

Are immigrants really more entrepreneurial than natives?

Within debates on migration and development, migrants are often expected to be super-entrepreneurs who will benefit development in home and destination countries through their greater prowess as entrepreneurs, their remittances, their trans-national entrepreneurial activity and their business acumen. Proponents of this view have pointed to the successes of migrant entrepreneurs in China and the USA to argue that migrants may not need formal wage jobs. For instance, it has been pointed out that in successful developing countries, such as China, 25 % of migrants are self-employed (Giulietti et al., 2012). Saxenian (2002, 2006) and others have praised the role of immigrants in the development of Silicon Valley, where close to one third of the technology businesses were operated by immigrant owners by the end of the 1990s.

Why are migrant entrepreneurs seen as super-entrepreneurs? The main argument is based on selection. Migrant entrepreneurs may be less risk averse, as is evident in their decision to migrate, itself a risky activity (Neville et al., 2014). And they have been argued to be more able to spot opportunities for new businesses as they already spotted opportunities for migration (Hart and Acs, 2011). Migrants are also seen to have access to supplementary sources of support, training and financing, as often migrants increase their educational level and/or gain new skills, save more money and extend their social network while living abroad (de Haas, 2006; OECD, 2008).

Despite these a priori reasons for seeing migrant entrepreneurs as super-entrepreneurs, and in fact being more entrepreneurial than natives, the empirical evidence is not strong. For instance, a recent OECD (2010) review finds that migrant entrepreneurship, measured by self-employment rates, is more common than non-migrant entrepreneurship in only 13 out of 25 countries in the OECD. In other words, in about half of these OECD countries, migrants are less likely than natives to be self-employed. Moreover, in the countries with larger immigrant populations, such as Germany, Italy, Spain, Switzerland and The Netherlands, migrants are much less likely than natives to be self-employed (OECD 2010). In the case of migrants in Germany, Brixy et al. (2013) even find that migrants believe less often that they have the necessary skills to run a business and that they were not more risk averse than non-migrants. And in the case of The Netherlands, Jansen et al. (2003) find the rate of entrepreneurship amongst the native Dutch population as well as of the Turkish immigrant population to be almost twice as high as amongst immigrant populations from Morocco, Suriname and the Antilles.

The only study to compare start-up rates (early entrepreneurial activity) amongst migrants and non-migrants across countries is the 2012 Global Entrepreneurship Monitor (GEM). It finds that rates of early entrepreneurial activity (start-up rates) are similar between migrants and non-migrants and that start-

up rates of migrants are just as heterogeneous across countries as that of non-migrants. For instance, the GEM finds that only 1.8 % of early entrepreneurial activity in Sub-Saharan Africa is undertaken by first generation migrants, while the corresponding share is 11 and 10 % in the USA and Western Europe, respectively (Vorderwülbecke, 2012).

Self-employment per se may, however, be a poor measure of entrepreneurship. Many argue that what fundamentally characterizes entrepreneurs is their innovativeness, their creative destruction to use Schumpeter's term. So how well do migrant entrepreneurs do in terms of innovation? It has been pointed out that migrant entrepreneurs may be disproportionately represented, at least in the USA, amongst high-growth and highly innovative enterprises (OECD, 2011; Saxenian, 2002; Wadhwa et al., 2007) and biotech firms (Stephan and Levin, 2001) as well as public venture-backed US companies (Anderson and Platzer, 2006) and high-impact companies (Hart and Acs, 2011). In addition, on average, 20 % of migrant-owned enterprises in the 2012 GEM survey expected to create ten or more jobs in the next 5 years, compared to only 14 % of non-migrant-owned enterprises (Vorderwülbecke, 2012).

As far as innovation is concerned, around 16 % of high-tech firms in a recent US sample had a migrant owner and, moreover, a migrant owner with skills in science and engineering (Hart and Acs, 2011). Hunt and Gauthier-Loiselle (2010), using US patent data, find that 'immigrants account for 24 [per cent] of patents, twice their share in the population, and that the skilled immigrant patenting advantage over natives is entirely accounted for by immigrants' disproportionately holding degrees in science and engineering fields' (Hunt and Gauthier-Loiselle, 2010: 33). Despite the clear contributions that migrant entrepreneurs have made to innovation in the USA, Hart and Acs (2011) cannot find evidence that migrant owned high-tech firms in the USA are more likely to register patents or spend more on research and development than firms owned by natives. Supporting this point, the survey by Hart and Acs (2011) of high-tech entrepreneurship (the most innovative form of entrepreneurship) in the USA concluded that 'most previous studies have overstated the role of immigrants in high-tech entrepreneurship' (Hart and Acs, 2011: 116).

The 2012 GEM survey attempted to measure the innovation of enterprises across 69 countries using the number of new products or services they introduced, taking into account whether the enterprises in question were owned by a migrant or non-migrant. Analyses of the survey results could not find significant differences between the innovativeness of migrant and non-migrant entrepreneurs (Vorderwülbecke, 2012).

As a final measure of the entrepreneurial prowess of migrants, one may compare the average performance of migrant enterprises to that of non-migrants. Using performance measures such as sales growth and profits from new Canadian start-ups, Neville et al. (2014) find that migrant enterprises are not generally better performing than those of non-migrants and that very often immigrant-owned firms underperformed. Only in the case of migrant firms that export do they find superior performance, suggesting that these migrant firms may have better international networks. The usual suspects in firm performance such as experience, skills, gender, access to finance and growth orientation were found to apply in equal measure to both migrant and non-migrant enterprises. Similarly, Dai and Lui (2009) find

that in the case of China's Zhongguancun Science Park (ZSP), return migrants who export more, due to their international networks, performed better than non-migrants.

Saxenian (2002, 2006) and others have argued that the development of high-tech sectors and innovation clusters in countries such as China, India and Taiwan resulted due to the return migration of entrepreneurs (transnational entrepreneurs) from places like Silicon Valley and elsewhere in the USA. More recently, Kenney et al. (2012) challenged this interpretation, concluding from a historical overview of the creation and establishment of ICT industries in these countries that return migrants were not critical in their establishment. They conclude that the roles of native entrepreneurs and governments were more essential for the emergence and establishment of these industries than return migrants and that '[t]he importance of the returnees is more likely in [...] deepening home country industrial development and connections to the U.S. economy' (Kenney et al., 2012: 395).