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Are Ethnic Entrepreneurs Social Innovators? Turkish Migrant Entrepreneurs in Salzburg

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Abstract

Social innovations are targeted measures that are capable to resolve social problems (Rammert 2010) and they are directed towards an improvement of the situation (Gillwald 2000). Finally, they are directed towards an amelioration of the situation (Gillwald 2000). In Austria it is argued that ethnic business represents a type of social innovation (Haberfellner 2000). The question the paper addresses is if and to what extent ethnic business goes hand in hand with social developments and possibly boosts social change. Entrepreneurs of Turkish origin in Salzburg are the focus of analysis. The paper starts with a definition of the term 'social innovation' (1), the issues of ethnic vs. migrant business (2.), followed by the description of the labour market situation of Turkish migrants in Salzburg and discrimination in the labour market (3.), and, to to round up, the analysis of biographic interviews with Turkish entrepreneurs in Salzburg (4.). The preliminary results show that there exist social problems such as the lower socio-economic situation of Turkish migrants in Salzburg and discrimination in the labour market. These problems can be seen as basis for the need of social innovations. But nevertheless Turkish run ethnic businesses in a strict sense of the word are no social innovation because they do not act against the problems in an intended way; they rather work on their own account. They may overcome disadvantages on the labour market but their actions are not directed towards overcoming the problem per se. It is much rather a transintentional aspect (Schimank 2010), which goes beyond the economic interest of the actors.

Keywords: *migration; Austria; migrant entrepreneurship; migrant business; Turkish entrepreneurs.*

Introduction

The number of enterprises led by migrants has been increasing continuously in Austria in recent years. In 2009, there were 34.000 self-employed people with non-Austrian nationality; in 2013, the number increased by more than 38 percent to 47.000 (Statistik Austria, Abgestimmte Erwerbsstatistik). In addition to this quantitative increase, these businesses are becoming more and more important for commercial representations like the Chamber of Commerce and for the Austrian Employment Agency (AMS) because they emerge as employers or offer apprenticeships. Furthermore, they play an important social role in employing more migrants than the average Austrian enterprise. A survey of migrant businesses in Vienna shows that around 30 percent of the employees

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of migrant businesses are of the same ethnicity as the owner, and only 30 percent of the total number of employees have no migration background (Schmatz, Wetzel 2014: 84).

In terms of societal change under the conditions of neoliberalism, the subject has a political aspect as well, because we can interprete the growing number of migrant businesses as a shift of the public burden to the responsibility of individual actors. Without any support, they are disadvantaged in conducting their businesses successfully in relation to autochtonuos business owners: *"Migrants may be a source of job creation rather than taking a limited number of jobs from natives. But once in the host country, they need support to gain access to capital, learn the language and deal with regulatory hurdles." (OECD 2010: 25)*

In Austria, it is argued that ethnic businesses represent a type of social innovation (Haberfellner 2000). In this paper, social innovations are understood as measures that are capable of facing social problems (Rammert 2010). Additionally, they are considered as targeted measures which respond to real social grievances and they are directed towards an amelioration of the situation (Gillwald 2000).

This paper aims at answering the following questions: Which are the specific characteristics of migrant businesses that make them appear as social and/or economic innovations? What exactly are the social grievances that migrant businesses might face? And, finally, can migrant businesses be considered as social innovations in a strict sense of the term?

Ethnic Business and Migrant Business

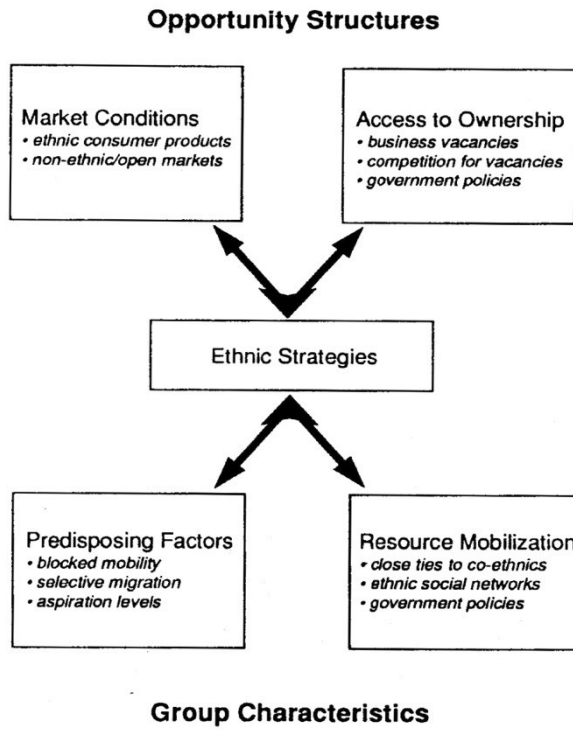
In the scientific literature about the subject, different terms with different attributes are used. Usually, the feature "ethnic" stresses an ethnic type of product or client with the same ethnic background as the owner. "Migrant", on the other hand, is a wider term, referring only to the migration background of the owner, not to products or clients. A Turkish grocery, for example, could be called an ethnic business whereas a Turkish garage owner is a migrant entrepreneur.

Haberfellner (2012) adapts a figure from the authors Waldinger, Aldrich, and Ward (1990) to better convey the characteristics and strategies of ethnic business owners as shown in the original figure below.

Obviously, some of the topics belong to the field of economic innovation in the sense of Schumpeter, such as "ethnic consumer products" or another issue that Haberfellner adds: "demand by ethnic community" (Haberfellner 2012). They fit to one of Schumpeter's five cases that define economic innovations: "opening up new markets" (Borbély 2008: 402). Once established, ethnic businesses become part of the then existing market, i.e. the market itself changes and the businesses lose their innovative content. However, one could argue that it is not the new products in changing local markets that are the real economic innovation but the transformation of local markets through the combination of established and recently arrived ethnic products. An example

could be a bakery in Salzburg that offers "Baklava" and Austrian "Mehlspeisen".

Fig. 1: Strategies of ethnic entrepreneurs (Waldinger et al. 1990).



The fact that local markets get more and more integrated is mentioned by Haberfellner, when she comes to the conclusion:

"Different forms of enterprises with different priorities can develop within the local and economic frameworks with a varying emphasis on ethnic ressources. Niches can emerge based on the demand of the established local population, who on the one hand demands ethnic products, but on the other hand such products that have no specific ethnic background. In the latter case we talk about economic niches, that give opportunities to immigrants thanks to the emigration of autochthonous entrepreneurs." (Haberfellner 2012: 15)

However, at this point, Haberfellner adheres to the term 'ethnic business' itself. Other authors prefer the term 'migrant business' instead of 'ethnic' (Schütt 2015) or declare ethnic business as being a part of it (Schmatz, Wetzel 2014). Thus, Schmatz and Wetzel estimate ethnic businesses in Vienna at ten percent among the total number of migrant businesses (ibid.: 47).

The OECD stresses the development of migrant entrepreneurship in wider (not only) local markets:

"Migrant entrepreneurship has been traditionally associated with ethnic businesses that cater mainly to populations from their ethnic enclaves. However, migrants develop their business activities not only in these traditional sectors but also in other high-value activities." (Desiderio, Mestres-Domènech 2011: 151)

This development seems to be typical and describes a kind of integration in the field of economics by means of innovations in the form of cross-over products and mixed groups of clients.

Other topics in Figure 1 give first hints about social grievances necessitating the need for social innovation. The headline "predisposing factors" summarizes some of these: "blocked mobility" or "selective migration" are examples for possible social disadvantages that affect strategies of migrant entrepreneurs. In the following section, we therefore take a deeper look into the socio-economic situation of Turkish migrants in Salzburg and into discrimination in the labour market.

Socio-Economic Situations of Turkish Migranst in the Province of Salzburg and Discrimination in the Labour Market

Statistics show clearly that Turkish migrants in Salzburg find themselves in a lower socio-economic position as the average. The following table gives an overview over some crucial factors: professional status, unemployment rate and educational qualification among self-employed.

The data show some of the main differences between Turks in Salzburg and the average numbers: the number of Turkish workers is much higher than average (81 vs. 35 percent), the number of employees and self-employed is lower (12,1 vs. 45,9 percent and 4,8 vs. 12,5 percent). The unemployment rate is nearly three times as high as average (14,4 vs. 5,8 percent) and, finally, the qualifications of the Turkish self-employed are considerably lower than average: nearly 70 percent have completed compulsory schooling only (the average is 11,5 percent), while only 2,4 percent have a university degree (as compared to 17,5 percent of the total number of self-employed).

Another relevant source of social disadvantages is discrimination in the labour market. For Salzburg, there exist no relevant surveys. In a wider geographical context, however, numerous surveys verify this social phenomenon. In Germany, for example, the Institute for the Study of Labour (Krause et al. 2010) tested the effects of anonymized applications. They could show that the invitations of disadvantaged groups, such as migrants or elderly people, to assessments rose significantly when their applications hid the names, addresses or their dates of birth. A similar result was provided in a study about the access to apprenticeship (Schneider, Weinmann 2015). With a paired-testings design they could reveal the disadvantages for migrants: "The survey 'Discrimination in the apprenticeship market' for the first time gave the statistical evidence that ethnic discrimination within the access to the dual system of training is given." (ibid.: 136) Not only the access to the labour market is a crucial aspect of discrimination, but labour conditions as well. For the

Austrian labour market, a survey (Riesenfelder et al.: 2011) about the perception of discrimination amongst non-Austrian citizens shows that Turkish migrants very often experience an unfavourable treatment in their daily work (the study took into account salaries, allocation of activities, advanced vocational trainings and participation). 24 percent of male Turkish employees reported experiences of discrimination compared to an Austrian average of about 10 percent.

Table 1: Socio-economic status of Turkish citizens in Salzburg, based on: Statistik Austria, Abgestimmte Erwerbsstatistik, 2013.

		Province of Salzburg, total		Turkish citizens in Salzburg	
		N	in %	N	in %
total working population		283.202		3.419	
among them:	workers	99.713	35,2	2790	81,6
	employees	129.913	45,9	412	12,1
	others	18.166	6,2	52	1,5
	self-employed	35.410	12,5	165	4,8[1]
unemployed, unemployment rate		15.329	5,4	494	14,4
educational qualifications among self-employed	compulsory schooling	4.077	11,5	115	69,7
	apprenticeship	12.536	35,4	30	18,2
	intermediate or higher education levels	12.595	35,6	16	9,7
	university degree	6.202	17,5	4	2,4

In addition to the general situation of Austrian market conditions fostering the improvement of economic innovations, there exist two main sources of social grievances concerning the Turkish population in Salzburg. These are structural social disadvantages and the phenomenon of discrimination in the labour market. These issues can be highlighted as reasons for social innovations. The question then is: Are migrant businesses social innovations that face up to these social problems?

Turkish Self-Employed in Salzburg

To get to know more about the dynamics between social positions and vocational development of Turkish self-employed in Salzburg, about their perception of grievances and about their strategies to handle disadvantages, we led qualitative biographical semi-structured interviews with Turkish owners of shops and businesses[2]. Another, more specific, interest was to find out if they act in an organized way against disadvantages.

[1] Among persons with "Place of birth: Turkey" the rate of self-employment is a bit higher with 6,3%.

[2] At the moment of writing the article, eight interviews had been conducted in the context of a dissertation project. The analysis followed the principles of an interpretative method (Geertz 2015; Mecheril, Rose 2012).

Motives for starting a business mentioned in the scientific literature of the 1990s still seem to be part of today's social reality:

"(1) family tradition[3], (2) economic security considerations in view of rising unemployment rates, particularly among second-generation Turks; and (3) the increasing demand for special goods and services among the growing Turkish communities." (Blaschke et al. 1990: 92)

For discussing social innovation, the second point – the quest for economic security – is crucial. Three interviewees of the sample mentioned this reason. For example, a self-employed tailor, formerly employed as a metal worker, started an apprenticeship very late at the age of 35, after a longer period of unemployment. He then decided to start his own business in order to obtain a more secure vocational situation.

"What is the most important change? In fact, I don't know. But I think that, at least, now I have a more secure occupational position than before. I reached my goal. About that I'm glad." (Interviewee 4)

But also a direct change from employment to self-employment, without a phase of unemployment in between, happened to two interviewees (Interviewees 6 and 7). The reason they mentioned was the mere anticipatory desire for security when getting older and, at the same time, the reduced security to keep their jobs in the metal industry.

B: I first quit my firm, then I finished vocational school, then I started self-employment.

A: And did you have any reason to quit your job?

B: The economical crisis. That was the reason. I always had thought about starting a business, but the economical crises accelerated the idea, in 2007, 2008.

A: So did your employer dismiss you, or did you quit the job?

B: No, I was not dismissed! It was me who decided to quit the job!" (Interviewee 7)

Another motive of migrants for deciding to start a business is the so called "economy of misery" or "model of reaction" (Floeting 2009, Schmid et al. 2006). It focuses on vocational marginalization such as dequalification, (long term) unemployment or underpayment (Schmiz 2013).

"The reaction model conceptionally integrates the opportunities for the socio-economic establishment of ethnic groups. In this sense migrant start-ups can be the impact of discrimination and disabled opportunities, especially in the field of labour." (Schmid et al. 2006, S. 133)

The interview partner mentioned before (Interviewee 4) gave an example of unemployment as a reason for getting self-employed. Interviewee 8, a car mechanic, pointed out the failure in finding an internship, which should have been part of his second apprenticeship as a so called mechatronic, as a motive for starting his own business:

"I just didn't find an internship. Than, I got a smal compensation payment. And I said, yes, what else can I do? If I don't find a job. And I tried for a year a business as a 'car treater', that means cleaning, polishing and all that." (Interviewee 8)

[3] Here, family tradition is not directly understood as a motive but more as a positive factor or a driver.

Another case of misery turned out to be the residence status. Interviewee 1, another tailor, started his business in an attempt to raise the possibility for a safer status of residence in Austria after his application for asylum had been declined.

"It was like that: I had applied for asylum and I was not allowed to work. And I got caught two times [working illegally as a tailor, Comment HB] by the public authorities. So I couldn't continue working there. So I thought about working self-employed. If I was allowed. So I asked about that and got a positive answer. I was allowed to be self-employed as an asylum seeker, ok." (Interviewee 1)

But also the perception of discrimination was mentioned. For example, a butcher told us about several occasions where public authorities decided in a way he was not able to understand and which made him feel disadvantaged.

"I think, the public authority doesn't want foreigners to move up. Because the good places always don't get the foreigners, I mean the Turks." (Interviewee 2)

Anyway, no interviewee reported cases of discrimination in former jobs. The quote of interviewee 2 represents experiences of the butcher in a former business several years ago. That doesn't mean, that these experiences do not exist. Perhaps it only shows, that the selfemployed concentrate their perception on the present.

Finally, others did not report any disadvantage. For example, interviewee 3, a jeweler, pointed out that the motive for starting a business was driven by his lifestyle: He considers himself a "Weltbürger", and through his business he now is able to realize this cosmopolitan style of living.

"In our sector in Salzburg I know nearly 44 jewellers. And in Austria nearly a hundred wholesalers. I'm a travellers type. I go to Germany, to Switzerland or to Italy. Every year, I go visiting the jewellers fairs for purchase activities. There, everybody knows me." (Interviewee 3)

Conclusion

All in all, it is obvious that differences between Turks and the average population of Salzburg in relation to the labour market do exist. These are, particularly, the lower socio-economic status of the Turks and discrimination in the labour market.

The activities of Turkish entrepreneurs seem to be useful to remedy these grievances. This was shown by some surveys and was differentiated with a number of interviews with occupational-biographic content. Different reasons for becoming an entrepreneur and, at the same time, different strategies for giving settling grievances were discussed.

However, there is one characteristic for social innovations that until now could not be verified: measures against grievances must be intentional for building a social innovation. And, in fact, none of the interviewees mentioned a common strategy of the business owners against discrimination or against poorer social positions of other Turks. A Turkish entrepreneurs' association could be able to act collectively and specifically against the grievances but in

Salzburg such an association does not exist. In Vienna, there is one, the Association of Turkish and Austrian Entrepreneurs and Industrialists (ATIS), just to name an example. But in the statutes of the association the issue of discrimination is not mentioned, neither are the social positions of the ethnic group. In this sense, we cannot talk about Turkish entrepreneurs as a social innovation.

On the other hand, Turkish entrepreneurs actually change society through their activities. This phenomenon can be explained by using a theory of Schimank, who uses the term "transintentional activity" (Schimank 2000), which refers to

"actors constellations, in which none of the involved actors with his activities intends a structural shaping. That the synergy of actors builds up, maintains or changes social structures is rather a side-effect or a long-distance-effect. In this sense we can talk about the transintentionality of structural effects because the intentions of the actors concentrate on other phenomena, that seem to be more obvious to them." (Schimank 2007, S. 185)

The reasons for deciding to start a business may be similar or even the same in many cases but the follow-up actions are individually motivated and the entrepreneurs usually aim for their individual upward mobility.

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