

# The Determinants of Sustainable Entrepreneurship of Immigrants in Lapland: An Analysis of Theoretical Factors

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## ABSTRACT

**Objective:** This research seeks new ways in which the socio-cultural capital and human capital of immigrants can be used as a resource in business life in Lapland – a sparsely populated area and new immigrant-receiving region.

**Research Design & Methods:** An analysis is put forward that explores enablers that might sustain entrepreneurial existence and development and increase long-term prospects for immigrant-owned firms.

**Findings:** In the last three years, many immigrant entrepreneurs in the region have had to close their businesses a short time after establishing them. It is harder for immigrants to run businesses and to become successful in Lapland than elsewhere. Triple disadvantage theory provides explanation why established entrepreneurs were pressed to close their business. Disadvantages create barrier to developing their full entrepreneurial potential as a whole.

**Implications & Recommendations:** Immigrant entrepreneurship in Finland does not fall within the responsibility of any single authority or any single sector. All the official and organizational actors need to change their attitudes and encourage positive interaction. It is necessary to invest in knowledge building, a process that will enable immigrants to play a fruitful role in the social, political and economic development.

**Contribution & Value Added:** The article contributes to the studies on immigrant entrepreneurship and immigrant socio-economic integration by focusing on necessity-driven entrepreneurs in a sparsely populated region - Lapland in Northern Finland.

**Article type:** research paper

**Keywords:** Entrepreneur; Immigrant; Sustainable; Factors; Disadvantage theory; Self-employment

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## INTRODUCTION

Immigrants' integration, entrepreneurship and participation in the labour market are desirable developments in Lapland, for they represent a better use of the region's human resources. The focus of this study is on Arctic demography, economic growth and living conditions in Arctic Lapland. Immigrant entrepreneurship has great potential and could help lessen the impacts of the current socio-economic challenges in Arctic as well as Lapland (Fondahl & Larsen, 2015, p. 163), if it is supported. Thus, the topic of this research holds potential for Lappish perspectives. Some immigrants are running businesses which for a variety of reasons have not been able to create economic benefits. Some have low revenue or are losing money, with the entrepreneurs investing their full energy and labour without obtaining profits. After a certain period of time, they are forced to close their business. This trend could be harmful for economic growth in Lapland. Consequently, a sustainable immigrant entrepreneurship policy, along with a model to support effective management of immigrant entrepreneurship, is needed to increase the prospects of success for immigrant businesses. This article is an exploratory study of the theoretical factors and focus-group interview of immigrant youth and women; in-depth interviews of existing and departed entrepreneurs with immigrant background. The study investigates both the barriers and enablers to promote sustainable immigrant entrepreneurship in Lapland. This aim of my research paper entails not only creating and sustaining a level of entrepreneurial development for immigrants who would like to become entrepreneurs, but also informing tools for officials, policy makers and researchers.

Some of the literature on sustainable development of entrepreneurship underlines the importance of creating a dialogue on sustainability by focusing on what is to be sustained. Leiserowitz and associates identify the focus as "what is to be developed, namely, individuals, the economy, policy and society" (Leiserowitz, Kates & Parris, 2006, pp. 413-444). The growing interest in sustainable entrepreneurship suggests that sustainability is a vital addition to, or even a component of, 'new' entrepreneurship, with a simultaneous awareness of the limitations of 'old' entrepreneurship and the reasons for successful and unsuccessful business histories (Lansa, Blokk & Wesselink, 2014). Opportunities related to sustainability are more multifaceted than business opportunities that address a one-dimensional dilemma, eliminate a serious shortcoming or meet a substantial need. This study highlights the importance of ensuring and securing the future development of an Arctic region such as Finnish Lapland, where young people are leaving the region. This can be done by generating more human capital and investing more resources in its people (Rasmussen, 2011) and receiving immigrants. A future model for entrepreneurship development is required if entrepreneurs are supposed to successfully run businesses and create job opportunities for others in the region. To fulfil the goal of my study, I have used qualitative method e.g. focus group interviews of interested immigrants who would like to become an entrepreneur. The study made in-depth individual interviews of local existing immigrant entrepreneurs who are successfully deriving their business. To get the genuine fact on disadvantages and lacking of continuing a business in Lapland, the study also made some in-depth interviews of immigrant entrepreneurs who had to stop their business immediately after establishing. This paper includes an analysis on the theoretical factors affecting immigrant entrepreneurship in Lapland. The study analyzes disadvantage

and cultural theory of immigrant entrepreneurship and explores the theoretical factors pushing immigrants for establishing businesses, and those are working as risk factors. The present study widens the scope of previous analyses on “sustainable entrepreneurship” and broadens understanding of immigration entrepreneurship in Lapland. The success of an enterprise is not dependent solely on the entrepreneurs; positive community perspectives and dynamics of political economy could help immigrant entrepreneurs to succeed in Lapland.

## LITERATURE REVIEW

The concept of entrepreneurship is defined in a variety of ways in the social sciences. For example Bull and associates put forward the following definition: “An entrepreneur is an innovator who bears uncertainty and bears risk” (Singh & Gupta, 2015). In some countries entrepreneurs are struggling to survive the economic recession which started in 2008. Entrepreneurship appears as an alternative to unemployment and dissatisfaction with the host labour market. Social disadvantages have pushed them into self-employment. While the tendency of immigrants to engage in self-employment is well documented, it is imperative to know about the performance of the ventures they set up (Irastorza & Peña, 2014; Irastorza, 2010, pp. 205-221). In setting up a business, immigrants recruit themselves as workers in the labour market; entrepreneurship is potentially a better alternative than any low-status job with low wages, which is the only other option available for immigrants in Lapland (Yeasmin, 2012, p. 354). According to recent research findings, immigrants are more likely to become entrepreneurs than natives (Irastorza & Peña, 2014). Immigrant entrepreneurship in Finland differs in many ways from that in other European countries where immigration has a longer history. Before the 2000s, Finnish immigrant communities were not large enough to establish businesses, since business at the time was based on the consumption patterns of a particular ethnic group or on immigrants from a particular geographical region who would support future demand for products such as ethnic food and consumer goods.

Immigrant entrepreneurs have to compete with Finns in setting up a business, which is not an easy task. Most of the immigrant enterprises in Finland at large as well as in Lapland are based on the food culture of the immigrants’ country of origin and are mostly small to medium in size (Petäjämä, 2013, pp. 11- 13).

The conventional perception is that immigrants are forced into self-employment if no other work can be found (Wahlbeck, 2013, 2008). Sometimes they are pushed indirectly by the environment towards the business world, as they are discriminated against in the labour market and treated harshly otherwise as well (Prescott & Nicholas, 2011). According to data from the 2012 Immigration Survey (Petäjää, 2013) concerning reasons behind entrepreneurial motivations conducted by Ministry of Employment and the Economy Finland, the vast majority of immigrant entrepreneurs were mainly motivated by the desire to be in their own surroundings (50 per cent of respondents) or by their business ideas (35 per cent of respondents); others reported that they had found no training or apprenticeship (25 per cent of respondents). Some entrepreneurs were also pushed to set up an enterprise because they had not found jobs in the labour market (10 per cent of respondents) (TEM 2012, 55–56). Therefore, in Finnish and Lappish cases, substantial share of immigrant entrepreneurs are necessity-driven. There appears to be a clear need to make immigrant

entrepreneurship more opportunity- driven and to offer more public support for immigrant entrepreneurship to foster the survival and success of the immigrant entrepreneurs.

In Lapland the unemployment rate of foreigners in recent years has been approximately 30 percent, while the overall rate in the region was 13.4 per cent in 2012 (Petäjämäa, 2013). Immigrants face a wide range of obstacles in the labour market. While there is an extensive range of social services to facilitate integration into Finnish society, entering the labour market remains challenging (Koikkalainen et al. 2010). The challenges immigrant entrepreneurs face are discussed in terms of disadvantage theory (Irastorza, 2010) below.

There is a linkage between the Arctic economy and the Arctic's natural resources. Sustainable use of resources can protect and preserve the region as well as its population (Rasmussen et. al., 2015, pp. 423-468). Immigrant entrepreneurship holds potential value for economic growth in the Arctic. Immigrants introduce new ideas from around the world as well as diverse cultural heritages and thinking, all of which could be essential elements in creating new products, open markets and job opportunities while stimulating technological innovation (Marczak, 2013). According to the cultural theory of entrepreneurship, immigrants would like to represent their culture via their business in the host country. According to an OECD report from 2010, "cultural predisposition plays a large role in determining whether someone decides to start a new business. It can influence risk aversion and the ability to trust others, each crucial to embarking on entrepreneurial activity" (OECD, 2010, pp. 6-11). Some researchers have observed that although the influence of individual attributes on immigrants' decisions to start a company has not been empirically tested, they seem to establish businesses just to follow other members of their ethnic group who are running a business successfully in the host country (Ford & Richardson, 1994; Irastorza & Peña, 2014). In Finland, some students come from different countries to study and seek better economic opportunities. After completing their studies, they would like to stay in the country permanently and establish a business. Because entrepreneurship is an entry point to the job market in the host society, it could offer a foreign student the chance to rapidly advance toward his or her particular goals. However, in Lapland it is very easy to establish a business, but hard to keep it running. The interested immigrant entrepreneurs get personal advice about establishing business in different languages. However, there is no advice centre for running a business in Lapland. Rates of success, including those for immigrant businesses, differ from country to country, city to city, ethnic/national (sub) group to ethnic/national (sub) group, sector to sector and period to period (Rath, 2006; Levie & Smallbone, 2015). Because, the forms of support for entrepreneurship is different in different countries and cities, for instance in Helsinki some organisations "Yrityshelsinki" , " Uusiyrityksen keskus" supports immigrants in establishing phases as well as to some extent business running phases. In that light, it is important to emphasize the complex linkage between successful entrepreneurial climate and the basis, dynamics and perspectives of entrepreneurs, communities and political economy of Lapland

"Sustainable entrepreneurship" is a multidimensional concept that extends beyond environmental protection to economic development and social equity (Gladwin, Kennelly & Krause, 1995). Of these aspects, the present study confines itself to economic development. Promoting the sustainability of entrepreneurship means recognizing and applying entrepreneurial analyses that identify opportunities to increase the life span of immigrant

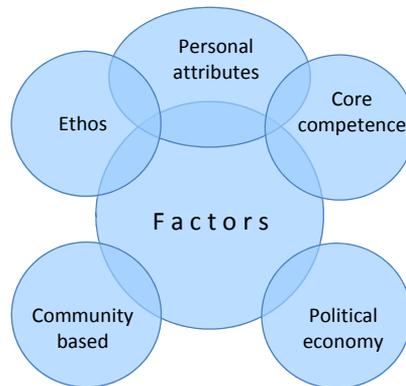
businesses, which are a positive source of economic growth in Lapland. More specifically, sustainable entrepreneurship means managing a traditional business with successful continuity. This study argues that entrepreneurial activity can only be considered sustainable once it is planned for the long run with the goal of economic gain. As noted, in Lapland some immigrants have had to close their businesses soon after establishing them, which has an undesirable impact on the regional economy. Such business failures have prompted immigrants to move to the southern part of the country in search of better job opportunities, a trend with a detrimental impact on society in Lapland. This paper concentrates on controversial issues, ones which relevance has been both denied and acknowledged by the immigrant entrepreneurs I have interviewed; one such issue is the failure of a business. Unlike entrepreneurial culture in Australia, Canada, Britain and the United States, the entrepreneurial culture in the North of Finland is not resilient. The northern environment, demographic challenges and geographical identity make entrepreneurship harder for immigrants. According to the interviewees interested in establishing a business, entrepreneurship requires a business idea and investment of money to implement that idea; yet one can argue that “such images of interested immigrants” are not compatible with the perception of sustainable entrepreneurship, which includes continuity. Some informants who ran successful businesses in their country of origin started up businesses upon settling in Lapland, which tended to cause immediate closing of the businesses. The number of successful, immigrant-run small businesses in Lapland remains very low and immigrant entrepreneurship may actually be on the decline, but also a number of success stories can be found. The failure of immigrant businesses has a negative effect on entrepreneurs’ personalities and attitudes, which also causes extreme social deviances at some point (Miller, 2015). Immigrants may run businesses successfully in countries with large ethnic markets, but “getting caught napping” – ignoring the market - is fatal to a business in the North. For instance, in England and America immigrants run family businesses year after year without any basic entrepreneurial education, because there are large ethnic markets and the locals have positive attitudes towards immigrant entrepreneurs and entrepreneurships. Liberal immigration policies and different immigrant support services, as well as forms of community support, create a favourable environment for immigrant entrepreneurs. According to the interviewees, in China, Bangladesh, Thailand, Turkey, Somalia and certain developing countries in Europe, entrepreneurs do not even need to register their companies or go through other bureaucratic procedures in order to establish a small business. When immigrant entrepreneurs behave in Lapland as they did in their country of origin, a business becomes difficult to set up and run, although it could be successful in immigration-friendly countries. In the North, collective actions on the part of the community, new forms of governmental support (Larsen & Fondhall, 2015, p. 163) and reforms of law and policies would be needed to some extent to support entrepreneurship.

### Theoretical Factors

The cumulative disadvantage theory and the cultural theory are two major theories of entrepreneurship that could provide insights into immigrant entrepreneurship in Lapland (Fregetto, 2004, pp. 253–68; Fredick & Foley, 2006). A triple disadvantage is hypothesized in this paper. The first of the three is that immigrants are essentially forced to establish businesses due to social barriers; dissatisfaction with their present job status in the host society and the lack of job opportunities for immigrants in the host society separate them

from mainstream society. The second disadvantage is immigrants' inability to take advantage of knowledge spillover (Acs et al., 2009; Acs & Sanders, 2012; Ghio et al., 2015; Plummer & Acs, 2014); this stems from their lack of entrepreneurial education, poor language skills, and limited knowledge about the local culture, policies and laws relevant to business, which may force them to shut down their businesses shortly after starting them up (Volery, 2007, pp. 30-41, Baycan-Levent, 2010 ). On the other hand, cultural theory pushed them to establish business, since immigrants have some characteristics, for example, a cultural heritage or endowment, or culturally determined features that make them hard workers and risk takers and instill in them a need of community viability and a strong motivation for making a living (Masurel, Nijkamp & Vindigni, 2004, pp. 77–86.). Thus, although their cultural heritage provides immigrants with motivation to work, social disadvantages force them into self-employment as entrepreneurs (Yoo et al., 2011, p. 193-210). The third disadvantage that can be identified in the present context is that immigrant entrepreneurs who run businesses based on their cultural heritage find it difficult to attract more customers and face limited social, political and economic opportunities. The market of ethnic consumers is small and demand is not sufficient for running a business dependent solely on ethnic consumption; the number of immigrants is growing slowly and there is movement of the immigrant population to and from as well as to Lapland. There are certain necessary dimensions for running a business successfully in the region. Recent political discourses against immigration also effects negatively immigrant entrepreneurship. The research proceeds to posit discourses which is studied at a macro sociological level (Talja & Sanna, 1999) - this study produces knowledge and concrete contexts of entrepreneurial ethos, core competence, the community and political economy factors - that must be considered if the disadvantages noted above are to be overcome and immigrants are to be able to run successful businesses in Lapland (Raudeliūnienė, Tvaronavičienė & Dzemlyda, 2014, pp. 71-79). According to Foucault's influenced discourse analysis it is better to examine "serious speech acts" and practices rather than rules and conventions (Talja & Sanna, 1999). Although informants of the study should not be institutionally privileged speakers, their views are studied as an example of more general interpretative practices in the study. The relation between entrepreneurship discourses and sustainability has received little theoretical attention in Lappish perspectives. Linking this discourses with disadvantage and cultural theory the study develops four different factors of the possible barriers and enablers (Azmat, 2013) faced by immigrant entrepreneurs and immigrants interested in establishing business in Lapland. Ethos and core competence involve an entrepreneur's personal attributes, with ethos encompassing the cultural heritage he or she brings to the host country, and core competence the capacity for sustained business decision making, management skills, market orientation, the ability to identify opportunities, and communication skills. "Most discourses on entrepreneurial sustainability focus on financial aspects" (Negut, 2015). This study argues that there are other factors related on entrepreneurial sustainability rather than financial factors. Because, with the same financial support some immigrant entrepreneurs recognise promising opportunities and some do not. The ability of recognizing opportunities is also a factor. The third factor, community, draws attention to the importance of addressing the social disadvantages immigrant entrepreneurs face and, lastly, political economy refers to role of the host country's busi-

ness policy and legislation in the success or failure of immigrant businesses. Figure 1 presents the four factors of the successful immigrant entrepreneurship and their theoretical underpinnings below.



**Figure 1. Determinants of successful immigrant entrepreneurship**

Source: own elaboration.

## MATERIAL AND METHODS

The objective of the study was to reveal the factors which effect sustainable immigrant entrepreneurship in Lapland. Accordingly, this study investigates factors that play an important role to facilitate small entrepreneurship growth for immigrant in Lapland. The research is based on conclusions drawn from focus group interviews comprising a discussion-based interview of targeted participants (Morgan, 1997) and in-depth interviews of immigrants who are currently acting as entrepreneurs and entrepreneurs who have been acting as entrepreneurs for some while and recently closed their business. The study organized four different focus group interviews (see Seidman, 2012) in Rovaniemi and the Kemi-Tornio region and collected data from immigrant women and youths. My focus group (FI) encompasses immigrant youths (IY) who are aged 18-49 and women (F) at any ages who are at risk of labour market marginalization and/or long-term unemployed. The unemployment rate among this group is much higher than immigrant man and this is only reason they have been chosen for the study. The information about group discussion has been published in the local newspapers. Info was sent to the local authorities, multicultural-organizations and associations who dealt with immigrants. Dissemination of interview information was handled properly. In the group discussions in Rovaniemi, a total of 23 women attended. They originated from Palestine, Iraq, Pakistan, Iran, Thailand, Hungary, Germany, the Netherlands, the Czech Republic, Israel, Jordan, Russia, Ukraine, Vietnam, France, China and Bangladesh. Most of them are refugees and rest of them have come to Rovaniemi under the family re-union category. The discussion was held in English and Finnish. For young people, in the group discussions attended by a total of 19 people, (5 of which were women) who were originally from Algeria, Nigeria, Mexico, Russia, Bangladesh, from Vietnam, Pakistan, Somalia, Iraq, Iran, China, and Myanmar. In this group, most of the individuals were refugees, few were students and some migrants who came under

family reunification. Each focus group discussion in Rovaniemi took three hours. In addition of Rovaniemi, group discussions had been also held in Kemi-Tornio region where one women and 5 young people attended the meeting. Duration of the discussion was in Kemi-Tornio was 2 hours.

There are a number of phases in designing and conducting focus group interviews. The focus group encompasses immigrant youths and women who are at risk of marginalization in the regional labour market. In the conceptualization phase, focus was put on the target group's knowledge on self-employment and opinions on entrepreneurship. In the next phase, in-depth open questions were pursued to gain a deeper understanding of themes under study.

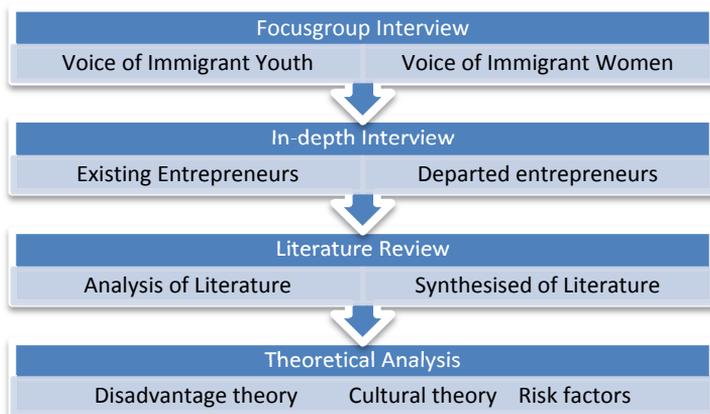
These questions started a group discussion, which was recorded and summarized. Efforts were made to ensure that all respondents participated in the conversation and that no one dominated it. I have examined the discussion in terms of themes for further analysis.

The research raises some ethical issues, such as consent and confidentiality. Everyone who participated in the study freely consented to do so without being coerced or unfairly pressured (Green, 2007). This means that they were well-informed about what participation entailed.

As the interviews raised more questions than could be properly examined, subsequently several in-depth interviews (IR) for collecting success stories and experiences of individual immigrant entrepreneurs were organized. Accordingly immigrant entrepreneurs (male M and female F) interview was organized, which in this context raises a good experience based on their experience and key challenges. Although the interviewed entrepreneurs were from different industries and they have faced different problems as such, they had also something in common: all of the interviewed entrepreneurs spoke good Finnish language had been carried out university levelled education from different countries, received a start-up company start-up and delivery to entrepreneurs in Lapland over five years. Three successful entrepreneurs were interviewed (M/F, aged 35-50) who were from Turkey, Chech Republic and Russia. To get the genuine fact on lacking of continuing a business in Lapland, two female immigrant entrepreneurs were interviewed. These were from Bangladesh and Thailand aged 30-38 and had to stop their business immediately after establishing it. For these individual interviews, Guion's and her associates' observation was followed, that "[i]n-depth interviews involve not only asking questions, but systematically recording and documenting the responses to probe for deeper meaning and understanding." ((Guion, Diehl, & McDonald, 2011). The research is based on transcripts and notes, complemented to some extent by audio tapes and written notes on interviews. The method applied in the data analysis phase was content analysis, which involves re-reading the interview transcripts to identify themes emerging from the informants' answers. It was critical to index and code relevant words, opinions and sentences, dividing these into three different categories: 1) seeking information, 2) challenges and 3) suggestions. Some opinions were repeated several times by several interviewees and these have been identified in the study as particularly important data. In writing up the results of the interviews, the categories have been described and interpreted in line with previous scientific studies on the topic (e.g. Bryman, 2008; Kvale & Brinkmann, 2009).

The study had some particular questions for the interviewees and “quota sampling” (Qualitative Research Methods) was applied properly. Purposive sampling and data analysis have limitations typical for qualitative data. Respondents who are likely to provide detailed data were selected. Conversely, some of the respondents in the discussion group lack prior entrepreneurial experiences from their countries of origin as well as from Finland. They were mostly determined immigrant youth to establish business in Lapland. The results of this explorative study are not applicable for the entire immigrant population which is recently ca. 3700 individuals in Lapland (Suopäjärvi, 2015). However the results could help long-term unemployed immigrants who lack prior entrepreneurial experiences. This study is a step in providing tentative suggestions for an inclusive empirical research agenda on social enterprises in Lapland to be investigated in the future studies by using the knowledge and skills of respondents who lack prior entrepreneurial experiences.

In the literature review phase, the focus was on theories or factors for analysing sustainability. According to statistics on Lapland, immigrant entrepreneurs often close their enterprises soon after establishing them. With this in mind, much efforts were concentrated on the causes of this unsustainable situation and on determining the barriers of running a business in Lapland. The literature review encompassed a variety of different contexts in order to inform the research goals. In the focus group and in-depth interviews, some important issues came up that are related to sustainable business, and these have been framed in several theoretical models that have been put forward by social scientists and economists. Data analysis phase, revealed that, for future economic prospects in Lapland, it is essential to maintain the region's vitality and the growth of entrepreneurship in different sectors, such as tourism, social welfare and health care, construction and mining. The Figure 2 summarizes the underpinnings and main phases of the research below.



**Figure 2. Phases of the research**

Source: own elaboration.

## RESULTS AND DISCUSSION

Index key symbols using in the results:

- IF - Focus Group Interview
- IR - In-depth Interview
- F - Focus group interview for women
- IY 18.49 - Focus group interview for youth aged 18-49
- M - Male for in-depth interview
- F-M 35-50 - Male and female for in-depth interview

### Ethos

A motivated entrepreneur is seen as having better prospects in business than an unmotivated one. Entrepreneurs should have a particular set of motivational goals as well as a set of positive forms of support from host people that could maintain their motivation. (IR-IF)

The motivational ideas entrepreneurs have, are usually linked to entrepreneurial behaviour. Thus, a favourable climate and encouraging business atmosphere are needed for those immigrants who are interested in establishing enterprises in Lapland. According to Abraham Maslow, “[t]heories of human behaviour are based on careful observations and subsequently theory and practice are usually closely related. Although theories can never predict behaviour with absolute certainty, there are many variables to take into account to give one a good indication of how people might behave in various circumstances” (Maslow, 1965, pp. 6-25)

In entrepreneurship, individuals’ occupational choices and motivation are crucial for establishing a business. It should not be influenced by others (Bosma et al., 2011). In immigration entrepreneurship cases, it is very common that immigrants are influenced by their own cultural network. Role models are gradually being recognized as an influential factor in the choice of occupation and career (Bosma et al., 2011; Contin-Pillart & Larraza-Kintana, 2015; Salaff et al., 2003, pp. 61-82). A role model may give someone the motivation and encouragement to choose a particular direction, activity or career path ((Krumboltz, Mitchell & Jones, 1976)) and also provide evidence that certain objectives are easily achievable (Akerlof & Kranton, 2000). As Gibson has stated, “[t]he term ‘role model’ draws on two prominent theoretical constructs: the concept of role and the tendency of individuals to identify with other people [...]and the concept of modelling, the psychological matching of cognitive skills and patterns of behaviour between a person and an observing individual” (Gibson, 2004, pp. 134-156). In this same vein, Bosma and associates state that a role model is an individual who sets models to be emulated by others and who may motivate other persons to choose certain career decisions (Bosma et al. 2011, pp. 410-424). They also point out that in entrepreneurship it is common to have role models of the same gender. The present research has revealed that a role model can be one of the support factors giving an immigrant entrepreneurial motivation, emotional feedback or encouragement (Lavoilette et al., 2012, pp. 720-742;) learn skills and abilities enabling them to survive in business life in Lapland and to achieve certain goals from the role model (Seelos et al., 2010). To some extent interested Immigrants were motivated by their entrepreneur peers. For instance, Turkish immigrants are active in the restaurant business in Finland. Newcomers follow the experiences of self-employment of earlier entrepreneurs

from the same country of origin. Business ideas and dreams were reshaped by the role model's experiences in Lapland, which ended as disadvantages in some cases with the closing of the enterprise. Assessing the credibility of a role model is important in creating a sustainable business. According to the interviewees, there is a positive correlation between motivation and the entrepreneur's own cultural network: after arriving in the host society, immigrants are deeply rooted in their communities by their own network. Immigrants receive occasional affirmation and emotional support through peer relationships. To some extent, immigrants are also influenced by the economic stability of other immigrant groups who live in the same society, and sometimes they can be motivated by the global information exchange on successful immigrant entrepreneurship (IR-M47&F). In some cases, they are influenced by successful evidence of peers living in the same society or in a different country (IR-M47). Such motivation cannot bring sustainability in immigrant businesses in Lapland, unless psychological and survival support is received from other sectors, not only from the role model.

This research suggests that entrepreneurs motivated by role models should be viewed as potentially unsuccessful in business if they have no other factors working in their favour or no support from the local authority. Ethnic groups are very much dependant on support from different sectors for surviving and are willing to build their competency in the areas needed for successful entrepreneurship rather than role model. However, this sort of entrepreneurial motivation based on the disadvantage theory of entrepreneurship led to successes as well as failures, because the role model behaved unpredictably or differently than the entrepreneur had anticipated (Krueger et al.2000) or the entrepreneur had misunderstood the model's thinking or failed to assess his/her credibility (Lavoilette et al., 1995).

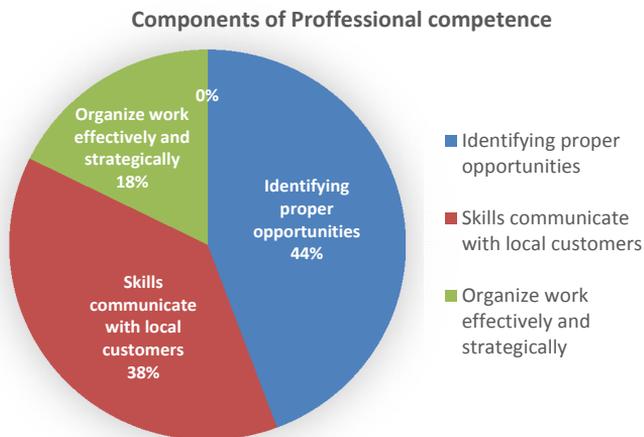
Self-efficacy is most important for establishing an enterprise and figures most significantly in motivating immigrant entrepreneurs in Lapland. It is defined as follows by Ravindra: "Self-efficacy is the belief and judgment of one person about his or her own capabilities which has three dimensions: magnitude, strength and generality. As "magnitude is the level at which a person believes he or she can perform, whereas strength reflects the person's confidence that he or she can perform at that level, and generality is the extent to which self-efficacy in one situation extends to other situations." (Ravindra, 2011, pp. 127-152) The orientation of a person and his or her confidence in the continuity of a business is a favourable factor for successful entrepreneurship. Self-efficacy (Lavoilette et al., 2012) has a positive impact on establishing a business.

Entrepreneurial motivation is partially supported by early-stage financing, business systems in particular experience of banking and a short credit history in Finland. In Lappish perspective, immigrants need essential support factors from governmental level for retaining motivation for sustaining business. Immigrants need psychological support from Finnish entrepreneurs for the assimilation into local business society and authority so that they learn to tolerate uncertainty and to study records to see why some businesses fail early on due to poor management. This type of support can be obtained, for example, from a peer network or other entrepreneurs who have been through similar experiences (IR-M47). Motivation-related assistance is particularly important for entrepreneurs who are dreaming of a sustainable business (IR). Many of the participants in the focus group discussions have had the desire to pursue a career as an entrepreneur, but they do not

necessarily have all the information related to entrepreneurship motivation. Starting a company requires personal enthusiasm and a sense of direction; but psychological support beyond personal motivation, that is, external encouragement, is essential as well (Ibid.) In the context of Lapland, entrepreneurial motivation created by social barriers, by having little or no income (IF-IY 18-49) or by the influence of a role model or family is intensified by cultural disadvantages (IR-M), such as a lack of appropriate values. This kind of motivation is not sustainable as a driver of immigrant entrepreneurship.

### Core Competency Factor

Entrepreneurial competence is developed by the knowledge, expertise and capabilities required in entrepreneurial activity (IR-F37). Lapland needs not just a large number of immigrant entrepreneurs, but the capacity to run businesses.(ibid.,) In fact, it needs quality entrepreneurs who can face regional challenges, survive in local market competition and contribute to promoting local economic development (Ibid.,). Entrepreneurial competence has a great impact in Lapland when it comes to sustaining the growth of enterprises (Ibid.,). An enterprise cannot earn greater revenue solely from the resources it invests; innovative and effective management of resources is needed as well (Koikkalainen & Yeasmin, 2014). Competence-based learning is needed to improve entrepreneurial competence as a form of small business support. (Spencer and Spencer 1993) define competence as a core characteristic of an individual that is causally related to higher performance in a job or situation (Rezaei et al., 2014). However, in the present case, entrepreneurial competence discussed by the successful entrepreneurs that is an immigrant's ability to run a sustainable business with certain entrepreneurial skills, such as being able to identify proper opportunities (44 per cent of respondents indicated this answer), to have skills to communicate with local customers, (38 per cent) and to organize work effectively and strategically (18 per cent). Figure 3 depicts the relative significance of the components of professional competence according to my informants (IR,IF-IY).



**Figure 3. The relative significance of the components of professional competence**

Source: own elaboration (Data estimated according to the FI and IR).

Entrepreneurial training and education is needed for present small business owners to further their efforts to design intervention strategies (Brockmann, Clarke & Winch, 2008). Lans and associates point out that “[b]eing entrepreneurially competent does not only refer to the know-how to write a business plan, but it also implies recognizing and acting on opportunities, taking initiative and action, for example by convincing investors to invest money in a project, and relate to potential suppliers and buyers. It implies that the competent entrepreneur is actually able to identify and further exploit an opportunity within a specific context.” (Lans et al., 2008, pp. 363-383).

An entrepreneur needs knowledge about local opportunities and sustainability management relating to the basic form of enterprise and market needs, such as tax codes, social insurance systems, labour market legislation, competition policy, trade policies, capital market regulation and contract law (Hall & Jones, 1999). Also crucial is a good conceptual understanding of an entrepreneur’s economic role and logic of action, a technology or invention for which no market has yet been defined, or the availability of products or services (Starik & Kanashiro, 2013; Santos, 2009; Ardichvili, Cardozo & Ray, 2003). Identifying an opportunity that will contribute to entrepreneurial success is a part of the entrepreneurial education (IR-F37). I have found in my research that there is a significant lack of this sort of sustainability management among entrepreneurs for entrepreneurial achievement in Lapland for immigrants. “To detect opportunity an individual needs professional training” (Byrne, 2009, pp. 297–312) which appears necessary of Lappish perspectives. The ability to identify opportunities (Timmons, 1994) is closely linked to entrepreneurial alertness, social networks and prior knowledge of markets, customer problems, ways to serve markets and knowledge domains (Ardichvili, Cardozo & Ray, 2003; IR-F37). Some sources in the literature (Auoni & Surlemont, 2008; Puhakka, 2011) discuss recognition of opportunities as a mental process which, others argue is not a mental process; but rather a professional competence of an individual to know market conditions and to have prior knowledge of social networks and customers’ problems, as well as a basic knowledge of business law, such as the start-up process, and of policies for maintaining a business successfully. An individual can educate him- or herself in this form of competence. This competence factors have a potential to act as enablers by learning (Bergh, Thorgren, & Wincent, 2011). It is not wise to establish a business with no prior idea of market needs, customer problems and how to serve the market. Accordingly, if they are to establish sustainable businesses, immigrants need to acquire competence in identifying opportunities (IR-M47/F37). An entrepreneur needs conceptual competences, such as ready recognition of opportunities and problems, connecting and rearranging ideas (analysis) and carefully matching new ideas with existing knowledge and capabilities (Lans, Verstegen & Mulder, 2011; Baron & Ensley, 2006).

An entrepreneur needs “relationship competencies” (Lans, Verstegen & Mulder, 2011) in order to communicate with people in the same community or to identify and exploit opportunities, build networks, generate and develop new ideas, and gain resources and legitimacy (Elfring & Hulsink, 2003). A key success factor for an entrepreneur is to have the ability to work with others such as employees, business partners, family, friends and customers (Kaur & Bains, 2013). To set up a successful business, an entrepreneur also needs negotiation skills in order to make deals with others as well as teamwork skills (Lans, Verstegen & Mulder, 2011). A majority of customers speak Finnish, so learning Finnish can

be seen as 'added value' that will contribute to an immigrant becoming a successful entrepreneur. The market in Lapland is very small and thus immigrants need to expand their market to neighbouring regions.(IF-IY 18-49) For example, they can form an entrepreneurial network by extending their relationship competence throughout the Barents Euro Arctic Region (BEAR). They need to build relations with local and immigrant entrepreneurs to tap commercial opportunities geared towards sustainability. Maintaining social responsibilities, including responsibility towards customers, employees and the public, is another competence that could facilitate immigrant entrepreneurship in Lapland (IR- F 38 &M47). In maintaining relationship competence, an entrepreneur needs to be ethically aware and to have the ability to understand ethical issues (Kaur & Bains, 2013).

Achieving organizational competence relates to mastering different internal, external, human, physical, financial and technological resources required by organization (Lans, Versteegen & Mulder, 2011). Some capabilities such as leading, delegating, coordinating, controlling, monitoring, and making work schedules, developing programs and preparing budgets are needed to increase organizational competence. This competence includes an ability to argue at the organizational level and to have the self-confidence required to run the business (Kaur & Bains, 2013).

"Strategic competencies" (Lans, Versteegen & Mulder, 2011), which range from organizing financial issues to setting terms and conditions and evaluating and implementing those terms and rules in the practice of the firm have considerable potential in sustaining development of an enterprise. An entrepreneur's strategic competence allows him or her to design projects, implement decisions, cope with changes and develop strategies leading towards sustainable development practices (Lansa et al., 2014). This competence involves skills in strategic planning, understanding of startup policies, as well as leading and managing the business in sustainable way (Haan & Haan, 2006; Wiek & Withycombe, 2011 ). For an immigrant it is a very difficult task to measure performance, implement policy and follow terms and conditions in accordance with Finnish law as part of the effort to achieve sustainability (Lansa, Blokb & Wesselink, 2014) (IR-F 37/38). In general, immigrant entrepreneurs ignore the property rights of the host country - sometimes inadvertently, sometimes due to a lack of information- because not having support network. There are social isolation, language barriers and societal structural barriers to accessing information at play. Immigrant entrepreneurs try to sidestep regulations and tend to violate property laws. They often make deals with their workers and in some cases do not pay regular taxes to the Finnish government (Yeasmin, 2012). In the long run such violations cause businesses to fail. To avert this happening, entrepreneurs need to have the competence to understand the political and legal dimensions of sustaining a business in their host country.

Basically respondents agree that entrepreneurs establish a business with their professional goals in mind. Thus, entrepreneurs need professional competences for achieving their goals (Oosterbeek et al., 2010). According to Abbott, professions advance a person's expertise and knowledge base by outlining new practice areas. Because professions are so embedded in social institutions, however, any change in professional power creates a simultaneous change in institutional structure (Abott, 1988). Professions contribute knowledge that can sustain businesses. According to Suddaby and Viale, "professionals initiate institutional change as an inherent component of redefining their own professional

projects. Because of their status and power within society, when professionals expand or redefine their knowledge base or when they exert pressure to expand their jurisdictional boundaries against adjacent professions or institutions, the changes reverberate throughout the social field. Changes in professional categories (i.e. boundaries of knowledge, expertise and judgement) cannot help but redefine economic and social categories” (Suddaby & Viale, 2011, p. 423) Immigrant businesses are typically micro-businesses that rely on the entrepreneur's own strengths. Therefore, in Lapland those who are interested in setting up a business should be aware of any deficiencies in their professional training and be willing to be trained, if necessary, for example, to work in an entirely new industry. Language study is a good way to advance professional expertise, as are networking with others in the field and gaining local work experience before starting one's own business. Training for a degree or other formal qualification should be accompanied by shorter courses so that skills can be upgraded to the level required under circumstances in Finland. An entrepreneur's education or education for sustainability can play an important part in establishing a sustainable business. For the sustainable development of a business, start-up education and short- or long-term training activities are needed to identify and evaluate opportunities. In the discussion it is also came up that the employment office does not offer long-term business courses which could provide knowledge about the basics of entrepreneurship (IF- IY 18-49). Some informants also request that business courses to be offered in different languages (Koikkalainen & Yeasmin, 2014) for immigrants interested in entrepreneurship (Ibid.).

Cultural traditions of immigrant from different backgrounds in dealing with others vary. In Finland, many authorities invest in online transactions and basic information, such as the documents required for establishing a company and insurance and tax declarations, can be found online. Not all immigrants may have a computer or Internet connection at home, and they are not accustomed to searching for information on the Internet in Finnish. Accordingly at least some IT training should be provided for immigrants as part of any entrepreneurial training. Computer skills are not limited to searching the network; rather, the new company's profitability may hinge on its ability to expand its market area, set up an online store for business expansion, or buy cheaper or better-quality raw materials online. According to disadvantage theory and research materials, it appears that immigrants who are interested in establishing business and have already established business, very few of them have basically professional goals in mind. At the same time who has already closed their business, had not have professional knowledge which a prior advantage is being an entrepreneur. The more the advantages the more the opportunities for entrepreneurial development (IR-M47/F37,38).

### **Factors Related to Community**

Triple disadvantage theory is related to this factor. Firstly, rigidities of community in the local context is a disadvantage which could threaten robust levels of access to local resources. In the case of immigrant entrepreneurship, the success and sustainability of businesses depend on the interconnectedness of all communities. The creation of values through local business development is an essential process which compensates for shortcomings and preserves the natural business surroundings (Peredo & Chrisman 2006, pp. 811-831). According to Cornwall (1998) and Onyx & Bullen (2000) “the literature on entrepreneurship has begun to stress the need to look at the interaction among communities,

families and individual entrepreneurs.” (Peredo & Chrisman, 2006, pp. 309-328). There is a significant connection between a business and the community as a whole in rural areas less likely to grow (Drabenstott, 1999). People perceive Lapland as rural areas, an economically developing region, and as less likely to grow<sup>1</sup>. An entrepreneurial economy at the community level differs in its social structure, social vitality and the quality of life which it offers, with a consequent attractiveness to people (Petrin, 1994) and increase cultural collectivism, enriching social networks (Mickiewicz, Sauka & Stephan, 2010). Enterprises are based on links between private economic and social non-profit initiatives that reflect a social and cultural bond between entrepreneur and community. Without this bond, the community is perhaps not capable of accessing new ideas and might become locked into certain inefficient practices, preventing any changes (Seelos et al., 2010). Community support— particularly in small or rural or remote locations like Lapland ought to offer profound positive societal and economic changes for immigrants. The success of small businesses has great economic value due to the region’s geographical remoteness. The sustainability of a small business depends on a positive community approach and, on the other hand, a small business is vitally important to a community’s economic approach (Miller, Besser & Malshe, 2007). Secondly, it has been found in minority-based entrepreneurial research that the sustainability of immigrant entrepreneurship encounters some community-based barriers. These include lack of socialization; exclusion from traditional business networks; lack of access to all sectors related to entrepreneurship, for example, information on raising capital, discriminatory attitudes on the part of local people; and cultural differences (Colette, 2001). Those are disadvantages for immigrant in Lapland for deriving a business successfully.

Disadvantage theory need to be reevaluated in the context of immigrant entrepreneurship gateways. Although such programs are conceived as action plans in municipal policies, implementation is lacking. Thirdly, limited interaction with the host society and scanty knowledge about the host culture are barriers to immigrant entrepreneurs in Lapland. They need information on the type of business environment in the region, that is, which products or services will be successful and how many foreigners are self-employed. Lazear makes a valid point regarding the importance of language (Lazear, 1999). Yet others claim that adaptation to a new society as an entrepreneur is a two-step process: being integrated and being assimilated. Both are important processes for immigrants in entering the labour market; their entrepreneurial success depends on their having good relationships with customers from the community.

State actors and non-state actors do not have statistics on the number of foreign-origin entrepreneurs whose businesses are running successfully or who face bankruptcy (Koikkalainen & Yeasmin, 2014). Some of the young informants in the present study said they had clearly experienced discrimination in the Finnish labour market and suspected that even a person with a foreign-owned company should have a Finnish shareholder or a figurehead if the company is to succeed in Lapland (Koikkalainen & Yeasmin, 2014) (IF-IY 18-49). Kwon argues that social capital at the community level influences various outcomes, for instance, economic performance, public health and the crime rate (Kwon et al.,

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<sup>1</sup>On one hand, Lapland has a huge natural resources which need to explore and exploit. It has a great economic value in the region. On the contrary, the population of Lapland is ageing and youth are trying to move to the southern part for better opportunities e.g. economic, educational etc.

2013). Some scientists (Williams, 2008; Asgari, 2012) explain social capital as social trust and social ties between entrepreneurs (Fukuyama, 1995, p. 457) Social capital is a feature of the community, not a resource of the individual business owner. "With respect to civic cooperation, the radius of trust is important because the wider it is, the more inclusive is the circle of cooperation... a higher level of trust produces more cooperation" (Delhey et al., 2011, pp. 786-807). To evaluate the amount of general trust, information must be circulated about both the level and the radius of trust; if the level is low or the circle is narrow, the amount of general trust must be considered small. "Research shows that the further people move from their immediate circle of friends, colleagues, and neighbors, the less likely they are to trust" (Delhey et al., 2011). Ethnic diversity may also affect the radius of trust and as was in the case of this research. According to study informants, prejudice (IF-IY18-49) and the low level of trust in the local community towards immigrants (IF- IY/F) are the main problems in building a bridge of trust between the local and immigrant communities. It is emerged as a potential problem in the youth discussion group in Rovaniemi that discrimination occurs in many forms: sometime colour, an ethnic-sounding name and race is used as a reason for not hiring immigrants to work. Sometimes not having Finnish recommendations in CV may affect the job hunt. (IF-IY18-49)

Some scientists argue that as society becomes larger and more diverse, people become accustomed to unknown and unlike others, thus widening the trust radius (Delhey 2011). Others argue the opposite, that is, in diverse settings people may bend down and withdraw into their own circle. (Gijssberts, Mérove, Van der Meer, Tom, & Dagevos, Jaco, 2012, pp. 527-537; Gregory, 1986, pp. 99-114) It is this second effect which I have found in Lapland. According to Delhey (Delhey, 2011), in-group trust means complete trust, for example, when people live in a neighbourhood where they live with their families and know each other personally, and out-group trust refers to a situation in which people do not trust others or do not know each other at all when others differ in culture, religion and nationality. The focus group of this study exhibited features of out-group trust rather than in-group trust (IF-IY/F) meaning that they do not have cooperation with local people, which is one of the barriers to creating a sustainable business environment. Negative attitudes of local people raised in the focus group discussion in this regards. Individual entrepreneurs also agreed with this that attitude of local people is exaggerated nowadays in Finland (IR-M47/F 37-38). Some immigrant entrepreneurs are harassed by the local stereotypes. This harassment occurs in many forms- something by breaking window glasses or kicking in the doors etc.(IR-F38: IF-IY 18-49)

Social trust, or a higher level of cooperation between different groups of people in a society, plays a crucial role in self-employment and business formation at the community level for two reasons: (1) it inspires the free flow of information between diverse groups and (2) it helps small entrepreneurs like immigrant entrepreneurs overcome a lack of Identity and well-defined reputation (Kwon et al., 2013, pp. 980-1008) (IR-IF). They are especially dependent on there being a flow of information between customers and potential customers in a community and a strong bridge between society and host people (Kwon et al., 2013). According to the focus group interviews, although immigrants' social networks are deeply embedded in their own ethnic enclaves, those enclaves are a small part of a wider community in Lapland (IF-IY/F) I would emphasize the shallowness of the ethnic enclave economy in Lapland as one of the most constraining factors in entrepreneurship

development and sustainability among immigrants (Katila & Wahlbeck, 2012, pp. 294-309). Respondents suggest that support for sustainable immigrant entrepreneurship in Lapland is needed to enhance relationships not only with co-ethnic networks, but also with host organizations and the host community (IR-IF). Immigrant entrepreneurs in Lapland are considered a weaker group than native entrepreneurs as regards community-based support and social trust as a whole (Kwon et al., 2013) (IR-IF). Finland is a relatively new immigrant receiving country. As Finns are known for limited willingness to forge new social ties, and habitants in Lapland probably do not differ much from this trend – which is a huge problem for immigrants as well (Katila & Wahlbeck, 2012, pp. 294-309).

According to David Harper, “Investigations of culture and entrepreneurship commonly assume or argue that individualism and economic development... are intrinsically and ineluctably related to one another” (Harper, 2003, p. 127). Cultural adaptability is also important for successful entrepreneurship. Thus, cultural understanding and cooperation are also required for integration of immigrants in the host society (IR, IF-F). In particular, community-wide cultural support and support from peers of one’s own culture who have come earlier and are established entrepreneurs may help newcomers (IR-IF). Becoming members of a cohesive business community enables entrepreneurs to understand resources and strengths and to identify common problems, offering a solution to sustained entrepreneurship which allows them to discuss with others and explore how their own cultural background can be used to advantage in their own company (IR-M47&F38).

Cultural support from members of the host community is also needed to adapt to Finnish society and to analyse the market. (IR-M47) Mentoring by a Finnish entrepreneur and peer support from a successful immigrant entrepreneur can aid a startup immigrant entrepreneur in adapting to the local culture and in sustained entrepreneurship (IR-F37/M47). Real-life learning in cross-cultural environments provides experiences of entrepreneurial success (Ketikidis et al., 2012). As one entrepreneur respondent from Turkey said: “the need for support does not end with business startups, as the most challenging step is the first two years, a period during which all small business owners have difficulty keeping their businesses operating (IR-M)” An entrepreneur must be able to manage cultural sensitivity and have a sense of the situation and endurance so that he or she can create customer relationships and establish a market share (Ibid.).

According to Qian and Stough, diversity increases entrepreneurial knowledge and diverse perceptions of thinking create potential for innovation. People can learn from other people’s diverse backgrounds (Qian & Stough, 2011; Lazear, 1999, pp. 95-126).

### **Political Economic Factors**

Political aspects of entrepreneurship have been dealt with in several previous studies (Douhan & Henrekson, 2007, pp. 1-27; Lorentzen & van Heur, 2012). The role of entrepreneurs in the political and institutional spheres of influence is important for the sustainability of entrepreneurship. An entrepreneur has to bear all the risk of his/her enterprise. The purpose of the political economy model is to allow entrepreneurs to share the risk with others by changing and modifying policies and strategies, exempting businesses from taxes and making the relevant laws flexible. A metaphorical aspect of political behaviour is to overlook more concrete economic matters, such as ownership, uncertainty, and production (McCaffrey & Salerno, 2011). However, state policy is to effect ultimate control of entrepreneurs through bureaucracy, taxation and so on. As McCaffrey and Salerno state,

*"[...] entrepreneurs devote their re- sources to time-consuming processes of production in an attempt to anticipate the future wants of consumers, in order to earn profit. Yet in the political arena, there is no such easily identifiable purpose to which resources are devoted. Since the maintenance of capital values and the use of economic calculation are at least partially absent in the decision-making process of the state, there is no immediate and necessary end which is attributable to political actors (e.g. attaining money profits, or even being reelected)."* (McCaffrey & Salerno, 2011, pp. 552-560). This tendency of political behaviour came up in interviews as well (IR-IF) Immigrants are treated as a minor and diverse group in Lapland in every sector. According to the focus group, one example of this is the relative difficulty they have in obtaining a loan from a bank. This attitude could upset the immigrant entrepreneur in Lapland and make expansion of the enterprise unsuccessful, which would have negative effects in the long run for the region's economy (IF-IY/F). In the last three years, many immigrant entrepreneurs have had to close their enterprise for some reason. According to the focus group, changes in political attitude can play a vital role in whether businesses are sustained in Lapland (IF- IY18-49). Immigrants face difficulties in accessing finance for startup, public procurement contracts and business development; they claim that favouritism and discrimination can be seen on the part of some financial institutions and support providers, an allegation which should attract the attention of policymakers (Levie & Smallbone, 2009) (IR- M/F30-38). According to Kloosterman, policies have direct and indirect impacts on immigrant businesses that affect the price of factors of production as well as the implementation or non-implementation of laws and regulations (Kloosterman, 1999). Different decisions of political parties have an impact on Lapland's policy framework and local policy implementations is a It is sometimes difficult for policymakers to understand the impact of policy on economic growth of new technologies and successful small innovation (IR-F 38). According to policymakers, the main hurdle in the path of development is the absence of approved collaboration models and informal networks between policymakers and policy-making institutions. (Hokkanen, 2009).

Entrepreneurial protection in Lapland correlates significantly with the political and legal framework. Changing the legal system is more challenging than changing policy practices in a country like Finland. According to the economic motives underlying political preferences, immigrant entrepreneurship is ideologically cohesive. Sustainable boosting of immigrant entrepreneurship could help shape financial and labour market regulations as it is a positive driving force in Lapland's economy. Political leaders play a significant role in identifying and disseminating the socio-economic values of immigrant entrepreneurship among the voters and customers, which then has an impact on whether businesses can be run sustainably for immigrants in Lapland (IR-M/F 30-38). Entrepreneurship policy is often formulated based on indistinct and distorted objectives, leading to unclear aims and weak monitoring and evaluation (Fischer et al., 2013). Policies should improve to respond to contemporary market demands and to promote business growth (IR-F 30-38) ; implementation of continuously improved legislative policies can create a favourable climate for business. Evaluations and continual assessment are meant to provide feedback to policymakers, but policymakers often focus on short-term outputs rather than sustainable policy outcomes, with potentially damaging results (Hewitt & Roper, 2011). Policymakers should think about some 'hard' policies, such as special grants for entrepreneurs, as well as 'soft'

policies that support businesses, such as advice in different languages, guidance on best practices and access to services to help address particular challenges (Arshed et al., 2014).

Some literature (Zhou, 2013) has focused on the importance of property rights and the trustworthy political commitment to protecting private property rights that are necessary for entrepreneurial performance and long-term economic growth (ibid.). According to interviewees, business rents and corporate taxation are high in Finland (IR-IF). Vat is not charged for an annual business income of less than 8500 euros and for small business this amount could be higher so that their businesses can survive. To some extent, entrepreneurs have to pay more charges for the consumption of energy and the use of services in non-governmental sectors such as banking and waste removal (IR-F30-38).

Experiences in the Nordic countries have shown that lowering regulatory hurdles that hamper business growth, publishing materials in different languages spoken by immigrants, and facilitating entrepreneurial networks can sustain business development (Koikkalainen & Yeasmin, 2014). Recruiting workers in accordance with the Finnish contract law is a sizeable challenge indeed for small entrepreneurs. In the in-depth analysis of interviews, many immigrant entrepreneurs admitted to facing similar problems of the high cost of employment: the threshold for hiring workers is so high that they could not afford it, although workers were needed. An entrepreneur has to pay taxes for hiring an employee (IR-M47). On the other hand, an entrepreneur's tax rate is 3.5 percent higher than that of an employee with the same level of income (Mallinen, 2012). This result is obtained by taking into account the earned income and capital income taxes to be paid as well as statutory insurance. The level of revenue used is an entrepreneur's average taxable income, which amounted to EUR 40 638 million in 2010 (Suomen, 2012, p. 3). At the entry level, the entrepreneur's tax rate was 33.2 percent and the employee's 29.7 percent (ibid.).

Lapland lacks a developed market system, tariff schemes, and transparent processes (IR-F30-38). One example raised in individual interviews is that same products are sold in different prices by the entrepreneurs because of lacking tariff schemes. It makes the competition harder- some are gaining and some are losing (IR-F 38), with a developed market system, companies and clients can stay up to date on whole market environment e.g. number of clients, customers' preferences and competitors (Ibid.,) These can lead to an endless variety of calculations to support decision making. In addition, in case of transparent process- the soft power of granting legitimacy shifts from one authority to another which cause an information gap for entrepreneurs or clients because different authority explain those policies and regulative system in their own way. Since, there are some regulations and texts that are unexplained in the regulative system. Those regulations need to be explained by the service providers to the clients. They are difficult to explain to some extent and there is risk of forgery, which is unfair for customers (IR-F38). There is a lack of business legislation and legislative participation. Basically, public policies directly affect individuals' propensity to start and encourage risky ventures. Given this, frequent changes of policies and diverse interpretations of policies could confuse entrepreneurs to some extent, which has a negative impact on entrepreneurship (ibid.) Changing personal insolvency laws by lowering the transaction costs for potential spin-off entrepreneurs and reducing the tax burden could sustain a number of businesses (Hokkanen, 2009).

The lack of transparency and unanticipated outcomes of subsidy applications have also been seen as a hurdle by entrepreneurs (Hokkanen, 2009). Strong protection of property rights is seen as promoting a high rate of productive and sustainable entrepreneurship, and the economic system demonstrates a high degree of innovativeness and capability to adapt to the prevailing legal model (Douhan & Henerekson, 2007). There are some reasons to grant exemptions from high taxes; for example, under certain circumstances small businesses, non-profit organizations, religious communities and disabled persons are exempted from value added tax. Doing Business in Finland (2013) states: *“The sale of goods or services may be exempted from VAT where sales do not take place in Finland, if the sales do not take place within business conduct or if the sales are considered as intra-Community sales of goods.”* (Doing business in Finland 2013). Denmark has relaxed regulations for new and small immigrant entrepreneurs in order to facilitate the creation of businesses (Ethnic Entrepreneurship: case study Copenhagen, Denmark 2012).<sup>2</sup>

It was raised in the discussion that support for immigrant entrepreneurship should be understood as part of industrial policy, not only as part of integration policy. Municipals in Lapland have tough economic situation, it is understandable that the funding specifically targeted at immigrants support measures for entrepreneurship are scarce. However, consideration of the needs of immigrants does not necessarily require the establishment of a fully or additional recruitment of new workers' organizations (IR-IF). After analysing political economy factor it was discovered as double disadvantage theory, as political economy itself is a barrier for business growth and on the other hand for immigrant it is an inability to follow the complicated regulative system of the country.

## CONCLUSIONS

It is harder for immigrants to run businesses and to become successful in Lapland than elsewhere (IR-F30-38), as triple disadvantage theory pushed them to established entrepreneurship and furthermore pressed them to close their business. It is a barrier to developing their full entrepreneurial potential as a whole. To be successful in business they must survive in the consumer driven capitalistic environment of mainstream business society. Although literature suggests that disadvantaged group might actually become entrepreneurs more frequently than locals, however, according to this analysis, it is mixed in Lappish perspective. Triple disadvantages are compounded by a continued legacy of disparity and mentioned internal and external factors do not encourage an enterprising culture.

The characteristics of the Arctic Lapland make entrepreneurship practices inflexible for immigrants in the region. According to the focus group, it is possible to run a business successfully without any entrepreneurial competence, education and strong motivation in countries that frequently receive immigrants (IR-IF), like the USA, the UK and Canada and, there are large ethnic communities and demand among the ethnic population. Role model

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<sup>2</sup>A more generous approach was taken by the city development plan to organize events and concerts in the public spaces in the city by making regulations stretchy for stalls and other outdoor services. The City Development Strategy 2005–09 pointed out some creative zones for providing workspaces opportunities for small entrepreneurs. The government can help by making complex legislation easier for start-ups and reducing the tax burden on new entrepreneurs.

and self-efficacy could be the sufficient factors in themselves for sustainable entrepreneurship. This is true, to some extent, in the southern part of Finland without having some of the positive factors described in this study. However, running a business in the Arctic is challenging and requires that all of the favourable factors are in place. Immigrant entrepreneurship and human power is vital for both the economic development and the demographic balance of the region, as it is known that the elderly are staying while young people are leaving it (Rasmussen et al., 2015). Representing diverse cultural benefits and ethnic products instead of providing ordinary local benefits is not a sufficient measure of sustainable entrepreneurial performance for immigrant entrepreneurs in Lapland. Entrepreneurial survival does not depend on the emergence of one component for entrepreneurship. There are many factors that contribute to sustaining a business (IR-F/M).

Entrepreneurial success also depends on local and national public policy intervention by the country where business is established. Policy makers on the local and national level have to ensure safe access to the market by removing barriers faced by the immigrant. Lapland is a huge area full of natural resources and needs immigrants for the economic development of the region in the near future. A good strategy for raising the number of immigrants and attracting them to the region thus has potential value. Therefore, policies need to be customized and designed in relation to the development of small entrepreneurship and in benefit of diverse group. Indeed, this empirical study suggests that positive entrepreneurial prospects and other opportunities could attract immigrants to the region, which in turn could solve the region's demographic challenges, at least partially.

This research found that some immigrant entrepreneurs with entrepreneurial competence and strong motivation are running businesses successfully. They have been running their business for long time with the help of family instead of paid labour, with family members investing their labour in exchange for a little profit without salaries. They are facing psychological disorders and feel that they receive no support from the relevant authorities. Some interviewees agreed that immigrant entrepreneurs need support to increase their motivation. They need help in networking activities and support for networking, which is used extensively in establishing new businesses. Immigrant entrepreneurs need regular monitoring and long-term basic entrepreneurial education to make them competent and motivated.

Immigrant entrepreneurship issues are not only the responsibility of the entrepreneurs, however. Some interviewees believe that those issues do not fall within the responsibility of any single authority (IR-IF). Risks can be managed by changing and modifying policies and strategies, exempting immigrant entrepreneurs from taxes and making the laws more flexible (IF-IR- M/F30-38). Attitudinal changes among locals, including the official and organizational actors, could encourage positive interactions between immigrants and the community. Broadening the knowledge of immigration entrepreneurship culturally, politically and economically in Arctic society can play a positive role in encouraging immigrants in entrepreneurial integration. Entrepreneurial integration can play a fruitful role in future societal and economic development in Lapland. In addition, immigrants' attitudes towards entrepreneurship can be improved, a factor which is fundamentally linked to a person's social background. The local business associations could be more active players and offer informal and low-threshold services to complement the work done by the relevant authorities and need more training programs and business orientation courses.

Above all, propaganda on political, economic and social systems of immigration can explain cultural, social and political factors that could enhance immigrant economic prosperity in Lapland.

### Recommendation for Future Research

In the case of Lapland, a similar importance of hard policies and soft policies for immigrants is advised. Examples being special quotas for grant distribution to minority groups and special advice in different languages such as that available in the southern part of Finland. It is obvious that there is no lack of enterprise policy initiatives being offered to business in Finland, but there is lack of enterprise policy initiatives for sustaining immigrant businesses in Lapland. There is a systemic shortcoming as regards disseminating general business information among immigrant groups. An immigration strategy should be put in place that, especially in the case of Lapland, recognizes the position of startup entrepreneurs, the ups and downs of being an immigrant entrepreneur, the problems immigrant entrepreneurs encounter and the probable solutions to those problems. It is necessary to have some community entrepreneurship program for immigrant entrepreneurs, such as mentoring by peers who are running business successfully and can serve as role models for “immigrants by demonstrating how their goals and dreams can be attained” (Colette, 2001).

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