Spotlight
by CeFEO

# Can entrepreneurship help immigrants break through barriers and build belonging?

*Immigrant entrepreneurs in Sweden follow a three-phase journey from exclusion to integration*

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Immigration policy debates tend to focus on labor market outcomes: employment rates, wage levels, tax contributions. But for many immigrants, the path to belonging runs not through employment but through entrepreneurship. Starting a business creates relationships, visibility, and a stake in the local community that salaried work often does not. This study examines how entrepreneurship functions as a mechanism for social integration, tracing the process through which immigrant business owners in Sweden built connections, earned recognition, and developed a sense of belonging in their adopted communities.

The research uses a **longitudinal, qualitative design**, following **12 immigrant entrepreneurs in Sweden** over multiple years. Data came from repeated in-depth interviews, observations, and secondary sources. The theoretical framework draws on **mixed embeddedness theory**, which positions immigrant entrepreneurship at the intersection of personal networks, market conditions, and institutional environments, and on **social integration theory**, which distinguishes between structural integration (participation in institutions), cultural integration (adoption of norms and practices), social integration (formation of relationships), and identificational integration (sense of belonging).

## WHAT WE STUDIED

The 12 entrepreneurs came from diverse countries of origin and operated businesses across sectors including food services, retail, professional consulting, and personal services. All were first-generation immigrants to Sweden. The longitudinal design allowed the researchers to track how the entrepreneurs' relationships, identities, and community positions evolved over time — capturing the dynamic, iterative nature of integration rather than treating it as a one-time event or a fixed outcome.

The study's Swedish context is significant. Sweden's welfare state model, relatively generous immigration policies, and structured integration programs create a distinctive institutional environment. At the same time, Sweden faces well-documented challenges with labor market exclusion and residential segregation affecting immigrant populations. Entrepreneurship, in this context, emerges as an alternative pathway to integration — one that operates partly outside the formal institutional channels.

## KEY INSIGHTS

### *Entrepreneurship creates integration through daily interaction*

The most consistent finding is that running a business generates constant, low-stakes social contact with customers, suppliers, landlords, and local officials. These interactions are not dramatic — they are routine. But cumulatively, they build familiarity, trust, and mutual recognition. A shop owner who greets the same customers every morning, a consultant who collaborates with Swedish firms on projects, a restaurant owner who sources from local suppliers — each of these creates a web of relationships that employment in a large organization rarely provides. The business becomes a platform for social integration, not just economic activity.

### *Integration is iterative, not linear*

The longitudinal design reveals that integration does not follow a straight line from outsider to insider. The

entrepreneurs experienced setbacks, periods of withdrawal, and moments of accelerated connection. A failed business partnership could damage social ties. A successful product launch could create new relationships. The process was cyclical: each round of business activity generated new social capital, which in turn enabled new business opportunities, which created further integration. Understanding this iterative dynamic is essential for designing support programs that match the rhythm of immigrant entrepreneurship.

***Different dimensions of integration develop at different speeds***

Structural integration — participation in economic and institutional life — often came first, driven by the practical demands of running a business. Social integration — forming friendships and community relationships — developed more slowly and was mediated by the nature of the business. Cultural integration — adopting local norms, language, and practices — was the most gradual and was accelerated by businesses that required deep interaction with Swedish customers and institutions. Identificational integration — a genuine sense of belonging — was the last to develop and the most fragile, dependent on sustained positive experiences across the other dimensions.

***The type of business matters for the type of integration***

Entrepreneurs whose businesses served primarily co-ethnic communities developed strong bonding social capital but limited bridging capital with the broader Swedish society. Those whose businesses required interaction with diverse customer bases, Swedish institutional partners, or mainstream supply chains developed broader social networks and faster cultural integration. The business model itself — who the customers are, who the suppliers are, where the business operates — shapes the integration trajectory.

***Institutional support accelerates integration when it meets real needs***

Entrepreneurs who received targeted support — mentoring, networking events, access to business incubators, or help navigating Swedish regulations — integrated faster than those who relied solely on personal networks. But the support needed to be relevant and accessible. Generic programs designed for native-born entrepreneurs often missed the specific challenges immigrants face: language barriers, credential recognition, discrimination, and the need to build trust across cultural boundaries. The most effective support was flexible, relationship-based, and attuned to the entrepreneur's specific phase of business development.

## TAKEAWAYS

***Entrepreneurship is an integration mechanism, not just an economic outcome***

For policymakers and support organizations, the study reframes immigrant entrepreneurship. It is not simply about job creation or self-employment rates. It is about the social fabric — the relationships, recognition, and belonging that business creation generates. Integration programs that include entrepreneurship support are addressing a mechanism, not just an outcome.

***Business model design shapes integration outcomes***

Advisors working with immigrant entrepreneurs should consider the social integration implications of different business models. Businesses that interact with diverse customer bases and mainstream institutions create broader integration pathways than those that serve primarily co-ethnic communities. This is not a judgment on the value of co-ethnic businesses, but a recognition that different models produce different social outcomes.

***Support must be phase-sensitive and culturally informed***

Effective entrepreneurship support for immigrants is not one-size-fits-all. Early-stage entrepreneurs need help with regulatory navigation, language, and initial network building. More established entrepreneurs need access to mainstream business networks, financing, and growth support. Programs that recognize these phases and adapt accordingly are more effective than standardized offerings.

## IMPACT

This study advances both the immigrant entrepreneurship literature and the social integration literature by providing longitudinal, process-based evidence of how business creation generates social connection and belonging. The mixed embeddedness framework is enriched by showing that embeddedness is not a static condition but an evolving process shaped by the entrepreneur's business activities. For practitioners, the message is that supporting immigrant entrepreneurship is an investment in social cohesion, not just economic productivity. For scholars, the study demonstrates the value of longitudinal qualitative methods for capturing the dynamic, iterative nature of integration — a process that cross-sectional data cannot adequately represent.

## RECOMMENDATIONS

1. **For immigrant entrepreneurs:** Your business is doing more than generating income. It is building your place in the community. Lean into the relationships it creates — with customers, suppliers, and local institutions — as pathways to deeper integration.

2. **For policymakers:** Integrate entrepreneurship support into immigration and settlement programs. The evidence shows that business creation accelerates social integration in ways that employment alone often cannot.
3. **For support organizations:** Tailor programs to the entrepreneur's phase. Early-stage immigrants need different resources than those ready to scale. Flexible, phase-aware support is more effective than standardized programs.
4. **For researchers:** Longitudinal, qualitative methods are essential for understanding integration as a process. Cross-sectional surveys capture snapshots; they cannot reveal the iterative, non-linear dynamics this study documents.

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