0.429***	(0.085) 0.835+
Year 2006	(0.073) 0.681***	(0.178) 0.915	(0.097) 0.529**	(0.086) 0.768**
Year 2007	(0.068) 0.683***	(0.187) 0.723	(0.113) 0.380***	(0.078) 0.709***
Year 2008	(0.067) 0.694***	(0.149) 0.660+	(0.083) 0.498**	(0.072) 0.687***
Year 2009	(0.070) 0.703***	(0.142) 0.751	(0.110) 0.649*	(0.071) 0.671***
Year 2010	(0.072) 1.000	(0.161) 1.000	(0.141) 1.000	(0.071) 1.000
Year 2011	(0.000) 0.913	(0.000) 1.119	(0.000) 0.961	(0.000) 0.946
Year 2012	(0.129) 1.258+	(0.311) 0.983	(0.281) 1.436	(0.135) 1.072
Year 2013	(0.151) 1.000	(0.254) 1.000	(0.351) 1.000	(0.135) 1.000
Constant	(0.000) 0.053***	(0.000) 0.014***	(0.000) 0.016***	(0.000) 0.050***
	(0.008)	(0.004)	(0.005)	(0.007)
Variance in random effect of the Local authority area	1.030***		1.007	
	(0.008)		(0.009)	
Observations	94,750	94,750	94,750	94,750

Note: Multi-level multinomial models, reporting relative odd ratios; *** p<0.001, ** p<0.01, * p<0.05, + p<0.10.



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