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Immigrant Entrepreneurs in Spain

Concepts, Kinds of Business and Advances in Research

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1. Introduction

The development of ethnic economies, a business formula which immigrant groups create for themselves, connects their home country and their destination, configuring a transnational economic influence (Moldenhauer, 2005; Roudometof, 2005; Vertovec, 2004; Waldinger, 2010; Wong, 2004), which consolidates migratory fields. Thus what is known as the enterprising “bourgeois” sometimes overcomes the idea of the anachronism of self-employment (Vidich & Bensman, 1960), since for some groups, it arises as a successful economic and social formula. On the other hand, immigrants form a new urban subclass (Clark, 1998). Therefore, some researchers have suggested that by entering the labor market as self-employed, they have more economic possibilities (Light and Gold, 2000; Werbner, 1980) and break with situations generating exclusion.

The success of these ethnic economies, such as the Koreans in Los Angeles or Cubans in Miami, is due mainly to the effort of owners and their employees, although in some cases they have also benefited from public aid. In any case, to open a business, the entrepreneur has to mobilize all the resources available to him, from the startup of certain ethnic strategies and design of the economic project within the opportunity structure and group characteristics (Waldinger et al., 1990).

The entrepreneur sacrifices himself and is self-exploited, which extends to his family and/or co-ethnic employees as well, working long days, without holidays and with very little vacation. This is more evident when there is a hostile host context (Portes & Böröcz, 1992), due to the difficulty in consolidating a business network in a primary segment, by setting up small dominant businesses.

In fact, in a hostile context, most of the immigrants are on the lowest levels of the fragmented market, where at most, small businesses develop in which the owners are middleman minorities. In such cases, Bonacich (1972; 1973; 1975) describes an starting situation in which there is not much development, and even stagnation, around the proliferation of entrepreneurs.

The phenomenon of immigrant entrepreneurs is not exclusive to the United States. It has also expanded to other geographic areas of the planet, especially European cities. With no attempt at being complete, see the studies on the subject by Aldrich et al. (1983) on different

cities in the United Kingdom, Werbner (1980) on Manchester, Blaschke & Ersöz (1986) on Berlin, Rekers & Van Kempen (2000), and Kloosterman (2000) on Amsterdam. Jan Rath (2002) for a comparative analysis of Europe and the United States (Paris, London, the West Midlands, Amsterdam, New York, Miami and Los Angeles), Dinh (2006), Goldring (2006) and Vuddamalay (2007) on Paris, Hillmann (2006) on Berlin, Serra (2009) for a study that reviews recent literature on ethnic business landscapes in metropolitan areas in North America, Australia and Europe, and Kloosterman & Rath (2010) for a review of OECD¹ countries. In Spain, the proliferation of this type of business initiative has also been studied for over a decade, as discussed below.

However, the forms of incorporating self-employment in Europe are very different from North America, due to the host context, and variation in the opportunity structure. Therefore, explanatory paradigms must be reformulated and/or adapted for them to be valid in these countries.

In Spain, the case is even more complicated for two basic reasons. One, the short time that has gone by since it has become a host country, hardly twenty-five years, and two, the labor market structure, where immigrant labor enters secondary segment niches that are precarious, unstable and temporary (Carrasco, 1999; Colectivo IOE and Fernández, 2007; Pajares; 2010).

In spite of the above, a wide variety of ethnic businesses that supply co-ethnic and other immigrants are starting to appear. This is happening in the neighborhoods of Lavapiés (Madrid), Ciudad Vella (Barcelona), Port of Alicante, and the historical city centers of Seville, Almería, Valencia and Zaragoza.

Although the characteristics of these businesses are not comparable to North America or Central Europe, either in number of businesses and employees, or invoicing, income and economic involvement, they nevertheless share certain traits, such as the spatial concentration of ethnic communities (Checa, 2007; Echazarra, 2009; Fullaondo, 2008; Martínez, 1998), the proliferation of businesses thanks to that concentration and the use of public space to do it in (Monnet, 2000), their mostly co-ethnic customers, and the use of certain strategies in the economic project.

Thus Spanish research in what is commonly called the ethnic economy has begun to increase, to the point where at present there are at least half a dozen monographs and over twenty articles and as many chapters in books. Therefore, the purpose of this text is to review the main studies published in Spain to see the application of the different theoretical paradigms and the conceptual typology of the immigrant self-employment phenomenon.

2. Prior theoretical perspectives: the demand for implementing a new model for the Spanish case

There are a multitude of currents explaining the appearance of business initiatives by immigrants in the societies where they settle. However, the most suitable classification distinguishes between culturalist, ecological and interactive approaches typical of the

¹ In 2010, a joint study on immigrant entrepreneurs in the OECD (Open for Business Migrant Entrepreneurship in OECD Countries) was published. It is a review of the labor insertion by self-employment in various countries in the developed world. However, there is no chapter on Spain.

American environment, to which would have to be added the theory of mixed embeddedness developed in Europe.

The culturalist current (Bonacich, 1973), pioneering in this field, argues that certain immigrant groups have an *optional affinity* to the qualities required for business success, or in other words, immigrants choose self-employment either because of their merchant tradition or for religious reasons that provide the individual with wide knowledge in exercising their profession.

The second current is the *ecological* type. Its arguments present two lines of analysis. The first are based on a comparison of modern and subsidiary economies in the hands of a small business class. In the second, the crucial factor is the patterns of spatial succession, first among neighboring residents and later, in the small class devoted to business (Aldrich, 1975). Therefore, opening ethnic businesses is only done when there are services and job offers which the overall economy does not satisfy. This situation derives from progressive abandonment of small businesses by the native population to enter a more profitable general market. Thus immigrants occupy labor niches in spaces that have been vacated (vacancy chain).

In the third place the *interactive* approach is determined by economic hypotheses. Their original proposition maintains that there is a connection between the internal resources which the community enjoys and the external opportunity structure. That is, self-employment as a response to labor segmentation and blocked opportunities affecting immigrants, although it depends on adaptation of the groups that can offer to what their consumers demand (Waldinger, 1984), an idea which basically comes from the ecological hypotheses.

This theory suggests that ethnic businesses proliferate in industries where there is a balance between the demands of economic development and the informal resources of the ethnic population (Light & Rosenstein, 1995). The owners of ethnic businesses thus have a favorable position for competing with native owners. This integrating current is the most accepted and recognized in American literature. It is less applicable to Europe because the institutional framework and the economic and political context in which the entrepreneur enters are undervalued.

Finally, as a consequence of the above, in the European framework, explanations arise that emphasize the host context and legal-regulatory frameworks as essential components in forming ethnic entrepreneurs. This model, called *mixed embeddedness*, originated in the studies by Kloosterman et al. (1999). For these theorists, ethnic economies depend on the adaptation of what groups can offer and what they are allowed to offer, more than the relationship between consumer demand and what the groups try to market, as in the North American model.

In view of the above, Kloosterman himself (2000) established a typology of embedded models. The first to appear is the *Neo-American Model*, typical of the United States and which is repeated in Australia, Ireland and England, covering countries where economic adaptation has undergone transcendental development and high ratios of employment are accompanied by low salaries, with very little government control over redistribution and provision of public services. On these premises, it is very attractive for immigrants to set up

a business, to the point where in some cities and in certain minorities, the ratio of self-employment is higher than among natives.

Secondly, the *Rhineland* model is present in Austria, France, Luxembourg and Germany. This approach is contrary to the above: high salaries and secure employment in exchange for high unemployment, which leads to strong state control on migratory flows, with strong impediments and obstacles for immigrants entering the labor market. It is a model, therefore, characterized by a double *insider/outsider* structure. In this case, the ratio of immigrant self-employment is no higher than among natives (Haller, 2004).

Finally, the *Nordic Model*, characteristic of Denmark and Sweden, is based on strong control of the economy and industrial network by the State, similar to the Rhineland model, but the true difference is in the welfare state and gender equality. In this model, the proliferation of ethnic entrepreneurs is lower than in the other cases. With the regulation of labor relations and equality policies, immigrants choose to enter the open economy market.

It may be observed that an considerable theoretical effort has been made to fit to the social and economic reality of entrepreneurs. So now how do they fit the Spanish case? Is there specificity in the self-employment of immigrants in Spain? To answer these questions we review some of the most relevant studies on the Spanish case and try to place them in the theoretical perspective where they originate. Although on no few occasions, researchers overlap in different perspectives, since, in fact, we are dealing with a multifactor reality and, in others, no model is taken as a reference.

The studies by Crespo (2006) and Sow (2004) have a culturist focus. Both study self-employment of Senegalese "Móodu-Móodu" in itinerant sales, finding that they maintain their business traditions at their destination. Part of the products offered and put on the market are even from Senegal or other countries, like Belgium, supplied by other Senegalese. Behind all of this there is a hidden network of solidarity and support founded on a religious philosophy of in-group self-help.

Similarly, among the Chinese in Spain there is an outstanding enterprising spirit (Beltrán, 2006) which had already been acquired in China, although once at their destination, their businesses are directed toward an open market, such as restaurants or everything-for-0.60€ stores, since their main customers are Spanish. At the same time the type of open business in Spain does not usually coincide with those at home. The decision to set themselves up as self-employed is maintained by help from their own group and because the service they offer is very competitive compared to others run by Spaniards or other nationalities, which gives them a large clientele.

Research in Madrid by Cebrián & Bodega (2002) has an ecological perspective, since they analyze abandonment of commercial spaces by the national population and explain how those business niches are recovered by immigrants, even sometimes offering the same services. They therefore describe the process of succession which was already shown in the classical studies of the Chicago School. However, these authors leave open the following questions: First, what components would differentiate ethnic communities in creating this type of establishment, and second, what components differentiate the business activity of minorities from the natives in the same type of business?

The answers should help distinguish successful businesses of some minorities from the failure of others, where the authors note cultural elements. Furthermore, the characteristics

that distinguish these merchants from the Spaniards, namely, ethnic social networks, in-group solidarity, family support, co-ethnic clientele and employees, etc. The idea is to make the best use of their ethnicity and the group they belong to their commercial advantage.

Moreras (1999) and Aramburu (2002) show a similar ecological situation in the Ciudad Vella neighborhood of Barcelona. Giménez, 2000, Cebrián, Bodega & Bordonado (2004) do so in the historical center of Madrid, in the zone of Lavapiés, Arjona (2004) in the El Puche neighborhood of Almería, where there is a proliferation of local businesses that have been vacated by natives, generating an economic revitalization in neighborhoods that were clearly declining.

The Neo-American embedded model coincides with the hypotheses of the interactive current and, due to the lack of a suitable reference for the Spanish environment, only a few studies have used it as the hypothesis for their work. Thus Moreras (1999) shows how the interactive paradigm has some goodness in the explanation of the insertion of Muslims in the meat market in Barcelona, especially in the deployment of ethnic strategies: family help, long hours, specialization in products, urban location, etc. Solé & Parella (2005:99) suggest a phenomenon in Catalonia that “suggests the North American model, in which self-employment arises as an attractive option for the most enterprising immigrants.”

Martínez (2009) also works with a connection between group resources (class and ethnic) and immigrant family businesses. This author finds that companies are structured based on three dimensions: the family as a class resource, the family as an ethnic resource and, finally among her results she emphasizes that the role of the woman in the immigrant family business is fundamental, since in addition to her children's socialization, she covers absences from the business of her husband or oldest sons.

Along a similar line, Arjona & Checa (2006), based on an interactive model, found that for open businesses in the Province of Almería the role of the host context is more important in the opportunity structure than the characteristics of the groups, which tips the balance toward the model of social embedment.

However, the most outstanding thing about research in Spain is that it is not based on any single or particular model, but take as its reference some of the variables to explain why business works, especially the use of social networks, or in other cases leaves open some questions that must be resolved with the consolidation of the phenomenon and later scientific contributions. For example, Gómez (2007) studies small immigrant trade in four neighborhoods in Madrid. In one of his starting hypotheses, he seeks to verify whether immigrant companies and services share the basic strategies of small merchants in a native neighborhood based especially on the use of information and resources acquired from their social capital. His results highlight that these small companies were outside of the circles of the large firms that govern markets, and work based on group solidarity. That is, the same products offered are acquired by their compatriots.

Serra (2006) also describes the social implications of businesses in Barcelona, showing that the main agent of neighborhood economic revitalization is mainly the neighbors themselves, who prefer the nearest shops and direct communication. Furthermore, these entrepreneurs supply products and services that immigrants cannot find anywhere else. This makes them profitable in the face of outside competition from supercenters and native businesses in general.

Labajo (2007) examines the relevance of immigration as innovative commercial distribution in Madrid. In his study, he describes the retail business as responding increasingly to the new demands of immigrants, either by adapting its offer of value, or by immigrant integration as entrepreneurs. In Madrid, García et al. (2006) also describe the characteristics of entrepreneurs and the strategies they deploy to make their businesses work, in particular, intergroup solidarity and supply of ethnic products.

These situations explain the proliferation of *halal* butchers, bazaars, tearooms, groceries, etc. that are set up in both co-ethnic neighborhoods and places with through traffic. For example, Sempere (2000) in Alicante and Arjona (2006) in Almería, cities which connect Europe and North Africa by ship, have found that many shops supply immigrants that go and come between their homes and destinations. Some itinerant entrepreneurs even trade between the shores of the Mediterranean.

Aramburu (2002) goes a step further when he suggests why these businesses are different from natives whose businesses are also based on family and solidarity. Responding to the distinctive trait of some immigrant shops with respect to natives, there is a certain tendency to expand. Once the business gets going, the owner often opens other shops, putting uncles, cousins, nephews or trusted friends who had worked for them previously in charge. In other words, a school of entrepreneurs is created, as suggested by Waldinger (1993). Thus the fragmentation of family businesses finds its own way of independent economic integration, which protects them from the subordination and discrimination immigrants are often subject to in the salaried job market.

Torres (2006) analyzes businesses in Russafa (Valencia) based on the consolidation of informal networks in each group. He notes that shops not only serve as points of information, money or goods, but are also places for socializing. Commercial areas adopt one form or another according to the culture of the group they come from, the type of business, the insertion strategy, and the different uses they make of the neighborhood. Thus a "geographic boundary" becomes a space for socializing.

After this succinct analysis of previous studies done in Spain, it is clear that although certain elements coincide, new theoretical contributions are necessary to explain a very specific, definite reality, in which the singularities of the host context and regulatory framework differentiate it from other places. The Spanish situation does therefore not respond to any of the three wide interpretive theoretical models.

Based on the characteristics of the Spanish labor market, such as self-employment, which is described below, we attempt to formulate a model more responsive to the Spanish situation, which continuing with English nomenclature, is called the *South-European Model* (Arjona & Checa, 2006a) and which later research and consolidation of the phenomenon will have to refine, especially in local or particular case studies.

The Spanish labor market is characterized, among many other things, by being highly flexible and irregular, which makes it possible in times of expansion for its gross domestic product to grow more than in countries such as Germany or France, even though there is high unemployment, except in secondary markets, e.g., agriculture and construction. And in times of recession, such as the present one, its growth is much less than in most of the countries in the OECD, and its employment rate much higher, surpassing twenty percent,

and affecting, above all, construction. At both times, salaries are low, especially in the labor niches where immigrants enter. Border controls are also lighter in times of expansion and stronger in times of crisis. These realities invite immigrants to set up their own businesses, in times of expansion to take advantage of the economic boom and that their co-ethnics are working, increasing their purchasing power. That is why a qualitative study by Parella (2004:7) found that some of the subjects interviewed did not use self-employment as way out in an emergency, but rather as an attractive option for the most enterprising immigrants, analogous to what occurs in North American society.

But also, and in an attempt to escape from some of the characteristics of the secondary market which are accentuated during times of crisis, ethnic entrepreneurs take advantage of premises vacated by Spaniards because of the low profitability of the offer on the market. Moreras (1999:221) says, "...this type of [commercial] initiative has taken advantage of the crisis, adapting to it, as a way of finding a way to place itself on the market. They have discovered that under these circumstances, the native competition would not be very strong and that they could overcome it easily by applying certain strategies (long work day, self-exploitation, family business, credit to customers, wholesale and retail sales, etc.) and offering a very specific type of product to attract customers from their own group, while not limited to it."

Moreover, in this situation, the immigrant entrepreneur who knows the social context and the unsatisfied demand will try to cover those gaps in products and services which the general economy does not, or does so at high cost (Arjona, 2008; Arjona and Checa, 2006b; Beltrán, Oso & Ribas, 2006; Buckcley, 1998; Cavalcanti, 2007; Gómez 2007; Oso & Ribas, 2004).

In any case, once they decide on self-employment as an economic strategy, foreigners must overcome an enormous number of contextual hurdles, both external and internal.

The first has to do with the conditions required for registration in the Special Regime for Self-employed Workers. To start with, a residence and work permit are required², at the same time all the administrative authorizations corresponding to the activity intended, including legalization of academic degree and membership in a professional society if applicable. These conditions are not required of all foreigners, since there are conventions or agreements with some countries for starting business in Spain (see Arjona, 2006). But as a general rule, the immigrant who intends to settle in Spain as a self-employed worker has to demonstrate first, employment generated by the activity to be performed, second, provision of capital to the national economy, third, sufficiency of investment, fourth, professional qualification, and fifth, contribution of new technologies; apart from compliance with the general regulations applicable to the rest of the nationals. Even when a new economic activity is going to be started up, the Government may deny the residence visa for self employment without having to provide a reason for it.

² Work permits for self employment may be: Type d (original), valid for one year, for a concrete activity and only a geographic area. Type D (renewed), which authorizes any self-employment activity throughout the national territory, this type is valid for two years. This permit Type D (renewed) may be acquired by holders of a Type d permit at its expiration. Finally Type E may be acquired at the expiration of D (renewed), also for a period of two years and authorizes any enterprising activity throughout the national territory (Art. 69.2. Immigration Law).

The second is that in addition to the limitations and/or conditions imposed by the *Ley de Extranjería* (Immigration Law) (Trinidad, 2003), local governments may also impede setting up a business, either through their administrative demands, or because of pressure from national entrepreneurs. This causes many businesses to be set up illegally, and their location and activity to be known only to their co-ethnic customers (Arjona, 2006; Arjona, Checa & Ación; 2005; Sempere, 2003; Sow, 2004).

Doubtless, in addition to all these governmental requirements which have a dissuasive effect on the immigrant, is the demand of having sufficient economic resources, which it is understood that only the fewest applications of this type of permit have. The business strategy, in this case, is to set up an informal business, which is what happens with home services, such as technical repairs, hairdressing, clothes, door-to-door sales, etc.

Immigrant entrepreneurs in Spain must thus surpass a considerable number of legal barriers imposed by governments, from national to local, as well as economic impediments and social rejection as foreigners and competitors. Thus all these elements combine in a new model which is different from others in the international framework.

3. Types of business and profile of the immigrant entrepreneur in Spain

Analysis of the different concepts that have arisen in establishing businesses by foreigners is a complicated task. There is, nevertheless, a certain consensus in international literature around the conceptual network that attempts to explain different situations within the ethnic economy, such as middleman minorities, enclave entrepreneurship and ethnic enclave economy.

The main characteristic that defines middleman minorities is self-employment in family businesses located in poor neighborhoods or immigrant ghettos, occupying the labor niches in the secondary sector vacated by natives. At present, they have begun to enter middle class neighborhoods with activities in the service sector, but establishing hardly any ties to the social structures of the community their economic activities are directed at.

Enclave entrepreneurs are defined mainly by co-ethnicity in both use of social structures and location. That is, they are businesses that operate in immigrant neighborhoods where the majority are co-ethnics. This is not the case of the middleman minorities, and there is a system of social relationships which makes them self-sufficient, which is where the hypothesis of ethnic solidarity gains in strength.

The concept of *ethnic economy* derives from the theory of middleman minorities (Bonacich, 1973). When Bonacich & Modell (1980) developed the concept of ethnic economy, they differentiated employment that arises from the general economy from employment which the minority creates for itself. The immigrant at destination enters in a divided labor market, which is determined by ethnic antagonism. The ethnic economy is defined as the economy that includes any immigrant who is an employer, self-employed or who is employed by co-ethnic businesses. In this sense, "The context of an ethnic economy is defined by race, ethnicity or national origin, characterized by acquiring advantages from the relationships between owners of businesses and owners and workers of the same national origin," (Logan, Alba & McNulty, 1994: 698).

Finally, the concept of ethnic enclave economy comes from the literature on the segmented labor market (Piore, 1974), where several elements are added to the ethnic economy concept (Zhou, 2004). In the first place, permanence of the business, in the second, the economic activities are not exclusively trade, but also include production activities directed at a general market, in the third place, the commercial variety that overcomes the succession of labor niches abandoned by the natives, and finally, the territorial variable, that is, businesses must be concentrated in a certain physical area where their networks are also located (Logan, Alba & Stults, 2003).

Therefore, studies on ethnic economy still originate in the theory of middleman minorities (see, e.g., Kim, 2003 and Yeung, 1999), although the economic independence of immigrants and ethnic minorities are now analyzed to a greater extent and not only the middleman minorities. Furthermore, the different concepts analyzed do not make specific allusion to the regimen of holding businesses and ethnic control. Light and Gold (2000:5) suggest that, "These definitions are only valid to describe the *ethnic ownership economy*, which is only one component of the ethnic economy and the enclave and is not extensive to the whole." An *ethnic ownership economy* is defined by the ownership of the business. This leads to hiring co-ethnic employees and a wider margin of profit for the owner. On the other hand, "*ethnic-controlled economies* exist when and to the extent that the co-ethnic employers exert an appreciable and persistent economic power on workplaces due to their numbers, concentration and organization, and possibly external political or economic power" (Light & Gold, 2000:23). Thus these immigrants have the ability to make decisions on subjects related to salaries or contractual relationships that govern the relationships between workers and the owner.

Moreover, both the ethnic-controlled economy and the ethnic ownership economy have formal, informal and illegal subsectors (Tienda & Raijman, 2000). The formal sector is made up of businesses that pay their taxes and are officially registered. The informal sector includes businesses which produce legal goods and merchandise, but do not pay taxes and are not officially recognized. The illegal subsector consists of businesses that manufacture or distribute prohibited products or merchandise including drugs, gambling and forged documents.

This description of the typology of businesses makes it possible to specify the typology of ethnic entrepreneurs in Spain. Thus, in many of the zones studied in Spain, insertion of immigrant labor as self-employed, in the beginning, fits in the concept of the middleman minorities, as described above, entrepreneurs who set up a business that is needed in a certain area: a Chinese restaurant, a telephone booth center, money transfers, etc., where customers are not necessarily co-ethnic. As these are open businesses, where both the location and the product offered are intended to attract a mixed clientele, natives and immigrants, the entrepreneurs who are the most successful are those with restaurants, and by nationality, mostly the Argentines and Chinese (Arjona & Checa; 2005; Beltrán, 2000; Gómez, 2007).

However, there are also studies that concentrate on enclave entrepreneurs because their businesses are in segregated neighborhoods where the majority of the inhabitants are co-ethnic or other immigrants. So they become the main customers. This is the case of the *halal* butcher shops of Pakistanis in Barcelona and Madrid, Moroccans in Almería, etc. (Aramburu, 2002; Arjona, 2006; Moreras, 2002; Solé, Parella & Cavalcanti, 2007), Latin

American groceries and music shops, Romanian cafes and bars, etc. (Arjona & Checa, 2008; Sáiz; 2005; Torres, 2006).

Although in view of the characteristics of the businesses, could we speak of ethnic economies in Spain? Studies done up to now show an incipient situation, as there is quantitative and qualitative leap of middleman minorities and enclave entrepreneurs to vertical and horizontal multiplication of businesses, to larger shares of co-ethnic participation as employees (Arjona, 2005; Riesco, 2004; Solé & Parella, 2005), and a transnational logic in their activity (Arjona & Checa, 2009). This shows, in any case, that there is an incipient ethnic economy, consolidation of which will depend on the future economic situation and of the regulatory patterns of the Spanish State.

There is no doubt that in Spain there are no ethnic economic enclaves. The host context described above, where legal and governmental impediments are determinant, and the short time since the first businesses were set up, prevent us from being optimistic insofar as immigrants consolidating economically around ethnic economic enclaves; keep in mind that this phenomenon is rare even in other areas of Europe.

Finally, it should be emphasized that both ethnic ownership and ethnic control businesses do exist in Spain. Among the first, because of their number are the *halal* butcher shops, who supply meat to both Muslims and other immigrants, groceries and restaurants or bars, where typically ethnic products are offered (Arjona, 2006; Moreras, 2002; Solé & Parella, 2005). Ethnic-control businesses respond mostly to money transfer and telephony. They are the property of large multinational businesses in the sector that put an immigrant in charge to attract customers.

Likewise, and as a result of bureaucratic and economic impediments that this economic activity bears, a network of informal businesses is being generated that is fattening the underground economy. This includes hairdressers, bars, and other services offered in private homes, in cities, evading taxes and other legal requirements. Such clandestine businesses are known only to their customers and advertising and communications for access to them is through ethnic networks.

4. Discussion and conclusions

Spain, in its still recent condition as a host country for immigrants and with a hostile host context, is emerging on a first level of development of ethnic economies. Certainly, there is no Spanish city where we could speak of a *favorable* host context, that is, where professionals are able to enter job positions of leadership and entrepreneurs become prosperous around an ethnic economic enclave.

This leads to neither an interactive theoretical model arising out of an American model, or the European social embeddedness explaining precisely what is happening in Spain, and by extension, the countries in the south of Europe with similar characteristics. Therefore, a new paradigm is required, called the South-European Model, to explain the dynamics of the Spanish labor market and the scant opportunities for enterprising immigrants not from the European Union.

This is like that because immigrants in Spain enter a segmented labor market (Colectivo IOÉ, 2001; Gualda, 2005; Pajares, 2010). This reality limits them in large part to depending

on their human capital, just as it reduces their possibilities for ascension and promotion. Therefore, group characteristics and individual initiatives are slowed down by the opportunity structures which are not inclined toward the installation of ethnic businesses (Arjona, 2006; Solé & Parella, 2005).

In spite of the above, one of the most valued alternatives among immigrants is setting up a business of their own due to the transnational character, commercial and cultural ties are maintained with their home country and with other countries or regions, and the economic and social success this provides. A combination of transnationalism (Checa & Arjona, 2009), spatial concentration (Arjona & Checa, 2007), use of networks and ethnic solidarity compensates for (Cebrián & Bodega; 2002; Solé, Parella & Cavalcanti, 2007) the regulatory "hostility" imposed by the host context, which slows down the appearance of ethnic economies.

However, from the internal labor relations in this market, characteristics typical of labor niches in other segmented markets and hostile reception are also observed (Riesco, 2004).

To summarize, as discussed above, the various studies carried out in Spain show that we are facing the particularity of a small business economy with profitability subject to several conditions. In the first place, the diversity of products offered. Most of the businesses offer their customers a multitude of services or products to maximize their resources and increase profit. In the second place, business hours are unscheduled. Opening and closing adapt to their customers, so most of the sales are when their co-ethnics and other immigrants finish their workday. In the third place, there are no salaries when the employ is a family member, child or wife, or they are low when the employee is a co-ethnic non-family member. And fourth, they are precarious and illegal. Employers, only on numbered occasions, register their workers. So the true alternative is for owners or managers, however, for the co-ethnic employees, it is a school of entrepreneurship.

The definitely novel nature of this phenomenon in Spain and its particularities require a theoretical model to explain how it functions. The text proposes one called the *South-European Model*, which because entrepreneurship is still incipient in Spain could be reformulated over time, especially if the role of the host context changes and the characteristics of groups become more important, and human and social capital as opportunity structures are defined. Therefore, research in new questions must continue to shed light on the explanatory model and the concepts used: Will the Spanish labor market stop being a hostile host context? Will there be a noticeable increase in ethnic businesses, and will they lead to ethnic economic enclaves? How will labor relations between employer and their co-ethnics develop? And finally, will the ethnic economy become an alternative for employers and employees? And how have immigrant businesses been affected by the current economic crisis?

In any case, the transformation of the Spanish urban landscape based on the proliferation of ethnic businesses is already an indisputable reality which is revitalizing the neighborhoods where they have been set up, as these entrepreneurs have reactivated trade in zones of the city that were heading toward poverty. Consumers must take advantage of this economic coincidence and understand the enterprising initiatives of immigrants as an opportunity.

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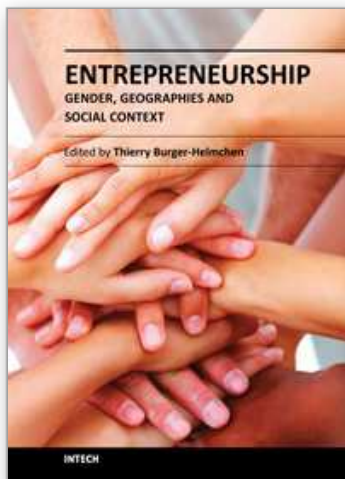
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Entrepreneurship is a main driver of economic growth and of social dynamics. However, some basic characteristics like the gender of the entrepreneur, the geographical location, or the social context may have a tremendous impact on the possibility to become an entrepreneur, to create a firm and to prosper. This book is a collection of papers written by an array of international authors interested in the question of entrepreneurship from a gender point of view (male vs female entrepreneurship), a geographical point of view (Africa, Europe, America and Latin America, Asia...) or a specific social context point of view (agricultural economy, farming or family business, etc.).

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