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Universitat Autònoma de Barcelona

Department of Social and Cultural Anthropology

# **Be good with your neighbours**

## **Support networks of immigrant entrepreneurs in a microstate**

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*To my parents and my partner Xavi,  
who always provided me unconditional support*

*Als meus pares i al meu company Xavi,  
que sempre m'han brindat suport incondicional*



# Abstract

The field of immigrant entrepreneurship has been widely studied along the last decades (Kurtoglu, 2007; Min & Bozorgmehr, 2000; Pütz, Schreiber, & Welppe, 2007; Iglesias, 1998; Solé & Parella, 2005; Valenzuela- García et al., 2014; Villares Varela, 2010), contributing to the literature with studies about motivations and strategies of immigrants to start up and develop new entrepreneurial activities in the destination country. Literature about personal and social networks further contributes in this field, emphasizing on the relevance of contacts and support networks for business starting up, development and success (García-Macías, 2013; Granovetter, 1983; Solano, 2016; Sommer & Gamper, 2017; Valenzuela- García et al., 2014). In this vein, the mixed embeddedness model proposed by Kloosterman, Van der Leun and Rath (1999) postulates the importance of the embeddedness in different institutional, economic and social backgrounds of the host community, as well as in both transnational and local co-national communities (Kloosterman, Van der Leun and Rath, 1999).

However, these studies have only been conducted in larger nations, or in particular regions or cities within larger nations (García-Macías, 2013; Solano, 2016; Sommer & Gamper, 2017). These have a broader legislative structure that makes it possible for businesses to operate in different areas with new opportunity structures and a wider and heterogeneous variety of resources. So far, little attention has been paid to microstates, which are characterized by a smaller opportunity structure and by distinctive legislative systems.

This dissertation is thus focused on businesses managed by immigrants in a microstate, more precisely in the Principality of Andorra. The main purpose of the research is to observe the effects of the particularities of a microstate on the structure and composition of migrant and non-migrant entrepreneurial networks. Also, through the analysis of personal networks of both immigrant and non-immigrant entrepreneurs we aim to obtain further information about the embeddedness of four different profiles of entrepreneurs (Andorran natives, immigrant entrepreneurs who started their business before year 2012 under a restrictive law, immigrant

entrepreneurs who began after 2012 under the economic opening law, eliminating previous restrictions, and cross border entrepreneurs). Businesses are classified in different stages of growth (existence, survival, success, take off and maturity; according to Churchill & Lewis, 1983). More precisely, the research questions on which this thesis is based on are as follows:

RQ1- What are the effects of the legislative structure in microstates on the support networks and access to institutions of immigrant entrepreneurs?

RQ2- What are the effects of the small size of the country on the support networks and access to institutions of immigrant entrepreneurs?

RQ3- Does the mixed embedded theory apply to migrant entrepreneurship in microstates?

In order to find a response to the former research questions, thirty three immigrant and ten native entrepreneurs have been interviewed, all of them holding businesses in the Principality of Andorra (a microstate in the Pyrenees between France and Spain). This research has been based on a semi- structured interviewing, in order to obtain experiences on migrations, entrepreneurial activities and life in Andorra from both immigrant and native perspectives, which was combined with some elements of structured interviewing to collect some information to delineate the personal networks of entrepreneurs in comparable ways.

Results show that the restrictive legislative structure has several effects on the kind of support provided, depending on the area of settlement of contacts. For instance, cross-border support comes mainly from business-oriented collaboration, which mainly provide logistic support. In the first place, the biggest part of cross-border contacts are employees and thus cross-border commuters. In the second place, cross-border support also comes from collaborative networks between entrepreneurs from both sides of the border, in order to overcome the boundary's restrictions as well as to be able to explore new business opportunities in a different legislative structure. These contacts need to be differentiate from transnationals, which also provide mainly logistic support, although their aids seem to be of a different nature since transnational relations are settled in a further and unlimited area. In general terms, contacts settled in Andorra provide main support for immigrant entrepreneurs' networks. This group of contacts is made up by both native Andorrans and non-Andorrans, mainly developing the role of major shareholders, legal/administrative advisers and figureheads. Finally, transnational contacts are

more relevant in networks of new immigrant entrepreneurs, those not having created their businesses under legislative restrictions, so they did not found limitations for starting up their ventures.

On the other hand, the clearest influence of the small jurisdictional area is the small size of the population, which also implies a small opportunity structure. Entrepreneurs' networks reveal high density values of density and therefore low betweenness centralization. This facilitates access to the opportunity structure, although it also make resources of this structure more accessible and thus less exclusive, which could be seen as a limitation for business growth. This highlights the need of adding contacts from different social and geographical backgrounds, regardless of growth stage the business is in or the social group of the entrepreneur.

Therefore, both immigrant and cross- border entrepreneurs of this research were found to have a mixed embeddedness in terms of their social networks. This was observed in businesses of all growth stages, since the networks of all the groups show a proportion of natives, compatriots and other immigrants settled in Andorra, as well as a proportion of transnational contacts. Interestingly, not only immigrant networks show mixed embeddedness, but very similar patterns of mixed embeddedness were found among Andorran natives' networks. This result indicates that this theory is therefore not applicable in microstates, since similar relation patterns exist in both personal networks of immigrants and natives.





# Resumen

El campo del empresariado inmigrante ha sido ampliamente estudiado a lo largo de las últimas décadas (Kurtoglu, 2007; Min & Bozorgmehr, 2000; Pütz, Schreiber, & Welp, 2007; Iglesias, 1998; Solé & Parella, 2005; Valenzuela- García et al., 2014; Villares Varela, 2010), contribuyendo a la literatura con estudios centrados tanto en las motivaciones de los inmigrantes para iniciar nuevos negocios en el país de destinación, como en las estrategias de estos emprendedores para mantener sus negocios y sacarlos adelante. Además, la literatura sobre redes sociales y personales también ha hecho su contribución a este campo, poniendo énfasis en la importancia de los contactos y las redes de soporte, tanto en el momento de la puesta en marcha como durante todo el desarrollo del negocio (García-Macías, 2013; Granovetter, 1983; Solano, 2016; Sommer & Gamper, 2017; Valenzuela- García et al., 2014). En este sentido, el modelo teórico de *mixed embeddedness* (arraigo mixto) propuesto por Kloosterman, Van der Leun y Rath (1999) defiende la importancia de las relaciones y el arraigo simultáneo de los emprendedores inmigrantes a distintos ámbitos institucionales, económicos y sociales, tanto en la comunidad de acogida como en la comunidad local y transnacional de compatriotas. Este arraigo mixto tiene efectos positivos para la puesta en marcha y el desarrollo de negocios migrantes (Rath, 2000).

A pesar de lo mucho que se ha investigado sobre estas cuestiones en los últimos años, la mayoría de estos estudios se han centrado en regiones o ciudades que forman parte de países más extensos, con una estructura legislativa más amplia que permite a los negocios poder operar en distintas áreas que pueden formar parte de nuevas estructuras de oportunidades y con una variedad más heterogénea de recursos (García-Macías, 2013; Solano, 2016; Sommer & Gamper, 2017). Por otro lado, se ha puesto poca atención a los contextos de microestado, que están caracterizados por una estructura de oportunidades más reducida y limitada y por sistemas legislativos distintos de los establecidos en países más grandes.

Esta tesis doctoral está enfocada hacia los negocios regentados por inmigrantes en un microestado, más concretamente en el Principado de Andorra. El principal objetivo de la investigación es observar los efectos que tienen las particularidades de los contextos microestado, como el tamaño del país o el sistema legislativo, sobre la estructura y la composición de las redes de soporte de los emprendedores, tanto inmigrantes como nacidos en Andorra. Además, a través de la composición de las redes personales, se pretende obtener información más detallada sobre el arraigo a distintos grupos sociales por parte de los siguientes perfiles de emprendedores: emprendedores nacidos en Andorra, emprendedores inmigrantes antes de 2012 (bajo una legislación restrictiva), emprendedores inmigrantes después de 2012 (bajo una nueva ley de apertura económica que elimina las previas restricciones) y emprendedores transfronterizos y teniendo en cuenta también las distintas fases de desarrollo en que se encuentran sus negocios (existencia, supervivencia, éxito, despegue y madurez; según Churchill y Lewis, 1983). Concretamente, las preguntas de investigación de las que se desprende este trabajo son las siguientes:

RQ1- ¿Cuáles son los efectos de la estructura legislativa de los microestados sobre las redes de soporte y acceso a instituciones de los emprendedores inmigrantes?

RQ2- ¿Cuáles son los efectos del tamaño reducido del país en las redes de soporte y acceso a instituciones de los emprendedores inmigrantes?

RQ3- ¿La teoría de la *mixed embeddedness* es aplicable a los emprendedores inmigrantes en microestados?

Para poder encontrar una respuesta a las preguntas de investigación previamente presentadas, treinta y tres emprendedores inmigrantes y diez emprendedores nativos, todos ellos establecidos en el Principado de Andorra (un microestado en los Pirineos, entre Francia y España) fueron entrevistados. La investigación se ha basado en una entrevista semi-estructurada para obtener experiencias sobre migraciones, actividades emprendedoras y sobre la vida en Andorra por parte de ambas perspectivas. Ello ha sido combinado con una entrevista estructurada, que ha permitido una colecta de información más concreta sobre los contactos de los emprendedores y los lazos que se establecen entre ellos. Estos datos han permitido delinear y comparar las distintas redes de los emprendedores entrevistados.

Los resultados obtenidos muestran que las restricciones legislativas influyen en los tipos de apoyo recibidos por los emprendedores, también en función del área en la que estén establecidos sus contactos. En este sentido, las ayudas fronterizas provienen sobretudo de colaboraciones en el ámbito empresarial, las cuales brindan sobretudo soporte logístico. En concreto, la mayor parte de contactos en este grupo son trabajadores transfronterizos y, por lo tanto, suelen ser empleados o ex-empleados. En segundo lugar, el soporte transfronterizo también se recibe a través de redes colaborativas entre emprendedores establecidos en ambos lados de la frontera, con el objetivo de evitar algunas de las restricciones impuestas por la aduana. Además, esta relación de colaboración también les permite explorar nuevas oportunidades de negocio aún siendo una estructura legislativa distinta. En este sentido, cabe diferenciar a los contactos transfronterizos de los transnacionales, los cuales también aportan soporte logístico, aunque con ayudas concretas de otra naturaleza dado que el marco en el que se establecen estos contactos es mucho más amplio e ilimitado geográficamente.

En términos generales, los contactos establecidos en Andorra son el grupo que aporta más soporte en las redes de los emprendedores inmigrantes. Este grupo de contactos se compone tanto por individuos nacidos en Andorra como por inmigrantes. Estos contactos tienen principalmente el rol de socios mayoritarios, consejeros legales y/o administrativos y prestanombres. Finalmente, los contactos transnacionales tienen más presencia en las redes de los nuevos emprendedores inmigrantes.

También el tamaño reducido del contexto tiene efectos sobre las redes estudiadas. Por supuesto, el efecto más claro de este factor es el bajo número de población, lo cual implica una estructura de oportunidades también reducida y homogénea. Como consecuencia de ello, también las redes de los emprendedores muestran valores altos de densidad y bajos indicadores de centralización. Esto facilita a los emprendedores el acceso a la estructura de oportunidades, pero también contribuye a un acceso más fácil del resto de contactos a los mismos recursos de esta estructura. Esto supone una limitación para el crecimiento de los negocios, teniendo en cuenta que los recursos existentes son menos exclusivos y ello hace necesario establecer relaciones en distintos ámbitos sociales y geográficos para acceder a nuevas oportunidades y nichos de negocio.

Respecto a lo anterior, tanto las redes de los emprendedores inmigrantes como las de los fronterizos mostraban un arraigo mixto (*mixed embeddedness*). Este indicador ha sido observado en negocios en todos los niveles de crecimiento, dado que todas las redes muestran una proporción de nativos, compatriotas y otros inmigrantes establecidos en Andorra en mayor o menor medida; así como una mayor o menor proporción de contactos transnacionales. En este sentido, es interesante observar que no solamente las redes de los inmigrantes muestran *mixed embeddedness*, sino que las redes de los nativos andorranos muestran patrones muy similares. Este resultado indica que esta teoría no es, por lo tanto, aplicable a contextos de microestado, debido a que existen patrones de relaciones muy similares en las redes personales de los inmigrantes y los nativos.

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*Wood never grows straight, but the master joiner works to straighten it and makes it grow with beautiful forms... Social relations are similar, you need to work your contacts to make them useful and easy to maintain.*

(Kalu, shopkeeper in Pas de la Casa – Andorra)



---

# Introduction

*[...] I might have walked through the Avenue Meritxell in Andorra la Vella thousands of times along all my life, but I have never looked at it with the same perspective as I am doing today. This is the main street of the commercial area of Andorra la Vella and the most crowded with tourists due to the large number of shops and shopping centres, and especially due to the affordable tax-free prices of products sold in them. Today, I am walking through this street to observe the extant businesses, to pay attention to the entrepreneurs that open their establishments every day and to try to put myself in the shoes of someone who has never been there and who is starting a new life. My work from now on is to listen to entrepreneurs' life histories, especially those who migrated to Andorra seeking a better life and who ended up having a business! I am wondering whether they expected to be entrepreneurs the day they arrived here... and what did they expect from this place at the beginning? What did they think when they put their feet in this street, which is quite small after all and which is bursting with commercial life... and bursting with new opportunities. [...] Today I will start to answer all these and further questions that will come into my head in the future. Today is the first day of my fieldwork [...].*

Fieldwork diary, 21/12/2012

The Principality of Andorra is a microstate settled in the Pyrenees, bordering with the Catalan region on the Iberian Peninsula and the region of Midi-Pyrenees in France. Andorra is one of the six microstates of Europe; the others are Monaco, San Marino, Liechtenstein, Malta, and Vatican City. Compared to other microstates of the world (mostly islands and small jurisdictions that gained their independence from the colonial rule), most of the European microstates but Malta were originally created as the result of historical agreements between medieval lords. As a result of that,

Andorra and other microstates in Europe such as Monaco, San Marino and Liechtenstein share several particular features that made them different from microstates elsewhere.

During the Middle Ages, two lords signed an agreement to share the manor of Andorra, in order to avoid conflicts between them. One of these lords was the Bishop of Urgell, and his current successor is still one of the Co-princes of Andorra. The other lord was the Count of Foix, whose lordship over Andorra passed from one family to another until it arrived to the President of the French Republic, who is nowadays the other Co-prince of Andorra. Similar to other microstates in Europe, Andorra is a politically neutral area.

Andorra, being a valley in the Pyrenees, functioned as a passage area, but due to its craggy land, life was not easy there and few people lived there. Nevertheless, that modest mountain-area with a poor population dedicated to agriculture and livestock changed significantly over the 20th century, when roads started to be built and communication with France and Spain started to be much easier. This converted Andorra in a country with a thriving economy based on tourism, commerce and services. Consequently, a large number of new commercial businesses were opened, which offered plenty of job opportunities that attracted migrants, mainly from Spain and France. Nowadays, the immigrant population outnumbers the native population in Andorra (in 2014, 46% of the population was of Andorran origin versus 54% of other origin<sup>1</sup>).

The economic changes of the 20<sup>th</sup> century in Andorra along with a gradually increasing rate of immigrant population, led to the creation of laws to regulate labour conditions and immigration. These laws were quite restrictive, especially when compared to similar laws in other European countries, but also very similar to those of other European microstates. Two of these restrictive laws will be reviewed in this research: first, the condition to get the Andorran nationality through naturalization (Qualified Law of Nationality of 1995), and second, the laws concerning the economic rights of immigrants (Law 2/2008 for Inward Investment and Law 2/2012 for Inward Investment, this latter also known as *new economic opening law*).

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<sup>1</sup>Source: Town councils (comuns)/ Census of *comuns*, 2014, Department of Statistics, Government of Andorra.

This research is motivated by the question whether self-employment is a viable option for immigrants in micro-state contexts. The phenomenon of *immigrant entrepreneurship* has been widely studied in the last decades in Europe and the US. (Kurtoglu, 2007; Min & Bozorgmehr, 2000; Pütz, Schreiber, & Welppe, 2007; Iglesias, 1998; Solé & Parella, 2005; Valenzuela- García et al., 2014; Villares Varela, 2010). These studies detected the high rate of entrepreneurs in immigrant populations in various contexts and suggested it is a successful pathway of upward social mobility. However, these studies have only been conducted in larger nations, or in particular regions or cities within larger nations (García-Macías, 2013; Solano, 2016; Sommer & Gamper, 2017). So far, little attention has been paid to microstates, which are characterized by a smaller opportunity structure and by distinct legislative systems. Studying immigrant entrepreneurship within microstates will allow me to understand whether the process of immigrant adaptation is different in microstates. This study will therefore make a substantive contribution to the knowledge about society in microstates, but it can also shed light more generally on the importance of contextual factors for the emergence and successes of immigrant businesses. Studying the phenomenon in a context with vastly different characteristics than those studied in past research will allow me to contribute to our understanding of the extent to which the phenomenon is shaped by contextual factors.

When considering the effect that context may have on immigrant entrepreneurship, we must first consider the general determinants of the motivations to start a business and the strategies for the start-up, maintenance and extension of the business. Studies have suggested that immigrants can be either pushed or pulled into self-employment (Borooah & Hart, 1999; Sahin, Nijkamp, & Baycan-Levent, 2007), depending on their experience in the host context. On the one hand, immigrants decide to start their ventures in order to overcome the lack of employment options in the host context, or when these options are precarious and not sufficient to earn a living. Self-employment is therefore a way to escape socially disadvantaged positions (Ram, 1994; Volery, 2007). On the other hand, immigrants are also pulled into self-employment. Self-employment has been described in occasions as successful in terms of integration and settlement (Portes, 1981), since migrants start their ventures as a decision to exploit new business opportunities.

In the latter respect, one of the major models for explaining the emergence and success of immigrant entrepreneurship is the *mixed embeddedness model* (Kloosterman, Van der Leun, & Rath, 1999), referring to the structure of institutional contacts and opportunities that may encompass both consumer demand and the

regulatory regime. According to the model, the concept of mixed embeddedness stresses the importance for immigrant entrepreneurs of having access to social networks and institutions of the host society, and access to the social networks and the institutions of compatriots (locally and/or transnationally), as this gives them a competitive advantage and contributes to their upward mobility (Kloosterman et al., 1999; see Chapter 2). Nevertheless, entrepreneurs' social networks are not the only decisive aspect to run a business, but so are the legal conditions that usually constitute institutional barriers (Kloosterman, 2010; Kloosterman & Rath, 2001).

This thesis is mainly focused on the social embedding perspective, which could work different in a microstate context (Andorra), taking into account that this context has a smaller jurisdictional area, with restrictive regulations concerning the rights of migrants to run businesses. Also, a denser and homogeneous opportunity structure is found in this context. The former characteristics therefore, can make this perspective be not exclusively given among immigrant entrepreneurs, but also natives need this characteristic within their personal networks given the smallness of the context and the density of the opportunity structure, since native entrepreneurs also need to make their networks broader and more dispersed to the transnational background in order to avoid the stagnation of their businesses within a structure where the access to resources is limited and poorly exclusive.

The main research goal is therefore to find out the main effects of a microstate context to immigrant businesses, taking into account the strict policies that are usually existing in these kinds of context. In that sense, the research questions of this study are as follows:

RQ1- What are the effects of the legislative structure in microstates on the support networks and access to institutions of immigrant entrepreneurs?

RQ2- What are the effects of the small size of the country on the support networks and access to institutions of immigrant entrepreneurs?

RQ3- Does the mixed embedded theory apply to migrant entrepreneurship in microstates?

In order to respond to these questions, I have performed a qualitative research, based on semi-structured interviewing, ethnographic observation, which also incorporated elements of structured interviewing, in order to collect some basic information and to delineate entrepreneurs' personal networks in a comparable ways. For this purpose, a questionnaire was designed and implemented in the software

*EgoNet*<sup>2</sup>, developed for the collection, analysis and visualization of personal network data. The questionnaire contains four sets of questions: the first one is about the respondent (also named “ego” in personal network terms); the second is a list of so-called ‘name generators’, or questions designed to obtain a list of names of persons (named “alters” in personal network terms), who supported the creation and development of the respondent’s enterprises; in third place there is a set of questions about each named contact and finally the questionnaire asks about the relationships among all the network members.

The semi-structured part of the interview on the other hand included questions about the individual’s migratory trajectory, his/her experience in starting and running his/her business, and the specific opportunity structures encountered. This part also focused on obtaining a more detailed explanation of the network structure as well as of the role and importance of each single contact in the entrepreneur’s network for the survival and success of the business. The qualitative data also allowed me to know the role played by the respondent in the creation of his/her own network. This part is essential to complement, interpret and contrast the quantitative measures of the network.

Our results indicate that as a consequence of the particular conditions in Andorra and the legal restrictions on immigrants’ economic rights that existed until 2012, migrants needed higher levels of support from people settled in or close to Andorra, whereas transnational contacts only played a secondary role. Nevertheless, this tendency somehow changes when restrictions are eliminated (from 2012 onwards). In that case, the role of contacts settled outside Andorra becomes more apparent.

This thesis is structured in 8 chapters, including this introduction. Chapter 2 presents the theoretical framework of this thesis. Different theories and literature on entrepreneurship in general, on immigrant entrepreneurship in specific and on microstates are presented in three different sections. A summary of the chapter is found in the final section.

Chapter 3 describes with detail the Andorran context, its history and characteristics. More specifically, the chapter is structured by five sections describing the basic features of Andorra, its political background, its economy, its law system, and the effects of the economic crisis on the country.

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<sup>2</sup> <https://sourceforge.net/projects/egonet/>



In Chapter 4 the methods developed in this thesis are specified into six sections. The different sections include the research questions and the formulated hypotheses, the description of the scope, the sampling strategy, and the description of both quantitative and qualitative data collection and analysis.

Chapter 5 contains the description of the cases collected in this research. This is distributed into two different sections: the first one describes the different social groups represented in this research, whereas the second presents the different kind of businesses.

Chapters 6 and 7 present the research findings. Chapter 6, on the one hand, presents the findings obtained through the semi-structured interviews. Therefore, it gathers the entrepreneurs' narratives about their entrepreneurial experiences, their reasons for migrating and their opinions and sensations about living and being an entrepreneur in Andorra. In Chapter 7, on the other hand, the structure and composition of personal networks are analysed according to some entrepreneurs' characteristics, such as their residence period, their country of origin and the existing legislative structure in the starting up moment, also according to the growth stage of the analysed businesses.

Finally, the conclusions are presented in Chapter 8. This chapter is structured in five different sections. The first three sections are based on the three main research questions: effects of legislative context, the effects of the country size and the application of the mixed embeddedness theory in Andorra. Next, the fourth and fifth sections describe the limitations and the major contributions of this research respectively.

# Theories

This chapter reviews theories about the concepts of *business* and *entrepreneurship*, and more precisely of *immigrant entrepreneurship*. In addition, the chapter describes theories focused on microstates' specificities and their economic dynamics will be described. The operationalization and further clarification of the main concepts of this research (immigrant entrepreneurship and microstates), as well as the understanding the different approaches revolving around these concepts, will lead me to the formulation of the research questions and hypotheses.

Past research on immigrant entrepreneurship has mainly been developed in regional or local contexts, both of them within large states, but few studies on this topic have been developed in microstates, where the jurisdictional area is smaller and policies tend to be more restrictive.

In the first section of this chapter, the concept *entrepreneurship* is reviewed, as well as the five stages of business development. In the second section, the concept of *immigrant entrepreneurship* and the different approaches and implications around it are described. Finally, in the third section, the theoretical framework on microstates is presented, as well as their main characteristics, particularities and dynamics.

## 2.1. Entrepreneurship

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As a consequence of the large number of studies from several disciplines focused on the phenomenon of entrepreneurship a wide variety of definitions exist. Thus, entrepreneurship has been globally understood as the combination of resources in novel ways so as to create something of value (Aldrich & Waldinger, 1990). From an economic perspective, an entrepreneur is an individual who creates a commercial organization, brings new products to the market and develops new processes of production, and distribution (Stiglitz & Driffill, 2000). In this vein, entrepreneurship is also described as the outfit of activities that involve the setting up of a new business or the purchase of an existing one (Sahin et al., 2007).

Literature on entrepreneurship is usually focused on the motivations or determinants to start up a new business and the determinant factors for both success and growth (Bosma, Van Praag, & de Wit, 2000; Van Praag, 2003). Furthermore, the adaptation strategies to face difficult situations in the business context are also widely studied by research focused on business success (Dahles & Susilowati, 2015; Gruber, 2007; Lechner, Dowling, & Welpel, 2006). In this sense, several studies found that business networks and personal contacts can be determinant in all the stages of business growth, including the starting up of a new venture (Bosma, Van Praag, Thurik, & de Wit, 2004; Hoang & Antoncic, 2003; Lechner et al., 2006).

On the other hand, one of the key issues addressed by the literature on small firms is about the factors that account for business growth, and development. Not surprisingly, in this area there is a heterogeneous collection of perspectives, operationalisations, and empirical contexts (Davidsson, Achtenhagen, & Naldi, 2005). In this thesis I will draw upon the classical classification of growth stages for small firms (Churchill & Lewis, 1983), which establishes five different stages for business growth along with the main indicators for each one of them. The stages and their indicators according to Churchill and Lewis (Churchill & Lewis, 1983) are distributed as follows:

### 1<sup>st</sup> STAGE – Existence:

- It is the entrepreneur who basically does everything (from the highest to the lower tasks in the scale).
- The entrepreneur is just helped by his /her couple or other relatives or by the business shareholder (if there is one).

- There is just one establishment with poor resources. No employees.
- To grow is difficult since it is a stage with poor stability and with low liquidity.
- The initiative is very sensitive to external changes (context).

#### 2<sup>nd</sup> STAGE – Survival:

- The entrepreneur has got a small group of staff, making poor responsibility tasks (the lowest positions in the company organigram).
- It is the entrepreneur who still makes the biggest part of the work tasks
- The entrepreneur collaborates with specialised professionals or other entrepreneurs
- The available resources are richer than at the beginning and maybe there are more establishments existing (depending on the sector).
- Liquidity and viability keeps being very sensitive to external changes (context).

#### 3<sup>rd</sup> STAGE – Success:

- The workforce has grown considerably
- Some expert professionals are hired to develop specific tasks such as accounting, marketing strategies, staff supervision or coordination, among others. Thanks to that, the company starts to have some professional departments.
- The entrepreneur is focused essentially and nearly exclusively on the company's management.
- The business enjoys a good stability and liquidity at this stage and it has a certain leeway to react to external factors or unexpected events.

#### 4<sup>th</sup> STAGE - Take off:

- The company has a good leverage to its growth either financially or through distributors or franchises
- The entrepreneur has several collaborations and associates with whom makes new business previsions.

#### 5<sup>th</sup> STAGE - Resource Maturity:

- Businesses in this stage are already equilibrated, strong and solvent, and their growth is totally sustainable.
- The company is competent and competitive in the market, and not easily sensitive to the context changes.
- The company can be sold as a product itself, and its business plan can be exported abroad.

This classification of businesses by development stages seems to be a good way for measuring business success. Nevertheless, not all surviving businesses happen to be large firms (Scott & Bruce, 1987) nor growth itself has an evident relationship with profitability (Davidsson et al., 2005). All things considered, and although none of these stages is able to determine a business' success level by itself, it is still useful to take together business age and its evolution over time as a proxy of the business success. This evolution would reflect a good proactive strategy to confront all the difficulties given by the context, but also a good and strong response to the opportunity structure (Dahles & Susilowati, 2015). Furthermore, Van Praag (1996) proposes three basic aspects to measure business success: *profits* (an undisputed measure in the literature concerning business success), *generated employment*, and *survival time* (Bosma, van Praag, & de Wit, 2000; Van Praag, 1996).

Related to the measurement of business success is the exploration of factors that determine business success. Classic authors such as Cantillon (1979), Say (1971), Marshall (1930) or Schumpeter (1939) were the first in paying special attention to the figure of the entrepreneur in the economic system (Van Praag, 1999) and, as a consequence, to individual determinants for successful entrepreneurship (Bosma et al., 2000; Churchill & Lewis, 1983; Storey, 2000; Van Praag, 2003). These factors are mainly focused on the psychological and socio-behavioural characteristics of the entrepreneur, such as perseverance, knowledge of the business processes, intelligence, self-confidence, creativity and leadership to exploit profit opportunities (Van Praag, 1999).

## 2.2. Immigrant entrepreneurship

---

Research on migration processes and integration of immigrants in the host country has raised great interest during the last decades. From the early seventies onwards and due to the proliferation of immigrant managed businesses, the economic dimension of migrations started to awake an increasing interest, and several questions emerged regarding immigrants' start-up businesses, and the social consequences of this phenomenon (Checa & Arjona, 2006). In this context, specific theoretical concepts have been developed in order to describe the factors that determine self-employment among immigrants and the activities carried out by the so called immigrant entrepreneurs (Arjona & Checa, 2006).

In that sense, Bonacich (1973) used the term *middleman minorities* introduced earlier by Blalock (1967) to refer to ethnic or cultural minorities that have played the role of middlemen (usually trading) between producers and consumers, or between a society's elite and the masses. The goal of these immigrant entrepreneurs was to take business advantage of their ability to connect ethnic minority workforce with the mainstream market and, in most cases, they aimed to return home (Zhou, 2004). In other cases, businesses were just owned by members of an ethnic minority group.

The concept *ethnic economy* (Bonacich & Modell, 1980; Light & Gold, 2000) refers to an economic sector ran by immigrants from a specific ethnic group, that either employs co-ethnics and/or rely on the demand generated by this group. These groups of businesses are called *ethnic enclaves* when in addition, businesses are concentrated in a bounded geographical area or neighbourhood (Wilson & Martin, 1982; Wilson & Portes, 1980). In this context, the labels "ethnic entrepreneurship" and "migrant entrepreneurship" are used as synonymous. In this regard, some remarks are necessary.

First of all, the concept of "ethnic entrepreneurship" cannot be properly defined without prior definition of the meaning of *ethnicity*, which in itself raises a huge debate. Eriksen (1993, p. 4) defines ethnicity as those distinctive aspects being considered to be descriptive of a cultural group. These distinctive aspects are recognized both by the actual group members and by other cultural groups (Eriksen, 1993). Furthermore, the concept of ethnicity can be sometimes related to the idea of *alterity* or *minority*, and this entails the generalized perception that not all the groups in a society are considered as *ethnic*. In this regard and probably related to the latter matter, a latent conflation exists between the concepts of *ethnic* and *immigrant*

(Volery, 2007) that can easily lead to misinterpretations of the concept. For this reason, the terms *ethnic* and *ethnicity* and the concept *ethnic entrepreneurship* will not be used in this thesis. Instead, I will refer to *immigrant entrepreneurship*, assuming that the concepts of *immigrant* and *immigration* include those individuals who have experienced an international migratory experience, regardless of their country of origin and their ethnicity. In other words, all those who have migrated from one country to another are considered immigrants, regardless of their country of origin, their integration level in the host country or whether they bear that country's nationality or not. Consequently, immigrant entrepreneurs can be defined as individuals who have migrated internationally and started up a new business in the host country. This definition excludes second-generation immigrants (individuals born and educated in the destination country whose parents are immigrants; Volery, 2007).

Furthermore, regarding the characteristics of the matter involving this thesis, it is also necessary to specify the difference between the concepts of "immigrant" and "cross-border commuter". Whereas an immigrant is considered to be living (residing) and making their daily life in a host country, cross-border individuals perform their day-by-day activities such as working or socialising in another country without residing in it. In other words, these latter individuals cross the actual borders regularly (Margarit, 2012; Segués, 2014). In that sense, hence, a *cross-border entrepreneur* will be considered in this project as someone who holds or starts up a business in a country other than that of their habitual residence and crosses the border regularly (at least three days per week) to develop his/her professional activity. To do that, this individual has to reside relatively close to the border. The regular border crossing distinguishes the cross-border entrepreneur from the *transnational entrepreneur*, who does not cross the border regularly to develop his/her professional activity.

## 2.3. Theoretical approaches

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Different theories take into account the social and cultural background of entrepreneurs and their experience in the host country. These theories can be summarized as follows:

- (a) *The ecological perspective*, which argues that immigrants occupy free market niches abandoned by natives (Aldrich & Reiss, 1976).
- (b) *The culturalist perspective*, which is focused on the cultural tradition of running businesses (Bonacich, 1973; Light, 1980; Rajiman & Tienda, 2003), argues that immigrants create their own businesses by different cultural factors such as family or ethnic tradition, religion or other characteristics of the group itself. Two major approaches exist within these theories: The assimilation perspective, which assumes the interaction between different ethnic and migrant groups (Alba & Nee, 1997) and the identity perspective, focused on the support obtained within the entrepreneur's ethnic or cultural group (Nagel, 2002).
- (c) *The interactive perspective*, explaining the emergence of ethnic businesses in terms of the characteristics and demands of immigrant communities in a specific opportunity context (Light & Gold, 2000; Light & Rosenstein, 1995; Waldinger, 1984). Different concepts such as *middleman minorities* (Bonacich, 1973), *ethnic economy* (Bonacich & Modell, 1980; Light & Gold, 2000) and *ethnic enclave* (Portes, 2005; Wilson & Martin, 1982; Wilson & Portes, 1980) were developed within this perspective.

According to this perspective, the so-called *ethnic businesses* appear in many cases to respond to the demand for specific products needed by the owners' co-ethnics or co-nationals. The owners are well able to supply the goods and services, since they know the needs and tastes of their own community, and they have the sources and network contacts to reach them (Volery, 2007). But not only the different tastes, habits and needs of a community are determinants to start up a business, but so are specific emerging business opportunities in society, even when they respond to necessities of other cultural groups (including natives) or also to general society (Zhou, 2004).



In these economic contexts, it is argued that ethnic solidarity bonds individuals pertaining to these minority groups. This helps the individuals to gain access to a particular opportunity network formed by members of that ethnic group, which ends by being self-sufficient in that host context. Therefore, its members do not need to supply other labour markets or business niches (Light, 1972; Portes & Bach, 1985; Waldinger, 1985).

Although ethnic solidarity can be significantly helpful to new immigrants both to get easily established during the first stages of their new migration venture and to find a job, this situation is not ideal in the longer term. To be part of an ethnic enclave, and especially to remain there, can also lead to some negative implications such as co-ethnic work-exploitation, which leads to a limitation of their integration and possibilities for upward social mobility (Valenzuela-García et al., 2014). Also, speaking in non-economic terms, it may affect the integration of the individuals in the host society and hamper adaptation of second generations (Zhou, 2004). The social construction of ethnicity through the idea of alterity would thus be reinforced by these facts, which can induce stigmatization of these collectives.

- (d) The social embedding perspective takes into account the legislative and social context as factor explaining immigrant self-employment (Anderson & Miller, 2003; Guarnizo, 2003; Portes, Guarnizo, & Landolt, 1999; Shane & Venkatamaran, 2000).

This approach considers the legal-regulatory framework as a key element to the creation of immigrant businesses. This fits in many European contexts, where the insider/outsider dichotomy is socially assumed (Checa & Arjona, 2006). In these contexts, self-employment is not only a means of earning a living, but it is also a way of recognition and social acceptance (Veciana, 1999). Actually, some studies focus on the desire of these individuals to abandon marginal labour positions (Ram, 1994; Solé & Parella, 2005; Volery, 2007), probably caused by racial discrimination in the labour market.

Economic conditions have experienced a significant transformation in the last decades, mostly due to globalization and the related migration processes (Castles, 2010). In this context, higher-prestige occupations are typically reserved for natives (Micó, 2005), while immigrants are often forced to accept low-paid jobs, which usually consist of simple activities (Veenman, 1999), which may require lower educational levels than individuals have. This disadvantaged situation, added to a poor knowledge of the host culture and society, can hinder immigrants' upward

mobility; self-employment is thus one of the options to escape this situation (Ram, 1994; Volery, 2007). At the same time nevertheless, self-employment implies an upward mobility process in the host society (Waldinger, Aldrich, & Ward, 1990).

Two further considerations are needed to fully understand the complexity of this phenomenon. On one hand, the emergence of ethnic and immigrant business does not only express a process of job autonomy, but also an indicator of immigrant settlement within the host society (Portes, 1981). Some individuals are pushed into self-employment, since they have no further options to earn a living. Nonetheless, other immigrants are pulled into self-employment thanks to their experience and skills; thereby they decide to start up their own business to exploit their knowledge and abilities. The main motivation in this latter case seems to be being one's own boss (Borooah & Hart, 1999; Sahin et al., 2007).

On the other hand, and still regarding the social embedding perspective and the evident existence of the dichotomy *insider/outsider*, immigrant entrepreneurs often need to overcome actual restrictions to set up a business in a host context. In that sense, the *mixed embeddedness* model (Kloosterman, Van der Leun, & Rath, 1999) implies a structure of contacts and opportunities that may encompass both consumer demand and the regulatory regime. According to that model, the embeddedness of immigrants in the economic, political-institutional and social host environment, together with a good social embeddedness in their coethnic or conational community, is thought to have a positive influence on the start-up and development of migrant businesses (Rath, 2000). The concept of mixed embeddedness stresses the importance of being embedded both in the social networks and the institutions of the native society, and in the social networks of co-ethnics or conationals (both local and transnational). The former helps immigrants to improve their integration in a host society and their upward mobility. The latter is important because it allows immigrant entrepreneurs to hire cheap labour force or have access to conational information or capital, which can give immigrant entrepreneurs a competitive advantage (Kloosterman et al., 1999). Nevertheless, entrepreneurs' social networks are not the only decisive aspect to run a business into a market, but so are the legal conditions that usually constitute institutional barriers (Kloosterman, 2010; Kloosterman & Rath, 2001).

The latter perspective that refers to entrepreneurs' embeddedness in the social and legislative context of both the host society and the society of origin, added to the opportunity component of networks, can also be related to the concept of "informal economy" (Hart, 1973). The latter concept, defined as "all income-earning activities that are not regulated by the state in social environments where similar activities are regulated" (Castells and Portes, 1989), refers to the attempt of individuals to escape governmental controls in specific situations or where the existing regulations are not applicable to their actual activities (Renooy, 1990). The so-called *informal economy* is thus easily assigned to immigrant communities and entrepreneurs, probably due to their more difficult access to regular opportunity structures, and also because of the existing legal barriers concerning their economic rights in some cases (Wilpert, 2003). Nevertheless, these informal resources are usually employed by native entrepreneurial groups as well (Sassen, 1994).

## **2.4. Personal network perspective**

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The mixed embeddedness perspective and the concept of informal economy also evidence the relevance of formal and informal personal contacts in the starting up and the development of a business, since the network of personal relationships often constitute the most important resource (Arjona & Checa, 2006). A personal network is the set of social relationships surrounding an individual (e.g., McCarty, Gamper, Lubbers & Molina, 2012). The ensemble of resources flowing through the different ties of a personal network are what is understood by social capital (Lin, 2001). Thus, social capital, in terms of material resources embedded in personal networks, and the information and knowledge about the surrounding context (market, social needs, etc.) are crucial elements to exploit the different business opportunities. In this sense, it is also necessary for entrepreneurs to employ the available resources from the personal networks in order to establish fruitful collaborations and to be well connected to the opportunity structure (Krebs & Holley, 2002).

For these reasons, researchers investigate the composition of personal networks. In other words, they explore which individuals are part of a network and which are the specific resources provided by each of them within the network and, more precisely, to the business. Actually, the main functionality of professional personal networks is the access to those resources needed by a venture (Ostgaard & Birley, 1996). Therefore, a first step in a personal network analysis can be to

determine which types of support are available to entrepreneurs in different stages of business growth, for example, financial or material support, emotional support, administrative support, or work force. Subsequently, it is of interest to analyse who provides these types of support. In this sense, the most usual actors named in personal networks of entrepreneurs are colleagues and business partners (Ostgaard & Birley, 1996), which is not surprising given that these are the main source of support in a business, both at the moment of starting up and during the development of the business. Also according to Ostgaard and Birley, a positive impact of professional advisors is frequently observed into personal networks of entrepreneurs.

The latter observation implies an important role of “weak ties” into entrepreneurial networks, which is another important finding pointed out by the literature: the strength of the social ties. This is related to their function in the business cycle: whereas stronger or more intimate ties are crucial at the very beginning as they provide emotional, logistic and even economic support, the weaker ones tend to be relevant to access new opportunities that will help the development of the business (Granovetter, 1983; Krebs & Holley, 2002). The latter contacts, which are often represented in the entrepreneurs’ personal networks as weak and decontextualized ties, tend to provide new and useful social capital contributing to the business success either in terms of maintenance or growth. These ties are not necessarily connected to the strong ones, which are typically concentrated at the core of the network (Krebs & Holley, 2002), and they tend to be short-term and/or low frequency contacts (Chell & Baines, 2000).

Apart from the strength or weakness of social ties, it is important to take into account their geographical location. The role of social contacts as well as their accessibility can be affected by their location, especially for some types of help that require copresence (Enns, Malinick, & Matthews, 2006; Erickson, 2003). However, transnational support is also often present in immigrant entrepreneurs’ personal networks, since transnational contacts tend to contribute to business growth, helping the entrepreneur to gain access to resources and leveraging new business opportunities (Anderson & Miller, 2003; Portes, 2005; Shane & Venkatamaran, 2000).

Several studies developed in cities or regions of different countries, such as Germany (Sommer & Gamper, 2017), Italy and the Netherlands (Kloosterman, Van der Leun, & Rath, 1999; Solano, 2016), Catalonia and/or Spain (Lubbers et al., 2010; Lubbers, Molina, & McCarty, 2007; Molina, Lerner, & Gómez-Mestres, 2008; Valenzuela- García et al., 2014) deal with the characteristics of immigrant

entrepreneurs' networks, looking both at the strength of ties and at their geographical location and origin (Kloosterman, 2010; Pütz, 2008; Solano, 2015; Sommer & Gamper, 2017). Some of these studies reveal that strong ties in dense networks, settled at the destination country, are useful to access key resources for the starting up of a business, such as financial capital, employees or logistic help. (Kloosterman & Rath, 2001; Portes & Sensenbrenner, 1993; Pütz, 2008). On the other hand, nevertheless, these dense networks, which are based both on confidence relations and on the ethnic solidarity, can be counterproductive in further stages of business development (Portes & Landolt, 1996), where exclusive resources and differential features are needed for business growth and for being competitive. In this vein, broader and dispersed networks are needed to access new business opportunities, which tend to be provided by weak ties (Granovetter, 1983; Krebs & Holley, 2002).

With this regard, Sommer and Gamper (2017) question the concept of ethnic solidarity, especially in medium and advanced stages of business development, where entrepreneurs rarely function as a linking contact between different contacts in different countries or, in other words, between different components in their network. On the contrary, those entrepreneurs use their transnational networks as a strategy for their own business success and to be differentiated from the competency within the ethnic niche (Sommer & Gamper, 2017). According to that, Solano (2016) makes a comparison between the structure and contents of networks of both transnational and *domestic* (local) entrepreneurs. The study finds out that transnational immigrant entrepreneurs have broader and dispersed networks, although entrepreneurs in this case entrepreneurs do take advantage of this network feature to function as a link contact between different groups (Solano, 2016). However, Solano (2016) found that those entrepreneurs called *domestic* take more advantage from the resources provided by compatriots in networks concentrated in their actual destination city or neighbourhood. These local networks are dense and homogeneous, although they also content a proportion of weak ties which is very similar to that of transnational immigrant entrepreneurs (Solano, 2016).

Beyond the composition of the networks, it is also interesting to focus on the structural characteristics of personal networks in different stages on business growth. That is, given that businesses have specific needs and characteristics in each of their growth stages, it would not be surprising that their contacts and the opportunity structure also had specific features in different moments of the business development. According to this perspective, several studies have focused on the use of personal networks in different moments of entrepreneurial development (Greve &

Salaff, 2003; Ostgaard & Birley, 1996; Ruef, Aldrich, & Carter, 2003; Zhao, Frese, & Giardini, 2010). Some of these studies sustain that a dense network is not positive for a business, since redundant information circulates among the same group of people (Granovetter, 1973; Mizruchi & Stearns, 2001). Nevertheless, information circulates faster within dense and more cohesive networks. In fact, trust relations are more likely to be developed in such networks. This latter observation contributes to a reinforcement of the opportunity structure favouring the success of entrepreneurs (Greve, 1995). Actually, Ostgaard and Birley (Ostgaard & Birley, 1996) sustain that successful entrepreneurs are more likely to have dense networks, since even having a less diverse information, this is more relevant and trustworthy.

## **2.5. Transnationalism and borders**

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Transnationalism has been defined as 'the continuing relations between immigrants and their places of origin, and how this back-and-forth traffic builds complex social fields that straddle national borders' (Portes, Guarnizo, & Haller, 2002). This term was first used in the nineties' by social anthropologists Glick-Schiller, Basch and Szanton-Blanc (Szanton Blanc, Basch, & Glick-Schiller, 1995), who pointed out the creation of relations beyond the countries' borders, permitting the individuals the access to multiple and continuous connections within a de-territorialized community (Szanton Blanc et al., 1995). The term has not been exempt of criticism, though (Waldinger & Fitzgerald, 2004; Kivisto, 2001; Lucassen, 2006).

These criticisms are not however intended to deny the existence of the transnational phenomenon, but some of them considered the need of a more precise definition (Lucassen, 2006). Transnationalism has often been presented as a new phenomenon, mainly as a result of globalization and the use of new technologies (Blanco Fernández de Valderrama, 2007). However, although these latter aspects have facilitated communications and, consequently, the keeping in touch of people beyond borders, making transnational networks wider, transnationalism is not a new phenomenon but just a new approach of the phenomenon itself (Kivisto, 2001; Waldinger & Fitzgerald, 2004).

Also, transnationalism features different forms depending on both the host and the origin context (Portes, 2003), and the activities and the interactions among individuals in different nation states. According to that, Guarnizo (2003) establishes different kind of economic activities within transnational fields:

- Solidarity and reciprocity transnational ties, generally through monetary remittances or other goods. This can be described as a long-distance intimate “bounded solidarity” (Portes, 1998) to benefit kin and friends.
- Transnational entrepreneurial activities undertaken by immigrants, from their host country. These activities connect both origin and host country economies (Landolt, Autler, & Baires, 1999) by covering the demands of the immigrant community settled in the host context and sending back remittances to the origin country.
- Support to Local Community Development, which includes the collective transfer of resources to support local community development projects, philanthropic endeavours and post-disaster relief efforts in the society of origin (Guarnizo, 2003).

With regard to this classification, this research is of the second type. Nevertheless, I am not only interested in transnational relations between migrants and their country of origin. On the contrary, this thesis is also focused on cases where entrepreneurial networks tend to be *dispersed* beyond borders, among individuals settled in different countries. Related to this, Guarnizo defines transnationalism as ‘a wide panoply of social, cultural, political and economic cross-border relations that emerge both wittingly and unwittingly, from immigrants’ drive to maintain and reproduce their social milieu of origin from afar’ (Guarnizo, 2003, p. 667).

Even though the ease to maintain a transnational network of contacts is evident nowadays, the role of different states’ policies should not be forgotten (Waldinger & Fitzgerald, 2004). While transnationalism defends the idea of a wide network of contacts surviving in a de-territorialized space, states seek to control the movement of individuals across their borders and constantly promote the national identity. This brings immigrants and their trans-border or transnational living to fall into a ‘double loyalty’ to two different countries with different regulations. On the one hand, they owe loyalty to their country of origin, since their strongest ties often remain there. On the other hand, the host society and institutions expect them to be acculturated and

integrated. This idea brings the concept of 'transnationalism' to reification (Waldinger & Fitzgerald, 2004).

While transnational social spaces are geographically unlimited, national borders need to be taken into account (Krasner, 1995). Regulations of both the country of origin and the host country cannot be ignored, since transnational relations highly depend on the degree of permeability of each country-border, especially for economic relations (remittances, immigrant business, economic rights, etc.).

The degree of permeability is not the same for each border, and this needs to be taken into account, since the structure and scope of support networks are strongly different if we compare different transnational spaces. Cross-border contacts in a geographical area surrounding a national border could be considered transnational ties, since they are settled in different countries with different legislative systems and also different languages in many occasions. Nevertheless, these contacts can also be considered as local ties, since according to various authors they are still sharing a unique geographical area as well as a so called 'border culture' (Moncusí, 2004; Pujadas, Comas d'Argemir, Moncusí, & Martínez, 1999). According to that perspective, although the border separates two countries, a 'trans-border' community emerges with a common history and culture. In other words, the communities at both sides of the border share common cultural features and daily activities that are not found in other parts of these countries. Therefore, the differences between both 'transnational' and 'cross-border' networks will be significant in structural and content-related terms, and the role of social capital may also differ.

In that sense, the border is not only an element of isolation but also of creation, since many socio-economic phenomena happen there. In this sense, a large number of polycentric collaborative networks among social, cultural and economic entities exist in a border area. These networks are built through multiple solidarity axes, which underline the permeability idea of a border (Strihan, 2008).



## 2.6. Microstates and small jurisdictional areas

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According to the mixed embeddedness theory, integration in both the host and the co-ethnic or co-national community is especially important. In this regard, to be well connected with the institutions from the mainstream society and with groups of both communities would be crucial for upward social mobility. However, this theory has been formulated for larger national contexts (Sahin et al., 2007), where networks may be more dispersed and heterogeneous and where resources at the opportunity structure are thus more difficult to access, and so they are more exclusive. Also, this theory has been empirically supported in different contexts where a larger, more complex opportunity structure exists, but no specific studies have been carried out in microstates. As was noted earlier, microstates do not only represent a small geographical area, but they also exhibit some specific legislations and particular social and demographical characteristics (Baker, 1992; Baldacchino, 1993; Grydehøj, 2011). In this regard, studying whether the mixed embeddedness theory applies in microstate contexts can contribute to our knowledge about migrant entrepreneurship by determining which are the effects of both elements the legislative background and the features of a microstate (size of both the country and the society) of the opportunity structure on the personal networks of both immigrant and non-immigrant entrepreneurs.

The earlier literature often called microstates 'Lilliputian' (Catudal, 1975; Combarrous, 1933). Inherent in this label is the assumption that 'large is normal and preferable whereas small -if considered at all- is at best petty and lilliputian' (Baldacchino, 1993, p.30). Despite this statement, research over the last three decades has shown that size is not a limitation to the social and economic development of a country (Armstrong, De Kervenoael, Li, & Read, 1998; Armstrong & Read, 2000; Baldacchino, 1993; Grydehøj, 2011).

As in the case of the universal definition of *State*, there is no consensus on the definition of a microstate. In this research I define microstates as states smaller than 5000 Km<sup>2</sup> (Domingo, 2002; Margarit, 2012). We further distinguish between *large* and *small* microstates. Large microstates' have areas over 1000 Km<sup>2</sup>, whereas small microstates have a smaller size. Therefore, within the European Union, only Luxemburg can be considered a large microstate. None of the others (e.g., Liechtenstein, Monaco, etc.) have an area larger than 468 Km<sup>2</sup>, which is the extension of Andorra.

Furthermore, it would be appropriate to mention those criteria that define microstates as states themselves. These are having a government and state institutions; to be administratively independently (sovereignty) and to enjoy international diplomatic recognition.

European microstates have not only managed to defend its sovereignty and keep its territory throughout their history (Eccardt, 2005), but in many cases they also have a particularly strong financial sector (Baldacchino, 1993; Grydehøj, 2011), and a strong enough economy to keep unemployment low (see Table 1). Probably this is the reason of microstates receiving strong inflows of labour migration (Baldacchino, 2008) and border commuters in insular cases (Eccardt, 2005), which make up the majority of the European microstates. All in all microstates need to create specific development strategies tailored to their particular case. This may be the reason why microstate governments develop specific legislative frameworks, which are especially restrictive compared to other countries. These constraints are often focused on labour, immigration, nationality and/or economic rights of non-nationals.

Some of the most common features of microstates may affect immigrant entrepreneurs, both in a positive and in a negative way depending on each aspect. The first feature is the small size of the country itself and, consequently, the size of society. For immigrants, I assume that this may facilitate individuals' integration in society and provide a good knowledge of the country and its opportunity structure, since it may be faster to get a network of contacts and access to the opportunity structure due to the fast flow of resources through the networks. This latter assumption facilitates the detection of new business opportunities, since the creation of bridging networks is more prone to happen under these context characteristics (Armstrong & Read, 2000).

The second feature is the specificity of the development strategies of these countries, both in terms of governance and economy. Some of these strategies cannot be applied in larger contexts, but they are less problematic in small countries, where government is closer to the community (Baker, 1992; Grydehøj, 2011). More specifically, good examples of these strategies are their particular, often restrictive policies concerning immigrants' political and economic rights, such as the period of residence required to access citizenship that microstates have, which is very large compared to other states in Europe; as well as the constraints that some microstate governments apply concerning the foreign investment to businesses and other goods. The latter conditions affect the way in which immigrants may integrate into

society, and the way of accessing resources in case they plan to become entrepreneurs. Summarizing, whereas the former feature (size) can help the immigrant entrepreneurs, the second one (particular restrictive policies) may obstruct the creation of immigrant businesses.

It is often thought that laws of large countries will also work on smaller states, just taking into account its application at a smaller scale. However, this is a mistake, since the cultural, social and structural context significantly differs between these contexts, which also have different development paradigms (Baldacchino, 1993, 2012). In fact, the size of a microstate is not necessarily a limitation to its economic performance. Many microstates are actually developing a more efficient economy than their larger counterparts, while others encounter serious economic difficulties (Armstrong et al., 1998). These mixed findings show that the size of the territory and its population considered in isolation do not have a direct effect on the economic growth of a country, but that a complex set of interactions should be considered instead.

The number of microstates has increased significantly during the 20th century, as a consequence of decolonization (Anckar, 2004). A large number of microstates, which are dispersed to all the world continents, tend to be islands or archipelagos. In many cases, their sovereign condition after decolonization is often a consequence of its isolation; but the case of most of the microstates in Europe have been quite different both in terms of history and development.

Microstates in Europe have been able to maintain their territorial independence during almost of their history. This has been largely possible thanks to their neutrality and the protectorate of their neighbour countries (Eccardt, 2005). Except for Malta, which held its sovereignty after the decolonization from UK in 1964, the rest of European microstates have been independent territories (not always sovereign) during several centuries thanks to agreements of different lordships or dominances from other countries. For this latter reason many of them are principalities (Andorra, Monaco, and Liechtenstein) or dukedoms (Luxembourg). San Marino and Malta are both republics, although the former also has a long tradition as an independent territory, which expanded after entering the alliance that would later defeat the Lord of Rimini. On the other hand, Vatican City is a special case, which government mechanisms are different from any other state or microstate in the world.

European microstates have experienced an important economic growth during the second half of the twentieth century. Despite the lack of resource variability within a microstate national land and the consequent suffered resource constraints, an optimal level of economic and political stability has been proven in many of these micro-contexts. This allows a positive development of its economy. This is illustrated by the high levels of GDP per capita observed in many of these contexts (see Table 1)<sup>3</sup>, and the rapid development experienced by European microstates' economic performance during the last decades of the twentieth century. The main cause of this positive development is probably the growth of internal markets together with the ability to get adapted to external changes that these countries must have had to survive (Armstrong et al., 1998).

The economic growth is probably the reason for the low unemployment rates of European microstates (see Table 1), compared to the average of the European Union (9,9% according to the CIA World Factbook, 2013) and despite the economic crisis. This fact makes not surprising the strong waves of immigrants from diverse European countries being established in these microstates during the last six decades, especially if we take into account the history of the recent decades in Europe. Most of these immigrant workers came especially from neighbouring states.

As a result of both the strong economic growth and labour immigration during 20<sup>th</sup> century, many microstates have nowadays a high population density (see Table 1), which is also characterized by a large proportion of immigrants. According to the statistics in 2014 (see Table 1), in both Andorra and Monaco, immigrants exceed natives in number. Malta is the only case where the statistics do not reflect a large proportion of immigrants compared to other European countries, in contrast to the rest of European microstates (see Table 1). As was noted above, probably Malta's features are different from other European microstates. First, it is an insular territory, whereas the others are continental. Second, Malta is not a protectorate but an ex-colony. Third, both its culture and linguistic roots are different from others in Europe. And fourth, the entry of immigrants in the Maltese case has different conditions to those described for other microstates, since there are a large number of irregular migration situations (Lutterbeck, 2009) that do not appear in the official statistics.

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<sup>3</sup>The average GDP per capita in the European Union in 2014 was 39 200 \$ (CIA world fact book, 2014).

As a result of these phenomena, the European microstates carry out certain development strategies, which can only be understood when taking into account these contexts. They are countries with economic characteristics and labour opportunities that make them very attractive destinations for migration: low levels of unemployment, high salaries, relatively safe contexts, low taxes (usually they are or have been “tax havens”), etc. (Eccardt, 2005). For this reason, as indicated before, microstate governments often develop policies that favour the preservation of the social and cultural “essence” of the country. Moreover, these policies intend to avoid being absorbed by large states’ economies (Armstrong & Read, 1998). As Armstrong and Read sustain (1998; 2000), depending economically on a larger state would put their economic autonomy at risk, as foreign investment would be the main economic engine. This situation would limit the economic performance of small jurisdictions by themselves.

Furthermore, microstate governments often implement law measures that protect the country's interests and identity. Although other countries in Europe also have legislative restrictions, such as a compulsory minimum period of residence before being allowed to obtain the citizenship of the host country, or also the prohibition of holding a dual citizenship, I argued that these measures tend to be *stricter* in microstates. In that sense, four of the seven European microstates ban the double nationality (see Table 1). In regard to acquiring citizenship, the minimum period of residence can reach 30 years, whereas this restriction often ranges from 5 to 10 years in other countries in Europe (see Table 1).

**Table 1. Basic available information on European Microstates<sup>4</sup>**

<b>Country</b>	Double citizenship permission	Residence Period for Naturalization	Area Km <sup>2</sup>	Population (2014)	Migrants % (2010-14)	Unemployment%	GDP per Capita (\$)
<b>Andorra</b>	NO	20 years	468	76.949	54	<b>4</b> (2012)	<b>41 000</b> (2013)
<b>Liechtenstein</b>	NO	30 years	157	37 194	34,7	<b>2,3</b> (2012)	<b>89 400</b> (2009)
<b>Luxemburg</b>	YES	7 years	2 586	556 074	34,2	<b>7,1</b> (2014)	<b>92 400</b> (2014)
<b>Malta</b>	YES	5 years	316	427 404	3,7	<b>5,9</b> (2014)	<b>31 700</b> (2014)
<b>Monaco</b>	NO	10 years	2,02	38 066	64	<b>2,0</b> (2012)	<b>78 700</b> (2013)
<b>San Marino</b>	NO	30 years	61	31 637	37,9	<b>7,0</b> (2012)	<b>55 000</b> (2013)
<b>Vatican City</b>	YES	Depending on case	0,44	≈800	100	-- <sup>5</sup>	-- <sup>6</sup>

<sup>4</sup>Sources: Database «World Development Indicators: Movement of people across borders from 2012 to 2015» of The World Bank; CIA world fact book, 2014; Town councils (comuns)/ Census of *comuns*, 2014, Department of Statistics, Government of Andorra.

<sup>5</sup>No data were found for Vatican City

<sup>6</sup>Idem

## 2.7. Summary and the current research

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The present research focuses on immigrant entrepreneurship in the microstate context of Andorra. While immigrant entrepreneurship has received much attention in macro-states as a pathway for upward social mobility, the phenomenon has hardly been studied in microstate contexts. However, it is interesting to investigate if and how the particularities of microstates affect the development of entrepreneurial activities among immigrants in such contexts. This is not only interesting for designing policies in micro-states oriented at the social integration of immigrants, but it is also interesting more generally, to understand how the social, economic, legislative and political context shapes this individual-level phenomenon. Therefore, it is important to investigate the phenomenon in contexts that are clearly distinct.

The emergence of immigrant entrepreneurship has been explained mostly in terms of the social and cultural background of entrepreneurs and the characteristics of the host context. The mixed embeddedness theory, in particular, argues that immigrant entrepreneurs benefit from having access to the resources and institutions of both the host society and the co-ethnic or conational community in the host society or transnationally. It is this mixed embeddedness that makes them competitive. However this theory has been formulated and tested in macrostates. Taking into account the existing particularities of microstate contexts (restrictive laws, and a small geographical area), I hypothesize that the theory is not supported for immigrant entrepreneurs in these contexts. My general research question is:

**What type of support networks do native and non-native entrepreneurs have in a microstate?**

From this question I deduce three more specific research questions (RQ). These questions are:

**RQ1-** What are the effects of the legislative structure in microstates on the support networks and access to institutions of immigrant entrepreneurs?

**RQ2-** What are the effects of the small size of the country on the support networks and access to institutions of immigrant entrepreneurs?

**RQ3-** Does the mixed embedded theory apply to migrant entrepreneurship in microstates?

These questions will be answered taking into account the different stages of development of enterprises. For this aim I will use the five stages of business growth (Churchill & Lewis, 1983) as a measure to classify the study cases. With this measure I intend to make the characteristics of the different businesses carried out both by Andorran natives and by immigrants comparable by classifying them according to a common model of growth stages.

The specific context of Andorra is described in the next chapter. Together, the theoretical framework and the description of the context of study will help me formulate hypotheses for each research question, based on the specific particularities of this actual microstate and the social and legislative changes that it has experienced in the recent years. These hypotheses are formulated at the end of Chapter III and they will be tested in the Chapters VI and VII, and discussed in Chapter VIII.





# The Andorran context: A modern life in a traditional structure

## 3.1. Basic characteristics

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The Principality of Andorra is a 468 Km<sup>2</sup> microstate located in the middle of the Pyrenees, on the border between the Catalan part of Spain and the area of *Midi-Pyrénées* in France. More specifically, the country borders with the township of l'Hôpitalêt près l'Andorre on the French part (North) and with the region of Alt Urgell on the Spanish one (South).

The population of the Principality of Andorra was 76.949 in 2014<sup>7</sup>, and it has a high rate of labour immigrants, the number of which is a bit higher than the nationals' one (46% Andorrans versus 54% immigrants in 2014)<sup>8</sup>. Also, the legal restrictions affecting immigrant individuals to obtain economic rights are a specific feature of this country, which actually, as it was stated before, is a recurring characteristic of most other European microstate contexts (Baldacchino, 1993; Grydehøj, 2011).

As is the case of other microstates such as Liechtenstein, Malta, and Luxembourg, Andorra is settled at the border between two big countries with different cultures, languages and law systems. Both French and Spanish roles have been relevant in terms of commercial relations in the Principality of Andorra over the centuries, but probably due to the difficult access to the country from the French part,

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<sup>7</sup>Town councils (comuns)/ Census of *comuns*, 2014, Department of Statistics, Government of Andorra.

<sup>8</sup>Idem

the Catalan influence is stronger in Andorra. For this reason, the official language nowadays is Catalan and there is a great similarity between the Andorran and the Catalan cultural symbols and traditions.

Probably due to its location and its historical circumstances, the Andorran territory has maintained almost the same territorial division during centuries, as well as similar institutions. The country consists of seven administrative regions, called Parishes, namely: Sant Julià de Lòria, Andorra la Vella, Escaldes-Engordany<sup>9</sup>, Encamp, Canillo, La Massana, and Ordino.

The Principality of Andorra has historically maintained a neutral position towards different international or European issues. Although it is part of the United Nations from the instauration of its first constitution in 1993, it is not a member of the European Union or the Schengen area, although it has some agreements with its neighbour countries as well as with Portugal, since an important part of the immigrant population in Andorra is originally from Portugal. People working in Andorra but living in the Spanish region Alt Urgell (most of them in its capital, la Seu d'Urgell) also have special *cross-border worker* conditions, as will be explained in Section 3.2.4.

## **3.2. Institutional and legislative background**

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### **The institutions**

Out of other microstates in Europe, which have lots of particularities in common (also with Andorra), the most distinctive feature of Andorra is having been able to prevent conquests by other big countries over all its history. This has largely been possible thanks to the feudal co-lords who were protecting the Andorran valleys over seven centuries. Probably due to this fact, the Principality of Andorra also has a special territorial structure and institutions, since still nowadays they are largely similar to those existing in the Middle Age both in Andorra and other neighbour valleys.

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<sup>9</sup>Andorra was originally composed of 6 parishes. Escaldes Engordany was separated from Andorra la Vella in 1978, so this is the newest Andorran parish.

When Carolingians divided up the lands of the *Hispanic Mark* into different counties, the Andorran valleys were assigned to the Urgell's county. Almost three centuries later in 1133, the Count of Urgell gave these properties to the Bishop of Urgell who, in turn, granted the freehold of the Andorran lands to De Caboet family (a small local noble family). Several generations later, the lordship of Andorra passed to the Count of Foix (Roger Bernat III in that moment), who had to share his rights with the Bishop of Urgell. However, important disagreements existed between the two co-lords, which led to the signature of the so-called *Pariatges* (1278 and 1288)<sup>10</sup>. The *Pariatges* were an agreement between the two lords to establish some bases and limitations about their co-lordship in Andorra.

In XV century, the Count of Foix (and co-prince of Andorra among other noble titles) became also the king of Navarra, as a result of the marriage of Gastón III of Foix-Bearn with Infanta Leonor of Navarra (future queen of Navarra) in 1479. One century later in 1589, Enrique IV (King of Navarra, Count of Foix, Viscount of Bearn and co-prince of Andorra), who was married Marguerite de Valois (daughter of Henri II and sister of Henri III, kings of France), became also king of France within a context of war between Catholics and Protestants. As a consequence, the co-dominion of Andorra was incorporated to the French kingdom.

Nevertheless, once the French monarchy was abolished in 1789, the French republicans decided to eliminate the existing feudal relations with Andorra (1793). Nevertheless, Napoleon reestablished the feudal relations between France and Andorra in 1806. Nowadays, President of the Republic keeps being one of the co-princes of Andorra, in conjunction with the Bishop of Urgell, in Catalonia<sup>11</sup>. The *Pariatges* were valid until the establishment of the Constitution in 1993 and partly as a result of this agreement, Andorra was protected from French or Spanish attacks. Consequently, the Andorran territory conserved its independence over the centuries.

Nowadays, the constitution establishes that the Principality of Andorra is an independent, democratic state with a parliamentary co-principality system. According to the law, the ancient feudal lords are called the co-princes now, and their roles are still developed by the President of the French Republic and the Bishop of Urgell (the seat of whose bishopric is La Seu d'Urgell). They are the heads of state and their

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<sup>10</sup>The first *Pariatge* was signed in 1278 to establishing the main points of this agreement. The second *Pariatge* in 1288 was written just to detail and clarify further aspects.

<sup>11</sup>Andorrans sought to have a good relation with their neighbours in order to be protected by them and to avoid being conquered. That is what they have been doing in different historic moments to maintain their neutrality.

function is to moderate the legal system and the Andorran institutions<sup>12</sup>. Anyway, the political responsibility lies on the *Cap de Govern* (the Head of Government, literally), who is elected democratically every 4 years and whose functions are the ones of a president.

*The co-princes are a symbol and the guarantee of the permanence and continuity of Andorra, as well as of its independence and the maintenance of its neutral spirit in the traditional balanced relation with both neighbour states [...].*

Article 44.1 - Andorran Constitution (1993)

Almost two centuries and a half before the creation of the Andorran constitution, the bases for a proper government in Andorra were already settled. These bases were published in 1748 in the so called “Digest Handbook of the Neutral Valleys of Andorra” (so-called *Manual Digest* popularly)<sup>13</sup> and most of them are still maintained in the current constitution (March 14<sup>th</sup>, 1993). The two documents defend the importance of Andorra’s neutrality and good relationship with the neighbouring countries, as well as of the preservation of its socio-political and economic features. This latter characteristic is relevant to properly understand a big part of the aspects of the Andorran culture nowadays, as well as some of its laws and social dynamics developed over the twentieth century.

These cultural aspects, which have their origin in the historical dynamics of this country and which were collected in the *Manual Digest*, are highly relevant to understand some of the legal constraints either to access the Andorran citizenship or to have economic rights within this context. According to the Andorran law, the main goal of these constraints is to protect the identity and the social structure of the native society<sup>14</sup>. Actually, the *Manual Digest* already mentions, through some principles called *màximes* in Catalan, the need of establishing or maintaining certain measures in order to preserve their own structure as a country and their institutions, as well as their neutrality and independence. Small paragraphs in both the *Manual Digest* and

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<sup>12</sup>Title III of the Andorran Constitution (1993): Articles 43- 49.

<sup>13</sup>Its original name is “Manual Digest de les Valls Neutres d’Andorra”. The book was written in Catalan and it is well-known among the Andorran citizens nowadays. In fact, this book and the (not so well-known) “Polítar Andorrà”, which was written a few years later (1763) with very similar contents, were the basis for the creation of the current Andorran constitution.

<sup>14</sup>Gathered within the Qualified Law of Nationality of 1995 (BOPA, 1995 in 1<sup>st</sup> Section: *Explanation of the reasons*).

the Nationality law of 1995 allude to the importance of the preservation of the Andorran identity. The pieces of text alluding to this aspect are as follows:

*To procure not to adopt foreigners in these Valleys [Andorra], and that no one who is not a son of the Valleys is included into the Council and the management of things, even if (s)he [the foreigner] is married in there<sup>15</sup>.*

Maxima 43 (Digest Handbook of the Neutral Valleys of Andorra, 1748;  
translation is my own)

*The Andorran modern legislation from the decree of 17 June 1939 [...] has always targeted the preservation of the Andorran national identity, the human basis to the legal existence of the country.*

(Qualified Law of Nationality, of 3 September 1995)

## **Andorran nationality and political rights**

Constraints to obtain the citizenship exist in all European countries, although they are harder in some countries than in others. The most usual measure, which is in fact applied in all the European countries, is the setting of a *minimum period of residence* to be eligible for acquiring the nationality. Also some countries add further requirements to apply for the citizenship . To give an example, Denmark and Austria require 9 and 10 years of residence respectively to obtain the national citizenship, but this condition is tightened up by the renouncement of the nationality of origin and the requirement to pass an exam to obtain the country's passport. Nevertheless, four of the seven microstates in Europe have the most demanding requirements to access the citizenship. These microstates are Monaco, Liechtenstein, San Marino, and Andorra.

The Andorran nationality law underwent several changes from the decree of the 17th of June of 1939. Before the Constitution's implementation, the law to access the Andorran nationality was especially tough, since it was necessary to have either an Andorran direct ancestor or an uninterrupted residence period of 25 years in the country. The first of these constraints was changed during the eighties, when the right to citizenship was given to all those individuals born in Andorra (even if the ancestors

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<sup>15</sup>Original text in Catalan: "Procurar en no afiliar en las Valls als foraster, y que ningu, que no sia fill delas Valls, entre en lo Concell, y maneig de sas Cosas y encara que sia Casst en Ellas".

were not Andorran). Nevertheless, the 25-years-period condition was still maintained in the Qualified Law of Nationality of September 1995 (BOPA, 1995: Art. 11).

The established residence period was *reduced* to 20 uninterrupted years in 2004 (BOPA, 2004: Art. 5)<sup>16</sup>. Along the last decades, the immigrant community had become larger than the Andorran one, and it seemed to be still growing. This fact made more evident the need of opening these restrictions, since foreign workers were crucial to the development of a country which labour market was in a continuous expansion and which population was already insufficiently large to cover all the vacancies.

*Changes in the demographical structures moving from a static situation [...] to a big immigration during the last decades, has brought the consequence of a lack of proportion between the national population and the immigrant one; this disproportion has been noticed as something necessary to correct in order to not to involve the actual basis of the State.*

(Qualified Law of Nationality, of 3 September 1995)

Nowadays, according to the last legislative decree on the 8<sup>th</sup> of March 2007<sup>17</sup>, any individual born in Andorra has the right to nationality, as long as at least one of the progenitors has its permanent and exclusive residence in Andorra (during at least 10 years). Also, the children and grandchildren of Andorrans can obtain automatically the Andorran citizenship, even if they were born abroad (BOPA, 1993: Art. 1, 2 and 8). As I just mentioned, those who want to apply for the nationality by *naturalization*, that is those who were not born in Andorra nor have an Andorran ancestor, need to have been living in the country during 20 uninterrupted years (as established in 2004). In case of marriage with an Andorran individual, the minimum cohabitation period in Andorra is 3 consecutive years. Once any of these conditions have been accomplished, the applicant needs to pass an integration test where they have to demonstrate their integration into Andorra and a good knowledge about the country history and its institutions (BOPA, 2004: Art. 5). The contents of the test are:

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<sup>16</sup>*Llei 10/2004 del 27 de maig, qualificada de modificació de la llei qualificada de la nacionalitat* (Law 10/2004 of 27th May, modification of the Qualified Law of Nationality).

<sup>17</sup>*Decret legislatiu del 28 de març del 2007, de publicació del text refós de la llei qualificada de la nacionalitat, del 5 d'octubre del 1995, amb les seves modificacions successives* (Legislative Decree of 28 March 2007, of publication of the blended text of the Qualified Law of Nationality, of 5 October 1995, with its successive modifications).

- Their Integration into the “official Andorra”.
- Catalan (the official language).
- The history of the country.
- Official Andorran institutions and their functions.

Obviously, this test is in Catalan. Finally, the constraint which has not been changed over time is the non-compatibility of the Andorran nationality with any other. It is therefore necessary to renounce to the original citizenship if one aims to obtain the Andorran one and vice versa (BOPA, 1993: Art. 22; BOPA, 2004: Art. 6). This also happens in some other countries and microstates in Europe (i.e. Austria, Denmark, Monaco, Liechtenstein and San Marino). Because of this fact, after having passed the Andorran integration test, a provisional passport is handed to the applicant. This passport does not have any political rights (this individual is not allowed to vote or present a political candidature) for at least one year, during which the individual has to process the renounce of the passport at the country of origin.

### **The economic rights of Andorrans and residents**

The Andorran economy experienced an economic boom during the twentieth century, which started to be evident in the 30's decade. This phenomenon increased progressively the number of job vacancies, and consequently the first immigrant waves entered the country during the thirties. Nevertheless, immigrants were not welcomed by Andorran citizens at that time. Actually, Andorrans protested against newcomers since they were afraid that foreigners leave them out of job<sup>18</sup>.

The increasing number of immigrants during the 30's and 40's, together with the existing conflicts among native and immigrant groups were probably the main reasons for considering the importance of having both the country economy and the population flows under control. The main consequence of this decision was probably the implementation of some legal constraints towards immigrants, “to protect” the Andorran society and its traditional structures.

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<sup>18</sup>Newspaper ‘El Cadí’ n.20. La Seu d’Urgell, 5 October 1931. Apart from this actual article published in number 20, in autumn 1931 this newspaper published several articles on this social conflict between native and immigrant workers in Andorra.



Even though the country needed the creation of new businesses, some laws were implemented to regulate the economic growth, giving a priority to the Andorran citizens at a time that the proportion of immigrants started to increase. In this sense, the new entrepreneurial activities were better to be invested with Andorran capital, which is from the hand of Andorran individuals or those non-Andorrans having obtained economic rights<sup>19</sup>. The first regulations concerning this subject appeared on 11<sup>th</sup> June 1939, with a decree establishing the prohibition of having a figurehead and later on, on the 17<sup>th</sup> of May, 1940, an edict demanded that two thirds of the capital of new businesses was Andorran. Eleven years later, a new decree was signed on the 12<sup>th</sup> of January, 1951, giving the right of undertaking a business in Andorra to those foreigners with 10 consecutive years of residence. Taking into account the considerable growth of the foreign community in the country, the aim of these restrictions was to avoid foreign investment to be the most prevalent way of funding businesses in Andorra. This would help Andorrans have the investment in their businesses under control, which leads us again to what the *Manual Digest* established: “not to allow foreigners to enter into the Council and the management of things”.

Later in the fifties and sixties, there was a new immigration wave arriving in Andorra. Whereas in the 30's and 40's a big number of political immigrants or people escaping the war or post-war miseries arrived, it was about in the 50's and 60's when people seeking for a new and fruitful life arrived, and Andorra was in that moment a great place to make a good living. Andorra started therefore becoming a small country made up of a big number of residents from different areas, some of whom were already able to buy properties and even they could afford starting up new businesses. This latter fact made the limitations to economic rights of immigrants be toughened: immigrants would need 20 years of consecutive residence before having economic rights, since this period is estimated to be long enough for considering that the invested capital is Andorran<sup>20</sup>.

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<sup>19</sup>To have economic rights in Andorra implicates to have the right of: (1) owning a business within the country limits (being allowed to be the only investor or the largest outward one), (2) being engaged in a liberal profession in Andorra, and (3) possessing more than one dwelling.

<sup>20</sup>3<sup>rd</sup> Development Ordinance in the commercial permits to foreigners (25<sup>th</sup> June 1976)

In 1993 a trilateral agreement between Andorra, France and Spain was signed. The document stipulated some special conditions that Spaniards and French would find in Andorra (concerning economic rights) and so would be to Andorrans in those states. This agreement made these collectives to have softer restrictions: 10 years of residence to obtain economic rights. In 2007 Portuguese obtained the same special conditions, thanks to a bilateral agreement, after having reclaimed this right since this is the second biggest immigrant collective in Andorra.

The law constraining economic rights of immigrants experienced its last modification in 2008 (Law 36/2008, of 18<sup>th</sup> December) and it was valid until 2012, when restrictions were abolished giving way to the law 2/2012 for Inward Investment, also well-known as *new economic opening law*. To summarize, before 2012 the required period of minimum residence for immigrants to run a business is 20 years for all nationalities except for Spaniards, French and Portuguese, for whom the period is 10 years. In case of not accomplishing the described conditions, that is, if the actual entrepreneur decides to start an initiative before the established period, an Andorran major shareholder is required.

One solution to circumvent these restrictions is to obtain a *figurehead*. This is an option in contexts where legal restrictions concerning immigrants' economic rights are applied, not only in microstates but also in countries like Germany (Pütz et al., 2007) or Austria (Kurtoglu, 2007). The figurehead is an individual who allows his or her name to be used into someone else's business without having responsibilities, interests or duties, that is, being the major shareholder or the owner of the initiative just in legal effects but not in reality. This can be done either remunerated or not, depending on the closeness of the figurehead to the entrepreneur, but in any case it is a risky activity as it is illegal.

### **The cross-border workers: Specific condition for neighbours**

The "frontier" concept is considered to be crucial to understand some of the main Andorran distinctive features (Comas d'Argemir, 2002), since diverse formal and informal activities arise in this context in order to take advantage of the settlement, not only between two different contexts, but also between two different social

realities, economies, and legislation frameworks. An example of this interest is the compilation of studies that have focused on this topic (Comas d'Argemir & Pujadas, 1997; Margarit, 2012; Moncusí, 2006; Nogué et al., 1997; Poujade, 2008)

Individuals settled in a border-zone can take advantage both of those resources provided by their own country and those provided by the neighbour country. These resources or advantages can be either economic treats, trade fairs attendance, events, or daily tasks such as shopping, walking, playing sports, etc. (Margarit, 2012). This tendency pretended to be still easier with the Schengen Agreement in 1985, which established the creation of the *Schengen area and cooperation*<sup>21</sup>: that represents *a territory where the free movement of persons is guaranteed*<sup>22</sup>. Andorra is nevertheless one of the countries not forming part of this agreement and thus its borders are subjected to a border-check arrangement with both neighbour countries France and Spain.

Furthermore, Article 7 of the EEC Regulation no. 1612/68 also contemplates the case of the free movement of *frontier workers* or *cross-border workers*, whose host country is different from the one where they work, that is to say they have to cross the border in their daily life to develop their professional activities. According to the European Commission, *cross-border workers are persons who work in one EU Member State but live in another. It should however be stressed that the definition of what a cross-border worker exactly is may vary from one field to another (e.g. tax law, right of residence, welfare entitlements)*. Again, the Regulation no. 1612/68 also establishes the necessity of these individuals to have the right of, not just moving freely for work reasons from one EU State Member to another, but also receiving a threat of non-discrimination regarding their labour conditions<sup>23</sup>.

In this vein, the Principality of Andorra receives a big number of cross-border workers and, despite not being part of the European Union nor the Schengen area, a

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<sup>21</sup>Web for Summaries of EU Legislation: [http://europa.eu/legislation\\_summaries/index\\_en.htm](http://europa.eu/legislation_summaries/index_en.htm)

<sup>22</sup>The specific key rules adopted within the Schengen framework include: removal of checks on persons at the internal borders; a common set of rules applying to people crossing the external borders of the EU Member States; harmonisation of the conditions of entry and of the rules on visas for short stays; enhanced police cooperation (including rights of cross-border surveillance and hot pursuit); stronger judicial cooperation through a faster extradition system and transfer of enforcement of criminal judgments; establishment and development of the Schengen Information System (SIS).

<sup>23</sup>European Parliament (1997). Cross border workers in the European Union. *Directorate General for Research. Social Affairs Series W 16A*, URL: [http://www.europarl.europa.eu/workingpapers/soci/w16/summary\\_en.htm](http://www.europarl.europa.eu/workingpapers/soci/w16/summary_en.htm)

compatible regulation to the European one concerning this topic is also implemented. Articles 25 and 25 of the Immigration qualified law of 2002 contemplates specifically the rights and conditions of cross-border workers in Andorra, which gives this collective their particular shares of work (different from those established for immigrants), and recognizes their right to work in Andorra without the permit of residing within the country, as it says literally: *[the individual] is allowed to work in the country but he/she has to stay overnight routinely outside Andorran territory*. Moreover, to be a cross-border worker, the individual needs to reside abroad and cross the boundary line every day to work (European Parliament, 1997; Margarit, 2012).

Conversely, those constraints applied in Andorra concerning immigrants and their economic rights are exactly the same for cross-border individuals, that is Spanish or French citizens living in the frontier zone as their capital would be equally considered as foreigner. All in all, whereas cross-border workers which, not living in the country, have special conditions of labour as far they cannot be considered immigrants, *cross-border entrepreneurs* do not have the opportunity of starting a business for the same reason, unless they have an Andorran majority shareholder, since they cannot lead any residence period within the country borders. This is the situation until June 2012, where the new economic opening law is implemented.

## **Economic recession and economic opening**

The 2007-2008 economic crisis and its devastating effects, added up to the stagnation of the Andorran markets and tourism, made evident the need of changes in some aspects of the economic structure and its regulations. According to that, the ancient constraints were eliminated with an opening of the country economy in order to facilitate the entry of human and economic capital, to motivate the creation of new businesses, to incentivize the rising up of new economic sectors<sup>24</sup>, and consecutively to create new labour vacancies in the country.

The creation of a new economic opening law (10/2012, of 2<sup>st</sup> June, of Inward Investments at the Principality of Andorra) has been implemented to eliminate the prior restrictions concerning economic rights to immigrants and those individuals non-established within the country. This also concerns cross-border entrepreneurs.

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<sup>24</sup>*Explanation of the Grounds* in the law 10/2012, of 21<sup>st</sup> June, for Inward Investments at the Principality of Andorra.

With the new law implementation, not only the conditions for acquiring economic rights changed, but also did the concept of *inward investment*. In this regard, before 2012 this definition included the investments either from individuals and enterprises non-settled in Andorra or non-Andorran residents without economic rights<sup>25</sup>. However, after the implementation of the new law in 2012, inward investments applied only to all those natural or juridical persons and/or societies domiciled abroad. In other words, capital provided by residents in Andorra is now considered to be Andorran capital even if these are recent immigrants<sup>26</sup>.

### **3.3. Socio-economic evolution at the Principality of Andorra**

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Dolors Comas d'Argemir attributes the particular economic evolution and the actual system existing to three specific facts: being a microstate, being a mountain country (formed by valleys), and its settlement on the border of two countries (Comas d'Argemir, 2002). In addition, the fact of having a formal representative from these big neighbour countries helped not only to maintain the neutrality and the independence of the country, but also the traditional good trade relations with both sides.

Due to its geographical location in the middle of the Pyrenees and the morphology of the territory, the traditional means of subsistence in the Principality of Andorra are farming and cattle raising. Its characteristics as a microstate delimited by a craggy land, have created a particular social and political structure based on the identity and its historical preservation as it is a very small neutral area between two large states. Also, its overseas commercial relations have had a big relevance over the country history and they also played a crucial role in the country development. Thanks to these commercial relations with the neighbour countries, the trendy products of each moment entered the country (i.e. range cookers, perfumes or the telephone) and tourists went to Andorra to buy these goods, which were much more affordable there.

Actually, due to its situation in a border area (between France and Spain) and its country borders themselves, Andorra received important influences from both north

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<sup>25</sup>Law 2/2008, of 8<sup>th</sup> April, for Inward investments at the Principality of Andorra

<sup>26</sup>Law 10/2012, of 21<sup>st</sup> June, for Inward Investment at the Principality of Andorra

and south border towns in different terms. Some of these influences have to do with economic and politic issues, but also with sociocultural development. One of the most historically important villages is La Seu d'Urgell, at the Spanish border-side. This town has had an important role in Andorra over the last centuries both in political and social terms. On one hand, the episcopal co-prince has its residence and official palace in this town, so this closely links this town and the neighbour country politically speaking. On the other hand, a big number of commercial and parental ties exist among people from both areas.

Furthermore, a large part of people living in the region of Alt Urgell, especially those coming from the capital city (La Seu d'Urgell), cross the border daily still nowadays. The main reasons for doing this are the acquisition of products such as tobacco, alcohol or gas among others, which are tax-free in Andorra. This latter is also one of the reasons for tourism in this country. Labour purposes are also one of the most current reasons to cross the border daily. Actually, 1.851 Spanish people residing in the region of Alt Urgell, were working in Andorran companies in 2009. That is 8,4% of the population in Alt Urgell (Margarit, 2012).

At the north of the country, in Pas de la Casa, we find the border point between Andorra and France, which has also been highly important over the last century for being the easiest access point between Andorra and France. This makes possible the commercial relationship also with the French side, although having a more troublesome access than the Hispano-Andorran border has. Having passed the French border, the first placed locality is L'Hospitalet près l'Andorre which used to be the last French village giving hospitality to travellers before crossing the mountain pass leading to Andorra. This shelter role was decisive before the construction of road communications<sup>27</sup>, since crossing the Pyrenees at this point was especially hard because of the craggy mountains and the freezing weather during almost the whole year. Two shelters were also settled in Pas de la casa, the Andorran side of the border, since the following village was at about 13 Km, at the end of the mountain pass. Nowadays, this area is one of the most important touristic and commercial points of the country thanks to its proximity to France, its commercial activity without taxes and its ski stations (Comas d'Argemir, 2002).

Between 1930 and 1934, the first hydroelectric power station (FHASA) was built according to a project carried out by a task-force from Barcelona. This was decisive

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<sup>27</sup>According to Dolors Comas d'Argemir (2002:189), in 1905 the French government built the road between L'Hospitalet Près l'Andorre and the border point of Pas de la Casa, in Andorra.

for the state development, since they were also responsible for the construction of the first roads in the national area, which made the country more accessible to tourists. From this moment, tourism rates started to increase more and more and so did labour vacancies consequently. This was even more apparent during the Spanish Civil War and the II World War, when Andorra acted not only as a refuge platform for those who sought to escape the war's reprisals, but also as an area where people could find products that were not sold in their own countries as well as a touristic destination, since during the Spanish Civil War French tourists visited Andorra where they could buy some Spanish products; and during the World War Spaniards could do the same with French products.

This latter fact led to a progressive touristic growth and, consequently, the demand for more labour force, which in the beginning was mostly occupied by Spaniards and French workers. Due to these events, the population of Andorra experienced a significant growth in the middle decades of the twentieth century (see Figure 1). The immigration rate of the country increased from a modest 13% in 1936 to 66,5% in 1968.<sup>28</sup>

The population growth in Andorra started to be evident during the 60's<sup>29</sup>. Big waves of tourists started to enter the country, seeking for those cherished assets that were amazingly expensive in their country but affordable in Andorra. Neighbour countries were in a hard post-war period and prices of certain products were absolutely unaffordable. This helped the creation of new commercial businesses in Andorra and the consequent increase of the number of job vacancies within the country. Therefore, big waves of immigrants from the neighbour countries started to arrive. This chain of events thus involved the activation of several economic sectors, which could offer even more job vacancies, entering a spiral of prosperity and growth.

At the end of the 70's, also Portuguese immigrants settled in Andorra for labour reasons. The general population in Andorra continued to grow during the eighties and the nineties, when the first non-European immigrants such as Filipinos, Indians and Moroccans migrated to Andorra as an alternative to countries affected by the oil crisis and/or internal issues. This situation made the population increase 81% in the seventies, 53% in the eighties and 20% in the nineties<sup>30</sup>. Although this tendency was

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<sup>28</sup>Source: Town councils (comuns)/ Census of *comuns*, 1936- 1968, Department of Statistics, Government of Andorra.

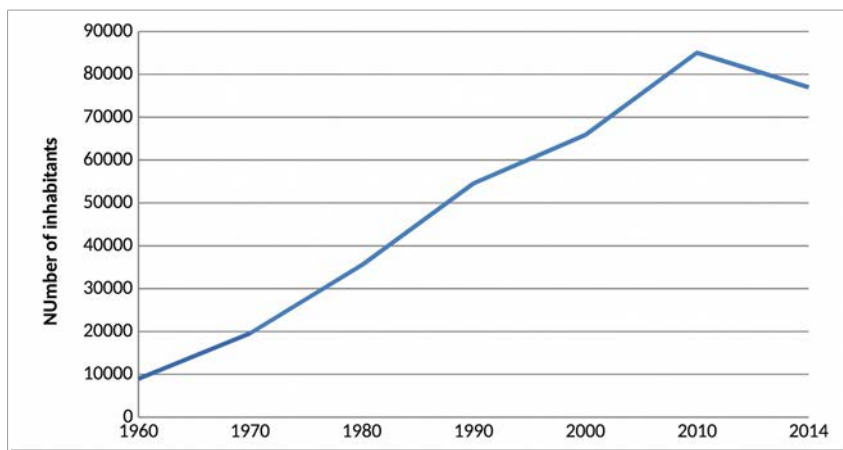
<sup>29</sup>Idem.

<sup>30</sup>Source: Town councils (comuns)/ Census of *comuns*, 1970- 1999, Department of Statistics, Government of Andorra.

still ascending during the 2000's, the economic recession in 2007 brought the curve to fell abruptly in 2010, when the population decreased 8% in just one year (6,900 people left Andorra due to the lack of labour opportunities for the first time in recent decades<sup>31</sup>.

Nowadays, Andorra is a multicultural society where immigrants outnumber natives. The immigration rate of Andorra is the second highest in Europe nowadays (54% in 2014<sup>32</sup>), after Monaco (64% according to Table 1). Many businesses in Andorra are now led by immigrants, although they had to deal with the restrictive law system.

**Figure 1. Evolution of population in Andorra<sup>33</sup>**



## Economic sectors

If we make a comparison of the net value of businesses creation<sup>34</sup> in Andorra since the beginning of the touristic boom in the sixties (the first registered data are from 1965), significant changes can be observed in the different economic sectors over the second half of the twentieth century and the beginning of the twenty-first. (Figure 2).

<sup>31</sup>Source: Town councils (comuns)/ Census of *comuns*, 2000- 2010, Department of Statistics, Government of Andorra.

<sup>32</sup>Source: Town councils (comuns)/ Census of *comuns*, 2014, Department of Statistics, Government of Andorra.

<sup>33</sup>Idem

<sup>34</sup>This measure refers to the number of newly opened businesses minus the closure of others, which in this case pertain to the same economic sector.



Thanks to the construction of roads in the first half of the twentieth century, a positive circular process was launched in the country economy, where one sector feed the next. This brought Andorra to a positive spiral during almost six decades. Nowadays, Andorra is an economic enclave on the Pyrenean border between France and Spain, and its principal sectors are: finances, services and commerce. Thus, the sectors that one day were the engine for the country development, are now occupying a secondary role. Even so, mixed farming and industry sectors have followed a stable tendency over the second half of the twentieth century, even slightly increasing during the 90's.

The industry suffered a stagnation during the financial crisis of 2007-08, making this tendency descend until its recovery due to the implementation of the new economic law in 2012. Also, the financial sector in Andorra maintains a stable tendency over time. This is one of the strongest sectors of the country, and even though it experienced an evident decrease from 2007, at the starting of the recession period, this tendency is not as sharp as it is in other main sectors such as services, commerce or construction. Furthermore, even when showing this downwards trend over the crisis period, the financial sector of the Principality of Andorra did not suffer its consequences as seriously as other countries did (Alcobé, 2010).

Commerce was the most important economic sector during the Spanish war (1936-39) and the Second World War (1939-45). During both war periods Andorra took the role of a free trade zone to find certain products that were unaffordable in both neighbour countries. The importance of this sector lasted until the seventies, when the Andorran economy was affected by different international events, such as the Spanish transition, the collapse of the Bretton Woods system, and the international crisis due to the energetic shocks --known as the first and second oil crisis. Even with the impact of these determining factors, the consequences of the inflationary spiral in the international commerce were buffered in the Andorran commerce thanks to the price differential between the products in the Andorran commerce and the imported ones (Galabert, 2012). In sum, during the seventies, even suffering from the influence of several negative events affecting the international economy, the commercial sector in Andorra was in its better moment.

Nevertheless, commerce, compared to other economic sectors, went down at the beginning of the eighties. Andorra was ravaged by a strong flooding in 1982, which strongly affected commerce sector. Figure 2 shows how the net value of businesses creation in this sector declines sharply. The trend of commerce remained negative

over the eighties, whereas other sectors slightly recovered. One of the hypotheses for this downward tendency is the joining of Spain to the Common European Market in 1986. This joining involved cheaper imports for Spain from other member countries, as well as an increase of the foreign investment in this country. Thus, prices in the Spanish market went down and Andorra lost its commercial attraction (Galabert, 2012).

At the beginning of the 1990's, a large economic crisis shook the occidental countries as a consequence of several events, such as the collapse of the Japanese real estate bubble, the Gulf War, which caused tensions concerning the price of petroleum, and the German reunification, with an increase of the unemployment rate as a consequence. Spain was highly affected by this economic crisis, suffering an important recession from 1993 to 1997, which also affected Andorra (Galabert, 2012). According to Figure 2, the trend concerning the number of new establishments within most of the economic areas fell at that point and stayed low until its recovery in 1997, at the end of the crisis in Spain. In that moment, trades became steadier and more in balance with other sectors than it was previously, still being the most important sector together with services though.

Nevertheless, the starting of the so called large recession in 2007-8, which highly affected Spain, made the commerce in Andorra drop until its lowest point in the twentieth century. According to the available data<sup>35</sup>, currently the trade sector is not the most important anymore in the Principality of Andorra, occupying the 4<sup>th</sup> position, behind services, tourism and industry sectors.

The services sector gained more importance with the passing of the decades, and even during the economic crises, it continued to be the sector with the most presence within the country. Actually, services sector is nowadays the most important economic sector in the country. The tendency of the tourism and hospitality sector decreased notably in 1982, when other sectors also experienced the same trend. From that moment, nevertheless, the sector maintained stable until it started to increase slightly in the late nineties. Even though the 2007 crisis had a big impact on the Andorran economy, the touristic and hospitality sector in Andorra already started to notice it at the beginning of 2000's with a decrease of the number of tourists (Alcobé, 2010), probably provoked by a saturation of the country offer, and its

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<sup>35</sup>Source: Ministry of tourism and trade/ department of trade and consumption, 2014, Department of Statistics, Government of Andorra.

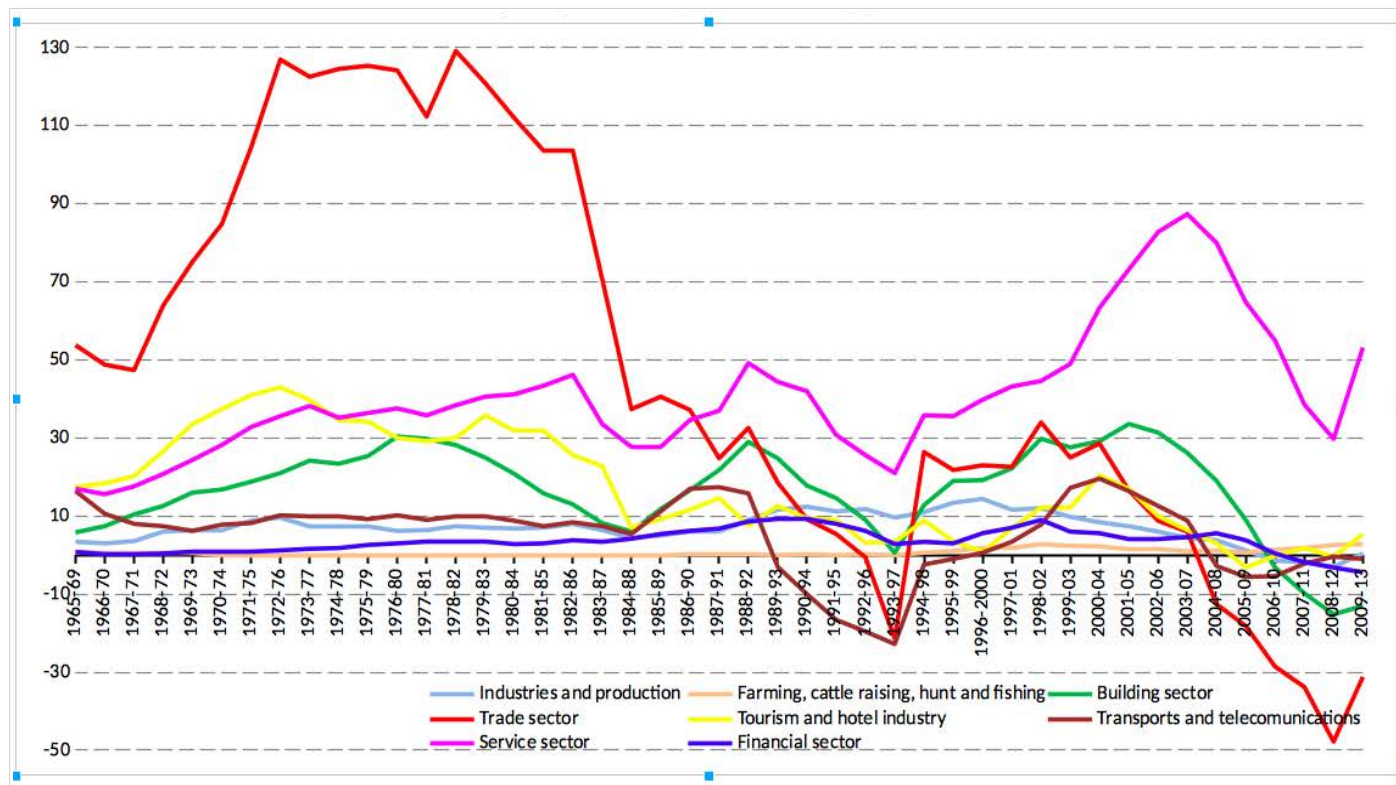
international image or a lack of new market share. Consequently, the number of establishment closures is larger in several sectors than the number of openings.

The big real state crisis suffered in Spain and other countries in 2007 also affected Andorra and in particular the construction sector. Although the sector had suffered the consequences of every single crisis over the last 50 years, the real estate crisis in 2007 made that the building sector passed from its highest level in 2005 to its lowest and most critical point in just five years, getting still worst in the following two years (2012). With the economic opening law, the building sector has slightly recovered, but the number of business closures is still larger than the number of openings.

The transport sector and the telecommunications sector have experienced similar tendencies. Whereas at the beginning of the economic boom, that is from 1965 to the late 80's, its trend was balanced. With the European recession of the 90's, the transport sector started to decrease until arrive at its lowest point. This can partly be explained by the increase of the petroleum price, but it is in line with the tendencies of other sectors in the country. After 1997, the sector starts to recover until arriving at one of its highest points over the late 1990's and the beginning of 2000's. As is obvious from observing other sectors, the big recession in 2007 made the transport and the telecommunication sector show a negative tendency, although it did not reach the lowest point in history.

To summarize, businesses in Andorra tend to be focused on services and commerce since these are directly fed by tourism, one of the main driving forces for the country economy together with finances. The rest of economic sectors of the country, that is, hospitality, trade, construction and maybe transport, receive their profits in line with the tourism rates and the tendencies followed specially by tourism and commerce, although the latter sector has lost its original momentum in the last years due to the economic crisis.

**Figure 2. Evolution of economic sectors in Andorra by net value of business creation (Five-year averages, 1965- 2013).<sup>36</sup>**



<sup>36</sup>Own elaboration based on: Ministry of Tourism and Trade/ department of trade and consumption, 1965- 2013, Department of Statistics, Government of Andorra.

## The labour market

During the last decades, the Andorran economy has shown a positive trend, not only thanks to the growing tourism flows, but also to the contribution of migrant labour force to the different activity sectors, coupled with the increase of the productivity level from the eighties onwards<sup>37</sup>. These factors also seem to be reinforced by the higher educational level of employees, the improvement of the labour conditions, and the facilities provided by new technologies (Maestre & Soler, 2010).

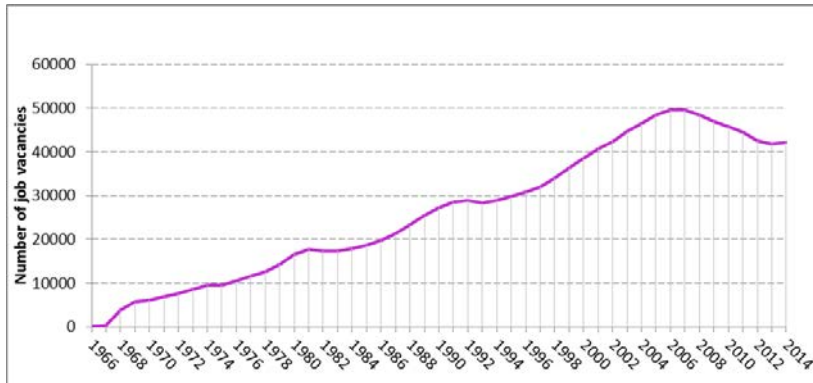
According to the number of job vacancies (see Figure 3), a clearly increasing trend is observed from the middle of the sixties onwards, with some concrete stagnation moments: firstly in 1974, just after the first petrol crisis (1973); secondly, between 1980 and 1983, after the second petrol crisis (1979), and coinciding with the Spanish entering the Common European Market in 1986 and the arrival of a mature stage of the Andorran trade sector (Galabert, 2012); thirdly, during the nineties, especially from 1991-92, again concurring with an European crisis (Galabert, 2012). In any case, even in these three stagnation moments, the trend was never downward until the economic recession of 2007, when the positive tendency reached a turning point. In 2012, with the appearance of the new law, the country seems to have recovered a certain stability, although more time is needed to evaluate this new trend<sup>38</sup>.

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<sup>37</sup>Productivity is not calculated in Andorra; however, this claim has been estimated from the average coefficients of OECD.

<sup>38</sup>Source: *Semi- Public companies and public law entities*, 2014, CASS and Department of Statistics, Government of Andorra.

**Figure 3. General number of job vacancies in Andorra  
(1966- 2014).<sup>39</sup>**

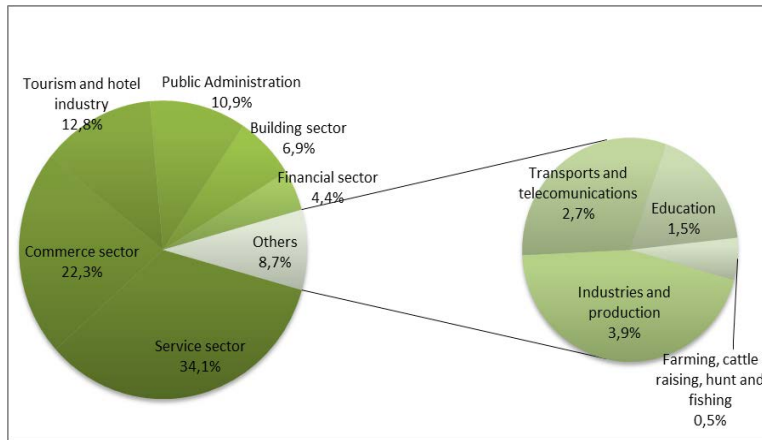


Not only the economic growth tendency has changed in Andorra over the last decade, but also the distribution of job vacancies among the existing economic sectors. Thus, the economic crisis of 2007-8 involved relevant changes in the labour panorama of Andorra: while the sectors offering more job vacancies before the crisis were commerce (28,2%), construction (14,9%), hotels (13,7%), public administration (9,2%), and other services (Batalla, Casals and Micó 2003), Figure 4 shows how the services sector reached the largest share of jobs in 2014, followed by commerce, and hotels. Public administration is still the fourth economic sector in terms of job vacancies and, finally, the building sector moved from the second place in 2003 to the 5th in 2014. This latter sector has been one of the most affected by the economic crisis.

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<sup>39</sup>Idem

**Figure 4. Job vacancies in Andorra by economic sector (2014).** <sup>40</sup>



All things considered, the increasing number of job vacancies is one of the causes that accounts for the large immigrant waves entering Andorra in the second half of the twentieth century. The migration-chain phenomenon (MacDonald & MacDonald, 1964) also occurred in Andorra, where the first pioneers introduced other co-nationals in their labour niches (Micó, 2005). The result of these processes is the creation of an ethnically controlled economy, where an actual labour sector is occupied mainly by one ethnic group (Light & Gold, 2000). This phenomenon has to do with solidarity and trust networks created among people with common features (Waldinger, 1995) and the utilization of the information supplied by these networks to make headway in the labour market (Lancee, 2012; Portes & Zhou, 1996; Waldinger, 1995).

The labour market shows a high level of segregation, where nationals occupy the best jobs and immigrants are typically occupying jobs with the lowest prestige scores at the SIOPS scale (Lin, 2001). Like in other countries, native people used to refuse socially discredited jobs before the beginning of the recession (Batalla et al., 2003).

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<sup>40</sup>Ibidem

## Population

According to Comas d'Argemir and Pujadas (1997), the general population of Andorra is segmented according to three factors: citizenship, distinguishing whether the individuals are Andorran citizens or residents -immigrants-; socio-economic status, which alludes to the occupational range or the social class of each individual; and, for non-Andorrans, the cultural and/or linguistic group.

With regard to citizenship, the Andorran law system makes a distinction between migrants from the main neighbouring countries (Portuguese, Spanish and French) and other migrants. The former group enjoys special conditions in comparison with migrants of other nationalities and cross-border individuals, due to the existence of agreements with these countries.

Although Andorra only had 76.949 inhabitants in 2014<sup>41</sup>, it is a society with a wide variety of origins and cultures. This is the reason for taking into account the cultural and linguistic factor when social segmentation is considered. According to Figure 5, the largest immigrant community in Andorra in 2014 was composed by Spaniards, followed by the Portuguese and the French. Apart from these three main immigrant groups, small numbers of people from other countries are settled in Andorra. These small groups come either from the European continent (3% of the total population) or from other continents (5% of the total population). Some of the European collectives are the British (2,3% of the immigrants) and Italians (1% of the immigrants), and among the non-European nationalities we can discern Argentineans, Moroccans, and Filipinos (1,5%, 1% and 0,9% of the immigrants, respectively). Andorrans represent less than half of the residents in the country (46%).

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<sup>41</sup>Source: Town councils (comuns)/ Census of *comuns*, 2014, Department of Statistics, Government of Andorra.



### 3.4. Self-employment: Natives and immigrants

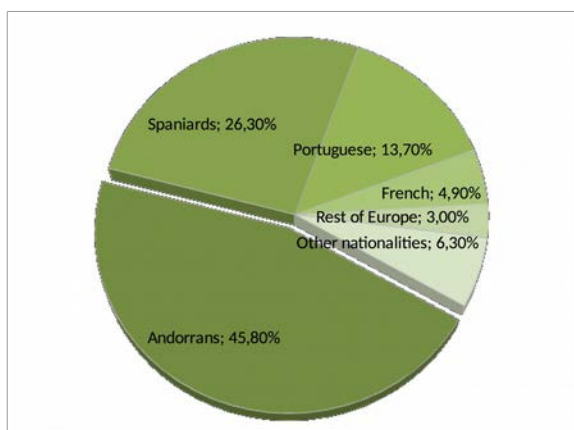
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With regard to the number of business holders, Andorrans are by far the largest group as shown in Table 2. This seems to be due to the legal constraints imposed on immigrants until 2012, affecting the economic rights of immigrants.

The fact of Andorrans being the most favoured by the law system has a double effect on these distributions. First, obviously, Andorrans manage the largest part of the businesses in the country. Second, Andorrans help immigrants create their businesses by being their figureheads, even though this practice is illegal.

Therefore and almost certainly, these are the causes for the highest number of Andorrans in the statistics, even when they are a minority in general population rates. This hypothesis is further supported by the observation of a slight increase of immigrant business holders in 2014, two years after the elimination of legal constraints, when compared to 2011, when legal constraints on foreign investment were still implemented (Table 2).

**Figure 5. General population in Andorra by nationalities (2014).<sup>42</sup>**



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<sup>42</sup>Source: Town councils (comuns)/ Census of *comuns*, 2014, Department of Statistics, Government of Andorra.

**Table 2. Classification of entrepreneurs in Andorra by holders' nationality. Comparison 2011- 2014.<sup>43</sup>**

<b>Nationality of entrepreneurs</b>	<b>2011 (legal constraints were still implemented)</b>	<b>2014 (no legal constraints)</b>
<b>Andorran</b>	59,5%	55,8%
<b>Spanish</b>	26,3%	27,4%
<b>Portuguese</b>	4,5%	7,1%
<b>French</b>	6,4%	5%
<b>British</b>	0,7%	0,8%
<b>Indian</b>	0,2%	0,2%
<b>Other<sup>44</sup></b>	2,8%	3,7%

Observing the classification of entrepreneurs by nationality, I consider that the following aspects may play a role in the business creation and success in the medium and long-term:

- a) The number of citizens with that nationality in relation with the general population;
- b) The legal conditions that applied to the group until 2012;
- c) The cultural or idiomatic similarities of the group to Andorran natives;
- d) The level of integration of the immigrant group in the host society.

In connection with the size of the national group, it is noticeable that the largest immigrant collectives also have the highest numbers of entrepreneurs. Nevertheless, legal conditions also seem to be a decisive factor, since the proportion of self-employed individuals seems change depending on the hardness of the constraints they are affected by. Furthermore, some

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<sup>43</sup>Data provided by the department of Trade of the Government of Andorra.

<sup>44</sup>Remaining 65 Nationalities (on average 2,6 entrepreneurs each)

proportions of self-employed immigrants get higher in some national groups when legal constraints are eliminated. In contrast, the proportion of Andorran business holders diminishes under the same phenomenon (column of 2014 of Table 2). With regard to the third and fourth point, cultural affinity and the consequent integration to the national social structures also seems to be relevant to run a business.

The previous matters are observable in Table 2. Andorrans are the main entrepreneurial group both before and after the removal of the legal constraints in 2012 (59,5% and 55,8% respectively). This illustrates the four previous conditioning factors (Andorrans are the biggest national group, not affected by any restriction and obviously this is the national group with a highest level of integration). This is confirmed when legislative differences between Andorran and non-Andorran holders are eliminated. Then, the proportion of Andorran holders slightly diminishes, although keeping being the largest group in number of business holders.

Following the same trend, Spaniards and French are the two second largest groups of entrepreneurs, followed by Portuguese. All three groups had softer constraints on their economic rights than other immigrant groups, which is evident in their proportion of holders (Table 2). Nevertheless, Spanish holders have a much higher self-employment index and this can be explained by both factors of a high cultural affinity with Andorran natives and a subsequent integration to Andorran community.

Therefore, integration seems to be crucial to start an entrepreneurial initiative within any context, since this factor contributes to a further knowledge of the context and the society where the holder aims to operate. Additionally, this is crucial for obtaining different resources of support, such as partnerships, economic aids, etc. This could explain why the collective of French entrepreneurs is larger than the Portuguese one, since the latter share less cultural and language factors with nationals and so their integration process tend to be slower (Santos, 2008). In this sense, the number of Portuguese entrepreneurs increases when restrictions to economic rights disappear according to Table 2, since they have a minor necessity of support provided by Andorrans to start their businesses.

More specifically, the proportion of entrepreneurs within each immigrant group is presented in Table 3, where the legal and closeness incultural factors are still noticeable. In this sense, the proportion of Andorran, Spanish and French entrepreneurs is larger than the proportion of entrepreneurs in the rest of immigrant groups. Some of these low proportions can also be an effect of their short residence period, since most of these latter collectives start to arrive at the very end of the eighties and beginning of the nineties. The only exception is the Indian community, which, shows a considerable number of self-employed individuals even though it is only a small immigrant group (Table 3).

This can be explained by the antiquity of this immigrant group in Andorra. A large part of these Indian families arrived in the country at the end of the seventies or the beginning of the eighties, so over time they all obtained economic rights and could form their own community and support networks. Actually, Indians were the 6<sup>th</sup> immigrant entrepreneur collective in the ranking of 2011 (Table 2).

After the implementation of the new law system, allowing entrepreneurs to invest in businesses in Andorra with inward capital, the panorama for businesses in the Principality of Andorra changed radically. After 2012, some new collectives started to invest in initiatives developed in the country, or they decided to expand their businesses to the Andorran market, although many of their holders were not settled in Andorra. The result of such changes is clearly observable in the first positions of the ranking of the largest entrepreneur-collectives by origin of their components (See Appendix I)<sup>45</sup>.

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<sup>45</sup>Data provided by the department of Trade of the Government of Andorra.

**Table 3. Percent of entrepreneurs within each national group in 2011 and 2014<sup>46</sup>**

Nationality/ origin	2011		2014	
	Amount of individuals settled in Andorra	Percent of entrepreneurs	Amount of individuals settled in Andorra	Percent of entrepreneurs
<b>Andorrans</b>	33.481	13%	35.412	13%
<b>Spaniards</b>	22.187	9%	20.301	10%
<b>French</b>	4.104	11%	3.753	15%
<b>Portuguese</b>	11.711	3%	10.699	3%
<b>British</b>	963	5%	962	6%
<b>Indians</b>	92	17%	80	17%
<b>Others</b>	5.577	3%	5.742	5%

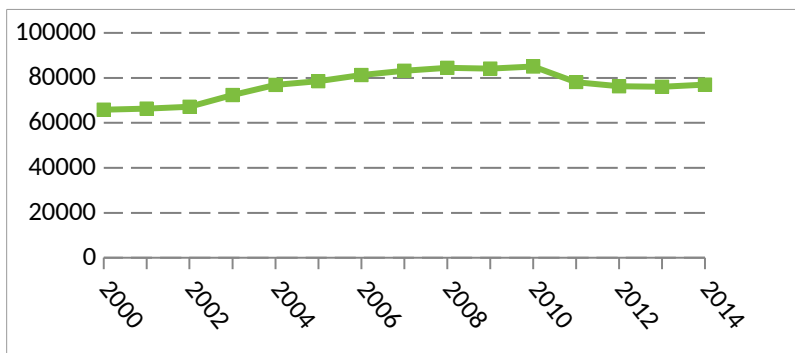
### **3.5. Economic crisis and the New Economic Opening Law**

The *New Economic Opening Law* was passed in 2012 and abolished all the previous constraints concerning the economic rights of immigrant and cross-border individuals. As I explained before, the main goals of this law were to revive the national economy through the net creation of new businesses, the stimulation of the emergence of new economic sectors and, of course, to increase the number of job vacancies. The urgency of this reform was justified by the shrinking population as shown in Figure 6, and the devaluation of businesses as can be seen in Figure 7. The population dropped from 85.015 inhabitants in 2010 to 78.115 in 2011, which is 8,1% in general population terms. This decrease is less significant although it is still slightly perceptible in the subsequent years: 2,3% in 2012 regarding 2011; and 0,2% in 2013 regarding 2012. The decrease is much smaller in 2013,

<sup>46</sup>Data provided by the department of Trade of the Government of Andorra.

which seems to show some first positive results of the economic opening of Andorra. The positive results of the economic opening in terms of the general population are still observable in 2014, when the population increased 1,1% from 2013<sup>47</sup>.

**Figure 6. Evolution of the General Population in Andorra (2000-2014).**<sup>48</sup>



**Figure 7. Net value of general businesses creation in Andorra.**<sup>49</sup>



<sup>47</sup>Source: Town councils (comuns)/ Census of *comuns*, 2014, Department of Statistics, Government of Andorra.

<sup>48</sup>Source: Town councils (comuns)/ Census of *comuns*, 2014, Department of Statistics, Government of Andorra.

<sup>49</sup>Source: Ministry of Tourism and trade/ department of trade and consumption, 2014, Department of Statistics, Government of Andorra.

Turning to the statistics for the net creation of businesses (Figure 7), I can confirm again the positive effects of the opening of the Andorran economy. The general tendencies of net business creation experienced a downwards trend during the financial crisis of 2007 but they recovered after the implementation of the new economic opening law. Furthermore, this Figure shows again the previous descent due to the crisis in the tourism sector suffered at the end of the first half of 2000's (Alcobé, 2010) just before the economic recession in 2007, which accentuated this negative tendency.

The coming into effect of the new opening law has had an evident impact on the Andorran economy or, at least, on the businesses investment within the country, changing from a situation of a large number of business closures and a diminishing population to the increasing reception of inward investment permitting the Andorran economy to start its recovery and to create new job vacancies. The increase of the number of newly created business in Andorra seems to be a consequence of previous precarious conditions and the poor job opportunities in the labour market in Andorra and the neighbour countries, since the new law allows now to have the opportunity of starting up new initiatives whether being Andorran or not, even in those cases where the entrepreneur is not Andorran nor resident in the country.

### **3.6. Research questions and hypotheses**

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As I explained in Section 2.4, my general research question is: **What type of support networks do native and non-native entrepreneurs have in a microstate?**

From this question I deduced three more specific research questions (RQ). Based on the theoretical framework and the description of the Andorran context, I will now formulate hypotheses (H) for each research questions (RQ).

**RQ1- What are the effects of the legislative structure in microstates on the support networks and access to institutions of immigrant entrepreneurs?**

Taking into account that (1) microstates have specific legislative frameworks, which are especially restrictive compared to other countries, and that (2) legislative constraints are often focused on labour, immigration,

access to nationality and economic rights, intended to protect the country's interests and identity and to avoid important foreign investments, consequently, my hypotheses (written in italics) are as follows:

**H1a.** *Andorrans will have a significant role within the support networks of immigrant entrepreneurs before 2012.*

I assume that nationals enjoy a higher social consideration and the fact that they have additional rights in comparison to migrant residents will be probably reflected in the migrant's networks. Furthermore, the role of figureheads (nationals by definition) will have relevance in many of the immigrant entrepreneur networks, since this seems to be one of the most usual strategies to overcome restrictions over immigrants' economic rights. Therefore, I hypothesize that

**H1b.** *After the new law of 2012, support networks will be more transnational or cross-border, depending on the entrepreneur's country of origin, and time of residence.*

The elimination of legislative restrictions, affecting the foreign investment of businesses, will probably have an important social impact such as changes in the entrepreneurs' network structure in terms of the transnational scope of social support.

**RQ2-** What are the effects of the small size of the country on the support networks and access to institutions of immigrant entrepreneurs?

Taking into account that (1) microstates have a small geographical area; (2) The small size of both the country and its society also limits both the opportunity structure and the existing resources; and that (3) Due to the small size of the country the existence of cross-border commuters is present in the whole territory, I hypothesize that:

**H2a.** *Entrepreneurs in microstates have dense personal support networks.*

The limited number of actors within the opportunity structure will facilitate the access to available resources, either through direct contacts or through intermediaries, for both immigrant and native entrepreneurs.



**H2b.** *Entrepreneurs with businesses in the earliest growth stages (existence and survival) receive more support from individuals residing in Andorra, whereas those with more developed businesses receive more support from abroad.*

I expected this because the limited variety of resources within the national area and the high density of its opportunity structure provoke faster market saturation, complicating the businesses' growth within the country. Therefore, developed businesses extend their operations over the border limits, whereas businesses at the early stages of growth need to keep focused on the Andorran area. This situation is reflected upon the network of entrepreneurs.

**H2c.** *Cross-border collaborations will appear in the entrepreneur's personal networks as business-oriented collaborators, whereas transnational actors will provide mainly emotional support.*

Taking into account the existence of cross-border commuters in the entire territory, I wanted to distinguish between transnational and cross-border connections.

**RQ3-** Does the mixed embedded theory apply to migrant entrepreneurship in microstates?

Again as an effect both of the country size and the legislative restrictions, I expected that the mixed embeddedness theory (Kloosterman et al. 1999) would be challenged. Thus, I hypothesized that

**H3.** *Due to the more restrictive legislative system in microstates, immigrant entrepreneurs will be embedded in the Andorran opportunity structure, but not necessarily in their co-ethnic community in Andorra or in their country of origin.*

Once they have assumed the right of self-employment, I expected that they may count on a support network where social capital resources from nationals can be more relevant than those potentially accessible by cultural similarity. Links to the country of origin or the co-ethnic community are primarily oriented to emotional support. These hypotheses will be tested in the Chapters VI and VII, and discussed in the conclusions.

# Methods

## 4.1. Introduction

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With this research, I aimed to understand the lived experiences of immigrant entrepreneurs in a microstate, and particularly, the role that support networks play for performing their activities in such a context. As I wanted to explore the underlying mechanisms that explain the functioning of networks in this particular context, I opted for qualitative methods of case selection and interviewing, complemented with structured visualizations of the support networks. To do so, I have performed in-depth interviews with a sample of 43 entrepreneurs in Andorra. These entrepreneurs were mostly immigrants (29) but for comparison I also interviewed 10 native Andorran entrepreneurs and 4 cross-border cases, as I will explain below. I sought to maximize diversity within this sample (cf., Small 2008). The interviews contained both a structured and a semi-structured, as I will explain in Section 4.3.

Although I was interested to assess the effects of the legal restrictions on immigrant entrepreneurs before and after 2012, I developed my fieldwork just afterwards, between January and December of 2013. The general population in Andorra in that year was 76.098 residents<sup>50</sup>, from which 7.385 were entrepreneurs (10%), and 3.172 (42%) of these entrepreneurs were

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<sup>50</sup>Source: Town councils (comuns)/ Census of *comuns*, 2014, Department of Statistics, Government of Andorra.

immigrants<sup>51</sup>. It is also remarkable that at least 220 of these migrant entrepreneurs had started their businesses after the implementation of the new economic opening law.<sup>52</sup>

The chapter will be structured in three sections. Section 4.2 describes the sample of the study. In Section 4.3 the methodology for data collection is detailed and finally, in Section 4.4, the procedures of data analysis will be described.

## 4.2. Sample

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Data were collected between January and December 2013 from 43 immigrant and native entrepreneurs whose businesses were established in different areas of the Principality of Andorra. Due to the legal differences affecting different cases of entrepreneurs, my respondents were distributed into different groups, as follows (See also Table 4):

1. Native entrepreneurs ( $n = 10$ )

In order to investigate whether migrants' support networks follow the same pattern as those of native Andorrans, I interviewed 10 native entrepreneurs. These are entrepreneurs born in Andorra, either from immigrant or native parents, who have the Andorran nationality. Also, this category includes individuals who were not born in Andorra but could demonstrate Andorran origins and therefore could get the Andorran passport. None of these individuals had to overcome any restriction when they started their business in Andorra.

2. Immigrant entrepreneurs ( $n = 24$ )

The second group is composed of those entrepreneurs who have started their business before 2012. Before 2012, immigrants aiming to run their own business had to overcome some constraints through different strategies. This means that these entrepreneurs should either have been living in Andorra for 10 or 20 years before starting their business, depending on their country of

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<sup>51</sup>Data provided by the department of Trade of the Government of Andorra.

<sup>52</sup>Idem

origin, or they have sought the support of a figurehead or a shareholder with economic rights.

In total, I held 24 interviews with entrepreneurs in this group. I intended to maximize variation in this group in four aspects that may condition the composition and structure of their support networks:

- A. Respondents' period of residence in Andorra
  - B. Respondent's country of origin: (a) respondents' cultural closeness to the Andorran society, which may influence the integration into the society; (b) the geographical closeness of their country of origin, since it will influence the density of the network
  - C. Activity and scope of businesses
  - D. Maturity of businesses, according to Churchill and Lewis ( 1983).
3. New immigrant entrepreneurs (n = 5)

To control for the abolition of the restrictions concerning economic rights of immigrants in 2012, I also interviewed five new immigrant entrepreneurs. They had started their businesses in the past three years, under the New Economic Opening Law's implementation (June 2012). Entrepreneurs in this group had no restrictions to run a business or owning the majority of company's shares. In this regard, this group of immigrants have nowadays the same rights as native Andorrans in economic terms.

4. Cross-border commuters (not Andorrans) (n = 4)

The last group is composed of entrepreneurs who have a business in Andorra but live in Spain. They lived close to the border with Andorra (at most 60 km away from the border) and crossed the border on an almost daily basis to go to their firm. Most of them had only started their businesses recently, under the new law. Nowadays, cross-border businesses are regulated by the Andorran law, but there were no regulations for cross-border entrepreneurs before 2012, when cross- border commuters were considered foreigners and so they had no access to economic rights, the period of residence was not accumulated, and therefore, they were not eligible for holding the Andorran nationality.

This means that before the new law in 2012 migrants often resorted to the help of a figurehead or an Andorran major shareholder if they aimed to run their own businesses. Although after the new law cross-border entrepreneurs can own a business in Andorra, their conditions are slightly different from other immigrants: whereas immigrants residing in Andorra can have either a registered partnership or just a business facility, those entrepreneurs not living in the country are required to meet both conditions (in order to prevent and avoid the creation of dummy corporations).

It is important to note that cross-border commuters are considered non-Andorran workers, but they are not immigrants.

The cases were approached directly by the researcher in the different towns of Andorra, and snowball methods have also been used to approach new cases.

**Table 4. Classification of different samples, depending on the legal structure applied to each particular business creation case**

Interviewed groups		Sample	
ANDORRANS		10	
NON-ANDORRANS	<b>Immigrants</b> (living in Andorra)	Entrepreneurs before 2012 (Restrictions)	24
		Entrepreneurs after 2012 (No restrictions)	5
	<b>Cross-Border</b> Commuters (not living in Andorra)	Entrepreneurs before 2012 (Restrictions)	1
		Entrepreneurs after 2012 (No restrictions)	3
TOTAL INTERVIEWS		43	

Table 4 summarizes the sample. Of all the respondents, 27 were males and 16 were females. Their age ranged from 29 to 67 years old, with an average of 48 years old. Whereas 10 of the respondents were from Andorra, the immigrants were originally from Spain ( $n = 18$ ), Portugal ( $n = 9$ ), France ( $n = 4$ ) and India<sup>53</sup> ( $n = 2$ ). The period of residence of immigrant respondents ranges from six months to 54 years, with an average of 27 years of residence. Immigrants started their businesses about 13 years ago on average, while natives were already in business for about 22 years on average. The five new migrant entrepreneurs as well as three of the cross-border entrepreneurs had started their business since 2012.

### 4.3. Data collection

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The method of data collection combined structured and semi-structured interviewing (Figure 8). Through the combination of the entrepreneurs' personal experiences and the graphs of their support networks, I intend to give a general overview of the entrepreneurial panorama within the country in the terms as follows:

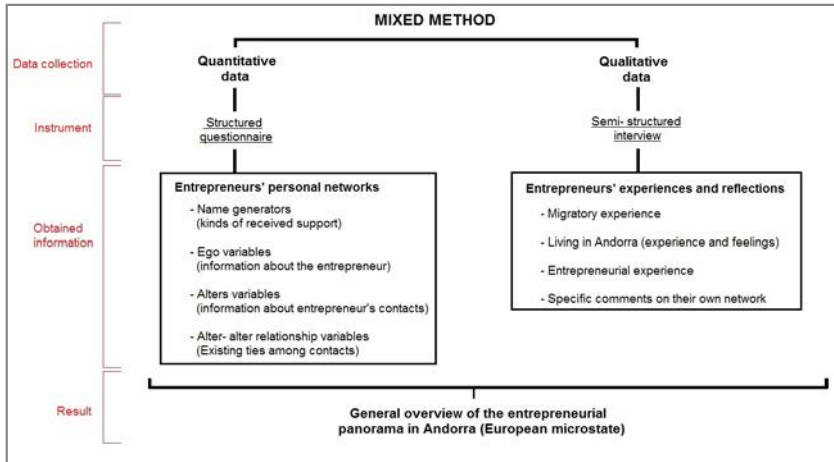
- Type of businesses and sectors where they operate.
- Motivations, concerns and limitations that entrepreneurs find in their daily life in a microstate context.
- The origin of the support they receive.
- What strategies used entrepreneurs in order to overcome the legal restrictions.
- Differences and similarities between personal networks, opinions and experiences of Andorrans and non-Andorrans.
- The effects of the context in support networks both in the case of Andorrans and of immigrants.

All this has been useful to describe and determine different profiles of entrepreneurs and their received support.

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<sup>53</sup>Note that this respondent arrived to Andorra as a child, but he has taken part in the family business for several years.

**Figure 8. Outline of the methodology of this research**



#### 4.4. Structured interviews

The first part of the interviewing sessions consisted of the collection of basic data about the respondent and the business, as well as the delineation of the entrepreneur's support network. For this aim, I designed and applied a standardized questionnaire for computer-assisted personal interviewing, that was implemented in the software Egonet<sup>54</sup>, an open-source program that was specifically developed for the collection, analysis and visualization of personal network data. This questionnaire was administered to 40 of the 43 respondents and revealed key aspects about the professional support the entrepreneurs' received from their personal network, as well as the type of support received from each group of contacts..

The questionnaire contains four blocks of questions, in the following order: (a) questions about the respondent (named *ego* in personal network terminology), (b) a set of *name generators*, that is, questions to elicit a list of names of network members (named *alters* in personal network terminology), (c) questions regarding the characteristics of each of the listed *alters*; the questions are named alter interpreters, and (d) questions about the relationships among these alters(alter interconnectors).

<sup>54</sup><https://sourceforge.net/projects/egonet/>

## **Basic data about entrepreneurs and their enterprises**

The questionnaire starts with questions about the entrepreneur (*ego*), i.e. gender, age, educational level, place of birth, place of birth of his/her mother and father, nationality, period of residence in Andorra. Second, some questions are focused on the entrepreneur's business: number and type of businesses, years in business, economic sector, number of current and former employees, number of establishments, increase or decrease of business's profits, and consequences of the economic crisis (see Appendix II). Responses to these questions were used primarily to classify the entrepreneurs and their businesses, as well as to compare the cases and their networks.

## **Name generators**

In the second module, respondents were asked to list at least 22 people who helped them in different moments of the history of their enterprise (from its creation to the moment of the interview), being allowed to name more contacts if appropriate. A minimum number was chosen because respondents tend to "satisfice" (Krosnick & Narayan, 1996) when giving a list of names, meaning that they stop listing names after a few even if they have more network members. In order to assure that everyone could come up with at least 22 names, the last name generator was expressed more broadly. In total, six name generators have been designed in order to ask the entrepreneur to nominate a list of people who have helped him/her in different aspects: Economically, emotionally, legally, and logistically, in terms of partnership or figurehead activities, and other kinds of help. Multiple name generators were used to represent informal and formal support networks more completely, and because multiple name generators have a higher reliability than single name generators. The lists allowed the classification of different kinds of support groups to the entrepreneur, and also to identify which are the contacts appearing in all those "support groups". Each of these contacts will be called an 'alter' of that network if I refer to technical personal network analysis terms.



The different name generators were formulated as follows:

1. Would you please name those people who helped you economically in your business? (You are allowed to use a pseudonym that only you recognize, provided you will remind it later).
2. Would you please name those people who helped you in administrative or legal terms in your business? (You are allowed to use a pseudonym that only you recognize, provided you will remind it later).
3. Would you please name those people who have been your associates, partners or collaborators at any point of your business trajectory? Have you had a figurehead? (You are allowed to use a pseudonym that only you recognize, provided you will remind it later).
4. Would you please name those people who helped you logistically or in working terms? Also some of your employees? (You are allowed to use a pseudonym that only you recognize, provided you will remind it later).
5. Would you please name those people who have been important for your entrepreneurial experience in emotional terms? (You are allowed to use a pseudonym that only you recognize, provided you will remind it later).
6. Please name other people who have been crucial to your business and who have not been named in the previous wordings. For instance: important customers, other entrepreneurs, neighbours, etc. (You are allowed to use a pseudonym that only you recognize, provided you will remind it later).

For questions 2-6, the respondent could either nominate new names or name persons who were already nominated on a former question in the name generators. This helped me detect who gave specific types of support and who gave diverse types of support. In all cases, the interviewee is allowed to use pseudonyms that only he/she recognizes once the list and the network is complete.

## **Name interpreters**

Once the list of contacts or 'alters' has been specified, I asked about the characteristics of each of these network members. Therefore, in the third part of the interview I asked the respondent to answer questions about each network member or "alter". This latter part allows to measure of the support network. For example, it was necessary to differentiate between those contacts that are still active from those that were supportive in a past phase of the business but not anymore. Therefore I asked about the frequency of contact between ego and alter. Also, it was important to know the country of origin and residence of each contact, in order to know whether support was given by natives of Andorra, local or transnational co-nationals or others. I also asked for the occupations of each alter contributing to the business in any aspect, thus obtaining both occupational homophily and social class indicators through the occupations observed in each support network. Another characteristic that I measured was the type of relation the respondent had with each of the network members (e.g., family member, business partner, friend, etc). The specific variables obtained in this block of questions are as follows: Sex, origin, place of residence, kind of relationship and emotional closeness to ego, frequency of contact with ego, occupation and both prestige range and measure of every specific occupation, according to Ganzeboom and Treinman (1996).

Alter variables will help me determine the role and position within the network of each group of contacts. Again, these variables will be subject of cross-referencing with ego variables making possible to answer the question referred to the role of different contacts in different moments and stages of the business. Also, the role of contacts or of the network structure on the business success aspect will be solved in this part of the interview.

## Name interconnectors

Finally, in order to understand the structure of the personal support networks, I asked respondents whether each pair of alters had met each other or not. Such questions refer to the perceptions that respondents have about their network, which may differ from the relation that the two alters might report if they were asked to do so themselves. In some studies this might create a bias, but in this case, it is the perception of 'ego' about his/her personal surroundings and his/her access to resources what we are actually looking for. It is this perception that will structure his or her actions, rather than the "real" underlying network. Data obtained in this block make it possible to analyse the network structure. In particular, I use 4 indicators: *density*, *average betweenness*, *number of components*, and *number of cliques*. The indicators can be described as follows:

*Density*: This indicator makes reference to the degree of connectivity in the network. It is the proportion of the number of existing ties among the network members, divided by the number of possible ties among them. Density therefore ranges from 0 to 1. A high density in a network (close to 1) indicates a higher level of connectivity in the network.

*Average betweenness centrality*: The average betweenness centrality indicates the number of times in which a node or actor in a network acts as the intermediary between pairs of network members, after excluding ego from the graph. Nodes with a high betweenness centrality are also called *bridging* actors, network members that connect different groups in ego's network.

This questionnaire shows some similarities to that employed by Molina et al. in two research projects financed by the Spanish Ministry of Education<sup>55, 56</sup>. The structure of the questionnaire was the same in these cases was the same, since this thesis started as a replication of the former project (ITINERE, applied to a community of Indian entrepreneurs in Lloret de Mar), applied in the Andorran context. Nevertheless, the name generators have been changed to focus more explicitly on supportive ties. Also, some changes in the

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<sup>55</sup>[Ethnic Entrepreneurship Profiles in Spain](#). (ITINERE) - (2010-2012). MICINN CSO2009-07057. P.I.: Dr. José Luis Molina

<sup>56</sup>Social entrepreneurship: local embeddedness, social networking sites and theoretical development (ENCLAVE) - (2013-2015). MINECO (CSO2012-32635). P.I.: Dr. José Luis Molina

interview composition needed to be adapted since both contexts have different characteristics in both social and legislative terms.

From the network methodology, I obtained information on the following issues:

1. A list of contacts that provide support to the business at different levels (economic, legal, figurehead and associates, logistic, emotional and others).
2. The geographical location of each alter and the geographical composition of each personal network, which can be related with other aspects such as the business' growth stage or its success level.
3. The level of mixed embeddedness in immigrant entrepreneur's support networks.

## **4.5. Semi-structured interviews**

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Quantitative data analysis offers an interesting insight into networking behaviour, but networks are dynamic, fluid, and somehow difficult to capture (Chell & Baines, 2000). Therefore, a semi-structured questionnaire was added to the interview, in order to analyse in depth the elicited personal networks, and make their structure and their main components fully understandable. This part of the interview also includes questions about the individual's migratory trajectory, his/her experience in starting and running his/her own business, and the specific opportunity structures she encountered, as well as a brief comment of the main aspects of the network structure. This latter part is focused on obtaining a more detailed explanation of the network structure as well as the role and importance of each single contact within the entrepreneur's network. Also thanks to the qualitative data, it will be possible to know the role played by the respondent himself into his/her own network. This part is essential to complement, interpret and contrast the quantitative measures of the network.

To develop this instrument of qualitative data collection, I considered the importance of letting the respondent speak as broadly as necessary, in order to make him/her feel confident and comfortable (Vargas, 2012). In order to facilitate the respondents' task, they could choose the language of speech whenever possible. For that reason interviews were performed in three languages: Spanish, Catalan and French.

Since entrepreneurs tend to have a limited time for each interview session, the semi-structured interview was considered the preferred method of qualitative data collection. This makes it possible both to pose the default questions or topics of a structured interview (Del Rincón, Arnal, Latorre, & Sans, 1995) and, at the same time, to give rise to an informal and more in depth conversation with the respondent (Vargas, 2012). Therefore, a list of topics or general questions was designed in order to have guidance during the interviewing session. All in all, the semi-structured interview gathered a detailed speech on each entrepreneur's life trajectory and experience, stressing the most important aspects according to the interviewee.

The main aim in designing the semi-structured interview was to fill in some gaps appearing in the structured part, as well as further develop and complement the information in the former part. Nevertheless, questions in this part needed to be general enough so as not to condition the interviewee's responses and to disrupt their speech as little as possible. Thus, six general questions were determined to structure this interview, making reference to the general topics I was interested in for this research. The main questions are listed as follows:

- *Where were you born and what is your story? How has your life been since you were a child?*
- *When and why did you decide to leave? What is your general migratory experience?*
- *And when did you arrive to Andorra? Which has been your story since you are here?*
- *How and why did you decide to run your own business? Please tell me your business's story*

- *Do you think Andorra has much changed since you arrived there? How do you feel in this context?*
- *Specific comments on the network.*

From the semi-structured interview thus, I obtained qualitative data on the items listed as follows:

- a) Migratory experience;
- b) The perceptions of immigrants of the Andorran Society;
- c) The different life and family patterns existing in that context;
- d) The role and perceptions on the legislative structure of the country;
- e) The existing mechanisms for support obtained in the Andorran context and the most necessary kinds of support, as well as the reasons;
- f) Problems and limitations (both in legal and in social terms) experienced by immigrants in their everyday life;
- g) Perceptions of Andorrans on immigrant entrepreneurship and the legislative structure surrounding this latter group;
- h) Perceptions and opinions on the so called 'New Economic Opening Law';
- i) The role and the importance of concrete individuals (or nodes) appearing in the entrepreneurs' personal networks.

After presenting the data collection instrument and methods I now turn to the data analysis part.

## **4.6. Data Analysis**

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The procedure for data analysis in this research is detailed in this section. First, the semi-structured interviews were fully transcribed and imported into the Nvivo software for qualitative data analysis.<sup>57</sup> The transcribed interviews were then coded with the Nvivo software defining the nodes and sub-nodes specified in Appendix III. In Nvivo, nodes are main topics in which the different data obtained from interviews can be classified. That is, different text pieces

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<sup>57</sup>Nvivo license CRM:02630004525

can be related to one or another topic. The main nodes used to code qualitative data are as follows:.

- Andorran context and evolution over years, according to entrepreneurs
- Attitudes towards migration (by Andorrans)
- Business
- Family
- Future
- Legality
- Life in Andorra
- Migratory experience
- People from the border

The whole set of nodes and sub-nodes can be found in Appendix III, together with the number of references (pieces of text) and sources (interviews or documents) coded under each node and sub-node. It is important to note that not all these topics will entitle sections in Chapter VI nor all of them will be used comprehensively. Some references were coded in two different nodes. Using Nvivo also facilitated the task of putting the paragraphs under the same topic settled in different documents and helped to the identification of distinctive characteristics of different cases or groups of cases without forgetting information to add.

On the other hand, the *Egonet* software<sup>58</sup> that was used both to collect structured data about respondents and their networks was also used to calculate network measures and to visualize the personal networks, together with the software Ucinet. The networks obtained through this structured questionnaire can be visualized as a set of nodes (representing the network members) and edges (representing the relationships among network members). Characteristics of network members can be visualized by varying the size, colour and shape of the nodes. Ego (the interviewee) does not appear as a node within the visualization of his/her network since he/she is by default linked to all the contacts, so his/her presence would only blur the information in the graph.

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<sup>58</sup><https://sourceforge.net/projects/egonet/>

Finally, Microsoft Excel was used to further calculate percentages and statistics, as well as visualizing the results.. Subsequently, I exported the raw data from Egonet, together with the project summary, to Microsoft Excel. These raw data and project summary documents contained the data as follows:

- Ego characteristics: The characteristics of the interviewed entrepreneurs and their businesses, which were used as independent variables in this thesis.
- Named contacts for each name generator: Name generators were used to delineate the support networks, and determine the kind of support received by entrepreneurs and the number of persons that provided support, as explained in Section 4.5..
- Alters' characteristics: Characteristics of the network members (e.g., geographical location) and the relationships that respondents had with the network members (e.g., strength of tie, role relationship). These data helped to determine the origins of the provided support.
- Alter-alter relations: This determined whether respondents' network contacts know other contacts from the same network. Relational variables provide information about the network structure.

All these variables were exported to a Microsoft Excel spreadsheet and duly controlled and classified. Different profiles of entrepreneurs, businesses and kinds of received support were determined from each dependent variable. This was done through the *filter* tool in Microsoft Excel.

Some profiles were determined in order to know and classify the different cases of entrepreneurs and businesses to study. Entrepreneurs were classified according to the legislative structure implemented in the starting up moment (four clusters, described in Section 4.4): Andorrans, cross-border, immigrant entrepreneurs before 2012 and immigrant entrepreneurs under new law), as well as according their origin nationality (Andorrans, Spaniards, French, Portuguese and Indian). The classification by nationality of origin was done for two reasons. First, because limitations established by the legal structure were different depending on entrepreneurs' origin (the period of residence was of 10 years for Spaniards, French and Portuguese entrepreneurs, whereas other nationalities were required to have 20 years of



residence to hold a business). Of course, they also were classified by the length of their residence period. Second, because a classification according to entrepreneurs' nationality would help testing whether or not cultural and idiomatic factors influence immigrants' integration, and to identify differences and similarities among networks of different national groups.

Also, the businesses were classified according to the growth stage of each business (Churchill & Lewis, 1983). To classify businesses by growth stages, the number of employees, number of establishments and the number of businesses were taken into account (see Chapter 5.2). These data were collected in the first part of the questionnaire, "questions to ego".

Furthermore, in order to analyse network composition and determine existing patterns and features, the independent variables were linked to some of these data. These independent and dependent variables were matched as follows:

- Depending on entrepreneurs' characteristics (cluster, residence period and origin nationality)
  - o Geographical settlement of alters (national, cross- border, transnational)
  - o Origin of alters
  - o Type of received support
- Depending on business' growth stage:
  - o Geographical settlement of alters (national, cross- border, transnational)
  - o Intensity of ties between ego and alters (trust)
  - o Groups of relation (friends, romantic partner, family, business partner, employee, customer, etc.).

Finally, the structural variables of networks were also linked to the previously named dependent variables (characteristics of ego and business' growth stage). The measured structural variables of networks were as follows:

- *Density*: Degree of connectivity of networks, which ranges from 0 (when none of the network members knows none of the others) to 1 (when all network members know all other network members).

- Average Betweenness centrality: Intermediaries and bridge- actors in networks.
- Number of components: A component is a subset of the network in which network members are either directly or indirectly connected to each other. Components are disconnected from each other. If all the network members have paths to each other (direct or indirect), then the network consists of a single component. If all the network members are isolates, than the network has a maximal number of components.\_
- Number of cliques: A clique is a subset of three or more network members who are all directly related to each other). Cliques can be overlapping. For example, A, B, and C may form one clique and A, B and D another, if C and D have no direct connection among each other.

The data obtained in this research, thus, were first collected to obtain different clusters or groups classified by similarities among cases. The obtained cases are therefore described in next chapter, as well as different groups and classifications.



# Description of cases

## 5.1. Introduction

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The aim of this chapter is to describe the cases studied in this thesis. This description, based on the experiences of the informants in the particular Andorran context and on the characteristics of the support they received, will give me a better understanding of the support networks I elicited. In addition, I have analysed the types of businesses, focusing on the way these firms have been created, and on their organizational structures.

It is important to remind that this thesis is an explorative case study focused on the different patterns of business creation that might take place in a microstate context, along with the lived experiences of different groups of entrepreneurs (migrants, nationals, and cross-border). Therefore, I do not claim that my findings can be “representative” nor that they can be extrapolated to other context or populations. Nevertheless, I believe that this knowledge can be used for having a more nuanced and realistic understanding of the factors behind the phenomenon of migrant entrepreneurship, in microstates and more generally.

The chapter is structured in two sections. The first section contains an overview of the collected cases of entrepreneurs, describing their main characteristics such as gender, age, and period of residence in Andorra. This section will also pay attention to the different communities of origin: Andorrans, Spaniards, French, Portuguese and Indians. The second section describes the general information about the type of businesses, such as the number of employees, the economic sector, and business growth.

## **5.2. The sample of entrepreneurs**

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### **General description of the interviewed entrepreneurs**

From the 43 interviewed entrepreneurs, 72% were men (31 cases) and 27% were women (12 cases). The average age of my interviewees is 48 years old and those who have migrated to Andorra as adults (27 cases) have been living in Andorra for 26,3 years average. Among the rest, 10 entrepreneurs were born in Andorra, 3 of them have been living in the country since they were children and 3 more of them do not live in Andorra, although they cross the country's border every day or regularly to run their business.

The respondents have different countries of origin. I interviewed 18 Spaniards (42% of the sample), 4 French (9%), 9 Portuguese (21%), 2 Indians (5%) and 10 native Andorrans (23%). Although most of them have been living in Andorra for a large amount of years (see the table in Appendix IV), only 2 of the immigrants in my sample acquired the Andorran citizenship having renounced to their original one, while 7 of them enjoy the double nationality despite of this being illegal in Andorra. These later individuals had obtained again their nationality of origin after having acquired the Andorran one. The other 24 immigrants still maintain their nationality of origin and they are settled in Andorra as foreign residents. Concerning the Andorran respondents, all of them have the Andorran nationality, although two of them also have a double nationality.

Not all the respondents have founded the business they hold currently, although most of them have. 35 of the respondents founded the business on their own, whereas 8 of them started holding an enterprise created by others. 2 of these 8 cases paid for the ownership transfer while the rest inherited the business. On average, the businesses are 16,1 years old.

**Table 5. Classification of interviewees by country and area of origin**

Place of origin of respondents			Number of interviewees	
ANDORRANS			10	
NON-ANDORRANS	<b>Spaniards</b>	Border area (Alt Urgell, Cerdanya, Pallars)	6	
		Influence area (Catalans)	6	
		Rest of Spain	6	
	<b>French</b>	Border area (Ariège)	0	
		Influence Area (Roussillon and Midi Pyrenees)	3	
		Rest of France	1	
	<b>Portuguese</b>		9	
	<b>Indians</b>		2	
	TOTAL INTERVIEWS			43

**Table 6. Classification of respondents by economic sector**

Origin	Serv ices	Commerce	Tourism and hospitality	Transports	Operating in several sectors
<b>Andorrans</b>	5	2	0	0	3
<b>Spaniards</b>	5	5	4	3	1
<b>French</b>	1	1	1	1	0
<b>Portuguese</b>	1	2	5	1	0
<b>Indian</b>	0	2	0	0	0
<b>Total Businesses</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>5</b>	<b>4</b>

The profiles by origin of entrepreneurs will be further described in the subsections that follow and summarized in Tables 5 and 6. Although the number of respondents is not equal in all the groups, I tried cover as much diversity as possible. A brief description of each community is also provided.

## **The Spanish cases**

Spaniards are the largest immigrant community in the Principality of Andorra (26% of the total population<sup>59</sup>). Catalans (from the northeast part of Spain) have been migrating to Andorra (and vice-versa) all over the history. This is probably the reason of the cultural similarities and similar identities between both societies, apart from the shared language, Catalan. Spaniards from other parts of the state, however, started to arrive to Andorra during the first half of the twentieth century for labour reasons. Apart from Catalans, other members of the Spanish community in Andorra have their origin in Galicia, Extremadura, Castilla y León and Andalucía (Comas d'Argemir, 2002).

In this research, 18 Spaniards have been interviewed (See Table 5), 4 of whom are female and 14 are men. Most of them are Catalans (12), 6 of whom came from the border Area (all of them from l'Alt Urgell) and 6 others from the influence area (Girona and Barcelona). The other Spaniards come from Andalusia (2), Galicia (1), Cantabria (1) and Castilla y León (2).

It is worth pointing out that 4 of these interviewees are cross-border entrepreneurs, so they are not immigrants in Andorra but they live in Spain and travel regularly to Andorra in order to work in their own business. In two of the cases, the entrepreneurs have been living in Andorra since they were children and received their basic education in the country. Of the other Spanish cases, have resided in Andorra for 25,2 years on average. Although the period of residence is high enough to obtain the nationality in most of the cases, only one of them obtained the Andorran citizenship and four of them held the double nationality (Andorran and Spanish). The other 13 respondents keep their Spanish nationality, in spite of being residents in Andorra.

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<sup>59</sup>Town Councils (comuns)/ Census of town councils, 2014, Department of Statistics, Government of Andorra.

16 cases founded their businesses in Andorra, whereas two acquired a business. One of these latter cases inherited the business and the other case bought the business. The businesses of Spaniards are mostly situated in the economic sectors of services and commerce (5 cases each), followed by tourism and hospitality in 4 cases. 3 of the Spanish businesses are in the transportation sector and one of the entrepreneurs has several businesses in different economic sectors (see Table 6).

## **The French cases**

The French community does not appear to be especially large in Andorra, since it represents only 5% of the general population according to official statistics<sup>60</sup>. Nevertheless, a large number of French individuals with Andorran citizenship and their descendants are settled in Andorra. In spite of having a French origin and identity, these individuals are represented as natives in the national statistics. Many of them are settled in the closest areas to the French border: Canillo and Encamp (El Pas de la Casa included) (Comas d'Argemir, 2002).

Four members of the French community in Andorra were interviewed in this project, more concretely 3 females and 1 male, with an average age of 49 years. I have not interviewed French cross-border entrepreneurs, since this appeared to be rather unusual compared to the Spanish case. The political border with France coincides with a physical border (mountains) and therefore it is not as accessible as the Spanish one is. Also, it is more comfortable to reside in the border village Pas de la Casa, rather than in the French villages nearby, according to what some respondents told. Actually, none of my respondents were from the border area (Ariège) but three of them are from the Rousillon and the Midi Pyrenees (influence area). Only one of them was from Paris (see Table 5). They have been living in Andorra for 25,2 years average, and one of them arrived in Andorra as a child.

Only one of my French respondents has both the Andorran and the French nationality. The other three conserve their French nationality in spite of having been living in Andorra for more than 20 years.

Concerning their businesses, the four respondents were operating in different economic sectors: services, commerce, transportation and the hospitality sector (See Table 6). Finally, all of them were the founders of their business.

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<sup>60</sup>Idem



## **The Portuguese cases**

The Portuguese are the second largest immigrant collective in Andorra, making up 14% of the total population in Andorra<sup>61</sup>. The first groups of Portuguese immigrants arrived in Andorra about 30 years ago, seeking labour opportunities and economic stability.

The members of the Portuguese community in Andorra come from different areas in the north of Portugal, such as Beira- Alta, Minho and Trás- os- Montes. The two latter regions are in the border area with Galicia (Santos, 2008). Even though these latter are the regions of origin of a large share of Portuguese in Andorra, individuals from other areas in Portugal are also settled in the country. Further, there is a small group from the ancient Portuguese colonies in Africa (Comas d'Argemir & Pujadas, 1997).

Of the 9 Portuguese respondents (see Table 5), four are women and five are men and on average they are 49 years old. All of them come from the northern regions of Portugal. However, as an anecdotic fact, two of them were born in Mozambique, even though their families went back to Portugal when they were children (so their origin is still the north of Portugal). On average, they migrated to Andorra 26,3 years ago. As happened in other groups, only 2 of them acquired the Andorran citizenship. In both cases they recovered their Portuguese nationality later on. The other 7 entrepreneurs maintain their Portuguese nationality.

One of the Portuguese respondents obtained his business by transfer, whereas all the others started their own entrepreneurial initiative. Their businesses are operating in the economic sectors as follows (see Table 6): Services (1), commerce (2), hospitality (5), and transportation (1).

## **The Indian cases**

The Indian community is one of the smallest in Andorra, having only 78 members (0,1% of the total population in the country)<sup>62</sup>. Nevertheless, this is one of the most entrepreneurial communities in Andorra, since almost 18% of Indians in Andorra are entrepreneurs (14 registered businesses)<sup>63</sup>. Perhaps this can be explained by the fact that this small community settled in the country during the seventies, so they were

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<sup>61</sup>Ibidem

<sup>62</sup>Ibidem

able to overcome the restrictions and become self-employed. In fact, Indians reached the 7<sup>th</sup> position in the ranking of immigrant entrepreneurs of 2012.

Two Indian business holders (both male) have been interviewed in this thesis (see Table 5). They are 53 and 54 years old and both of them hold an electronic store founded by them (see Table 6), as is usual among members of this community. They have been living in Andorra since 38 and 42 years, respectively, and one of them acquired the Andorran nationality, whereas the other maintains his Indian citizenship.

### **The Andorran cases**

Andorrans represent 46% of the total population in the country. This is due to the big immigration waves that have been arriving in Andorra during the second half of the twentieth century, as a consequence of the strong economic growth experienced by the country and its labour market.

Ten Andorran entrepreneurs have been interviewed in this research in order to compare this community to the immigrant ones (see Table 5). Only one woman was interviewed in this group, while the rest are men. On average these entrepreneurs are 48 years old, and two of them have a double nationality (Andorran and Spanish). The latter happens when someone is born in Andorra but one of the parents is from abroad, which makes it easier to obtain both nationalities, even though this is illegal in Andorra.

The businesses held by the Andorrans in the sample are mainly focused on the services sector (5 cases) and on commerce (2 cases). Furthermore, three entrepreneurs have multiple businesses in different economic sectors (See Table 6). From the 10 entrepreneurs, 5 are the founders of their businesses, whereas other 5 inherited their businesses.

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<sup>63</sup>Data provided by the Department of Commerce and Industry of the Government of Andorra, 2014

### 5.3. The sample of businesses

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Next, I will describe the characteristics of the businesses in the sample. First, Table 6 in the previous section shows the economic sectors where respondents' businesses were established. Furthermore, the proportion of businesses in each sector in the general population is reflected in my sample. As in the general population, the services and the commerce sector are the most represented among the respondents ( $n = 12$  each), followed by tourism and hospitality ( $n = 10$ ). Third, the transport sector ( $n = 5$ ) was represented in the sample. Finally, other interviewed entrepreneurs were operating in several sectors at the same time ( $n = 4$ ). These latter were some of the businesses in advanced growth stages, who were able to diversify their enterprises.

#### Growth stage

In fact, finding some cases whose businesses were diversified within different economic sectors is not anecdotic. This happens when a business model is mature enough to delegate its most important tasks. This allows the entrepreneur to start other businesses in the same or in another economic sector. The latter case seems to be quite usual in Andorra, due to the small size of sectors and, consequently, an easier saturation of their markets at the national level. To classify the observed enterprises, I will use the growth stages of a business, according to Churchill and Lewis (1983; see chapter II). The description and distribution of businesses in the five growth stages is as follows:

##### A. Stage I - Existence ( $n = 14$ )

Businesses at this stage are either very small family businesses or businesses that were recently started. In these cases, the entrepreneur basically develops all the tasks, even though sometimes he/she is helped by his/her romantic partner and other relatives, or by his/her shareholder. Businesses classified in the existence stage have only one establishment with no employees and their financial liquidity is low. Furthermore, the enterprises are sensitive to external changes. In the case of this study, the specific indicators to classify businesses in this stage have been as follows:

- Number of employees: None;
- Number of establishments: 0 or 1;
- Number of businesses per entrepreneur: 1.

From the 13 businesses in my sample that were classified in the first stage of growth, 8 were family businesses, whereas the other 6 cases were carried out by a single entrepreneur. Most cases (10 businesses) had been launched relatively recently (from 3 months to 6 years ago), but four cases were 10, 14, 15 and 25 years old.

#### B. Stage II - Survival ( $n = 15$ )

Although financial liquidity and viability in the second stage continue to be sensitive to contextual changes, the available resources are in this stage a bit richer than in Stage I. In some cases, the enterprises have multiple more establishments, depending on the sector. Furthermore, although the entrepreneur still has to do the largest part of the work on all scales, he/she can already count on a small group of staff, who perform those tasks that have a low responsibility. Specific indicators for classification of businesses are:

- Number of employees: From 2 to 9;
- Number of establishments: From 1 to 3;
- Number of businesses per entrepreneur: 1.

In total 15 businesses have been classified in the survival stage. 10 of them are family businesses, and the other 5 have been created by a single entrepreneur (4) or by two shareholders (1). The age of these businesses ranges from 1 to 33 years. Within this group there is one specific case in which the entrepreneur had another business in Catalonia before opening a new business in Andorra. In this latter case, the age of the business in Andorra is 6 months.

#### C. Stage III - Success ( $n = 8$ )

In the third stage, the workforce has grown considerably, since the business enjoys a good stability and financial liquidity at this point. This means it has a certain leeway to react to external changes. In this stage, the entrepreneur is essentially focused on management tasks, and some expert professionals have been hired to develop specific tasks, such as accounting, marketing strategies, staff supervision or

coordination, etc. The specific indicators I took into account to classify businesses in this stage are:

- Number of employees: From 10 to 35;
- Number of establishments: From 1 to 3;
- Number of businesses per entrepreneur: 1 or 2.

Three of the 8 businesses in this stage are family businesses. The rest of five are carried out by single entrepreneurs, except in 2 cases where two shareholders share the business. Entrepreneurs in this stage start having a second business (2 cases of 8), and the trajectory of businesses tend to be large. Except in one case, where the business is 6 years old, the rest are between 11 and 60 years old.

#### D. Stage IV - Take off ( $n = 3$ )

In the fourth stage, the take-off stage, the company has a good leverage to its growth either financially or through distributors or franchises and it still has growth provisions covering new market niches or expanding its market share. The entrepreneur may even start to create new businesses in other sectors. The business has specialized departments and professionals. The specific indicators taken into account for classification are:

- Number of employees: From 30 to 100 employees
- Number of establishments: 3 or more establishments.
- Number of businesses per entrepreneur: From 1 to 3. Three businesses have been classified in this stage, of which only one is a family business. All three are businesses with a large trajectory, if we take into account that they exist since 20 (2 cases) and 30 years ago. All three entrepreneurs have 3 businesses each.

#### E. Stage V - Resource/ Maturity ( $n = 3$ )

In the fifth stage, that of Resource Maturity, we find balanced, strong and credit-worthy businesses, with a sustainable growth. The company can be sold as a product and the business model can be exported abroad, since the company is competent and competitive in the market, and it is hardly sensitive to changes in context. The specific indicators for classifying an enterprises in Stage 5 are:

- Number of employees: From 30 to more than 100; Number of establishments: Unlimited.
- Number of businesses per entrepreneur: 5 or more.

Three cases in my research were classified in this growth stage, all of them non-family businesses and all of them operating in different countries and in different economic sectors. All three of them have a large trajectory: They are 20, 25, and 30 years in business.

## **Geographical areas of business activity**

### *Description*

Regarding the geographical scope of the business activity, different geographical levels can be distinguished. These levels are described as follows:

#### 1. National/local area ( $n = 25$ )

In total, 25 businesses operate only inside the national borders. It is necessary to note that in a microstate like Andorra, the “national” level would count also as “local” since the different areas are close the one from the others, and both large, small and micro businesses operate at a “national” level. The area is indicated in red in Figures 9 and 10.

#### 2. Cross-Border area (at max. 60 Km from the border, or 1 hour by road) ( $n = 7$ )

Seven businesses operate in Andorra as well as in the immediate surrounding area. This means that their operating area is still small, but they have the possibility of working under two different legislative systems.

I defined this area not as a regular circle (see Figure 8 and 9), since in mountainous areas not all points are equally accessible by road. Therefore, some points in road communications have been taken into account to establish the limits: Ax-Les-Thermes (Ariège - France); Tarascon (Ariège - France); Puigcerdà (Cerdanya – Spain); Oliana (Alt Urgell – Spain) and Sort (Pallars Sobirà – Spain). The area is indicated in blue in Figures 9 and 10.

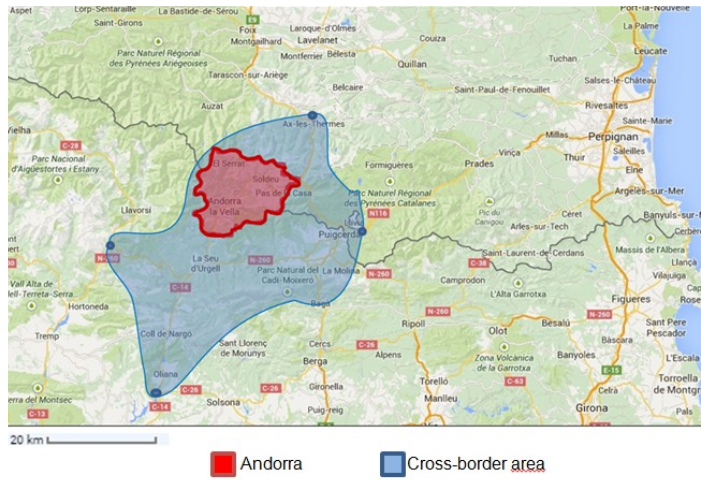
### 3. Influence area (n = 4)

Four businesses are active in what one could call the influence area of Andorra, indicated in orange in Figure 10. I would argue that these businesses do not operate at a transnational level, since their field of activity is limited to approximately 250 Km from the Andorran border. On the other hand, I would neither argue these are cross-border businesses, since the operation area is much larger than the so called 'border area'. I defined the influence area as the area between 60 Km and 250 Km from both the Andorran borders.

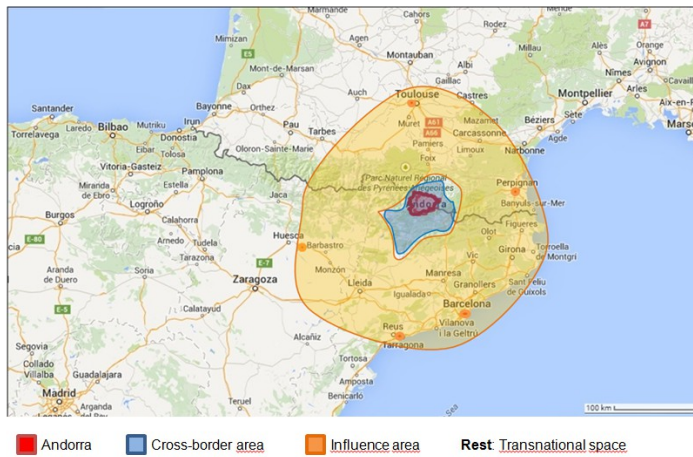
### 4. Transnational area (n = 4)

The last four businesses are active transnationally. The transnational space has been defined as the space at more than 250 km from the Andorran borders. That is, the transnational level contemplates all the areas over the world, that are beyond Andorra's "influence area". This activity space is mostly observed for macro-businesses or cyber- businesses.

**Figure 9. National and cross-border areas of business activity.**



**Figure 10. Different areas of business activity (transnational, influence, cross-border and national)**







# **Findings I: Motivations for migration and the experience of living and running a business in a micro-state context**

## **6.1. Introduction**

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The diversity of my cases allow me to illustrate the influence of the normative context on the development of the business, and the different strategies developed by the different groups. The main aim of this chapter is to gather the experiences and perceptions of entrepreneurs in different stages and dimensions of their businesses, as well as their feelings and sensations towards the Andorran society. I think that this diversity will help me obtain a global overview of the particularities of the business cycle ran by migrants in a microstate context.

In addition, this chapter will pay attention to the effects that the microstate context has on the lives of immigrants. This information will complement the analysis of the network structures, and quantitative data presented in chapter 5 related to the entrepreneurs' personal experiences, providing qualitative insights to the analysis, and specially, motivations and rationales of observed patterns of behaviour.

The information in this chapter is structured in three sections. Section 6.2 presents the reasons for migration and the perception of the country's economic situation. Section 6.3 addresses the experiences of living in a microstate. Finally, in Section 6.4, the specific strategies for business creation are discussed. Section 6.5 summarizes the findings.

## **6.2. Migration experiences**

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### **Trade: The engines of the Andorran economy**

The great number of available job vacancies has been the main motivation to migrate to Andorra during the last decades. As I have mentioned before, Andorra experienced a fast economic development during the twentieth century, as a consequence of the construction of roads, which facilitated the access to the country, and the status of neutrality in the consecutive Spanish and Second World wars.

*There was a historic event that made the Andorran commerce take off. This was Franco's attitude in Hendaia, during his meeting with Hitler in October 1940. Hitler had helped Franco win the Spanish War, and then Hitler expected his help to be returned. Nevertheless, Franco did not respond positively to his petition for some reason. [...] So, we were so lucky to live between two non-simultaneous wars.*

*From a commercial point of view, Andorrans were lucky to be surrounded in every moment by a country in peace and another in war. That is we had, for a while, a supplier country on one side and a demanding one on the other. Let's say this latter was a 'customer'. And this was how Andorra became a real duty-free zone: Goods were bought on one of both sides and then they were sold in Andorra.*

*On the other hand, when 'payed holidays' started to exist in France during the fifties, French tourists started to be interested in Andorra, since they wanted to go to Spain to enjoy the sun, beaches, fiestas, bull fights, and all that. But to travel to Spain in that moment was kind of difficult, since the country was under Franco's regime and they needed a visa. In some cases it was even risky, as refugees or refugee's relatives would be arrested if they travelled to Spain at that time. This is why they went to Andorra, where there was no beach but we had nice weather and nice mountains. Then, the*

*commerce in Andorra was adapted to this phenomenon and it started to represent the Spanish folklore: we had lots of off- license, we had a bullring called 'La Monumental' and shops were full of Sevillian dancers and bull figurines.*

(Hug, Andorran)

The economic growth in Andorra arrived at a crucial point during the fifties. The trade market was mostly focused on tourism, which was increasingly more abundant, and this also increased the number of job vacancies in the country. In the same vein, as new inhabitants were arriving to the country, more and more housing and services were needed. Consequently, Andorra became in just a little time a big commercial area with a wide range of labour opportunities, and this brought numerous and sustained waves of labour immigration. Nowadays, Andorra is a multicultural society, where 54% of the inhabitants are immigrants.

Most immigrants in the fifties came from the neighbour countries, France and Spain, such that from 1957 onwards (the first year for which official statistics are available<sup>64</sup>) the number of Spaniards in Andorra was larger than the number of Andorrans. The French were the second immigrant group in the country, even though there is a big difference between the former and the latter (Lluelles et al., 2010, pp. 167– 168).

*I am from Almeria, in Andalusia. I arrived in Andorra in the 60's, when I was a 5-year-old child. I came here with my parents, who decided to migrate to Andorra seeking for a better life, with new and better labour opportunities. The economic situation in Spain was very bad and, as many people did, my parents came here to make a living.*

(Pepe, Spanish)

*I was born in the South of France, near Toulouse. My parents were from there, and as many people did, they decided to move out to Andorra to work. I was a child when we came here, and my little brother was born in Andorra.*

(Nathalie, French)

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<sup>64</sup>Source: Town councils (comuns)/ Census of *comuns*, 2014, Department of Statistics, Government of Andorra.

Over the subsequent decades, the Andorran job market kept growing in comparison with its neighbour countries. In fact, the Andorran economy has been quite resilient to the economic downturns that occurred in Europe in the recent decades (see Figure 2 in Chapter III); since their impact on the Andorran economy was relatively small and its recovery tended to be fast. Thus, entrepreneurs in Andorra perceived the country as maintaining a reasonable level of economic activity, especially when compared to other European countries in recession, as the following two interview extracts show:

*[...] Then, Andorrans understood that the situation had changed and they decided to adapt to their customers' needs. Their main clientele was Spanish (while they were mainly French before). The Spanish customer had more money by then, and they could find and buy in Andorra whatever they could not in Spain. And they could acquire the latest developments! Andorra became therefore the prime trendy "shopping center". This was the time of Duralex and the "cocotte minute" [pressure cooking], Nylon, etc. All these things were found in Andorra, and they did not exist in Spain! This lasted until 1986, when Spain entered the EU. When this happened, the possibility of continuing this trade was questioned, since it was necessary to get adapted to the customer's needs again.*

(Hug, Andorran)

*To have a business in Andorra in that time meant to buy and sell continuously. To be an entrepreneur in Andorra during the eighties was really easy, since you could work very comfortably. Thus, you could attend fairs and bring new merchandise which was new in Andorra and Spain... and you knew that this was exactly what your customers were looking for.*

(Gerard, Catalan)

## **Reasons for migration**

Taking into account the good labour situation in Andorra during the second half of the twentieth century, especially during the periods of economic crisis in other countries of Europe, labour opportunities have been the main motivation for migrating to Andorra. In fact, the majority of the 33 migrant respondents in this thesis migrated during the last decades for this purpose (63%). Either they came to make a living or, in other cases, a job opportunity arose before they migrated to Andorra. The labour situation in their origin country was difficult in many cases.

*My aim was to do a PhD in Barcelona, but my supervisor died in a traffic accident. Later, his substitute had already his own researchers... so everybody who was working there in that moment (doing PhDs, Master theses, and other students) had to leave, since there was no possibility to continue. Therefore, a job vacancy arose in an Andorran laboratory and I was working there for 3 months.*

(Àgata, Catalan)

*I migrated to Andorra out of necessity. I started to work in a hotel... since I had two children and a mortgage to pay, so I had to work and there were no jobs in Portugal. I could not make a living in my country and I had the need to migrate.*

(Carminha, Portuguese)

Nevertheless, apart from labour and economy, other reasons for migrating have emerged in this research. The aim of 15% of the respondents was to change their life and know other places. In these cases, the decision of migrating was focused on uplifting their life standards, and expanding their professional perspectives.

*I was really happy in India; my life was good and comfortable. I used to work as a police and I also was a good athlete. Nevertheless, when I was 25 I decided to leave and know other countries and other realities... I just did it to travel the world and learn new things! In my opinion, you always have to look for the better way to grow up for yourself... and to grow up is very important.*

(Kalu, Indian)

*I arrived in Andorra 25 years ago. My sister and I came for summer holidays when we were students and this was the first time I saw Andorra. I was 17 years old, and after having been here for 3 months I decided to stop my studies and stay here. I was young, I wanted to start working and have my own life that is why I stayed. Then I started working... until today, 25 years later.*

(Augusto, Portuguese)

In addition, three respondents migrated to Andorra because of their partner.

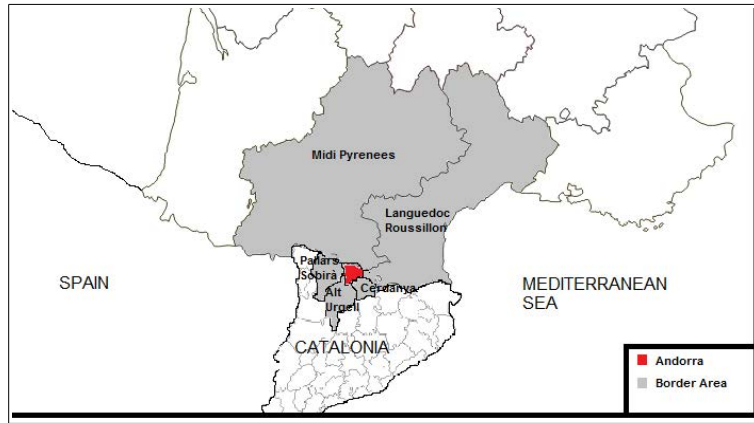
*I came to Andorra because I was together with a guy who was from here. He asked me to move here because it was a nice place, life here was good and easy, etc. I had my own job in Barcelona in that moment and I loved it.... So it was hard to make a decision, but finally I decided to migrate. So yes, I came here for love!*

(Martina, Catalan)

Furthermore, there is a group of immigrants from the border among the respondents. Mainly, these individuals come from the regions of Alt Urgell, Cerdanya and Pallars Sobirà, in Catalonia; and from the region of Midi- Pyrenees and Languedoc- Roussillon, in France (Figure 11). Although not being natives from Andorra, their identities seem to be very similar to the Andorrans'. These people are considered to be "Pyrenean", since they identify with this common area and a common culture. The latter phenomenon is probably an effect of the social, politic and economic relations that Andorra has had with its border regions over the history, especially before the economic growth of Andorra in the second half of the twentieth century.

Immigrants in Andorra coming from the border area have reasons for migrating similar to those of other migrant groups, such as expanding their labour and/or professional opportunities. Nevertheless, these immigrants do not experience a substantial change in their lives, since they keep living in a similar environment and their town of origin and their family are still very close. At the same time, it should be pointed out that moving to the other side of the border implies several bureaucratic applications, as they need to change their official residence and to obtain a work permit to be able to live and work in Andorra, which is not part of the European Union. On the other hand, integration is easier for cross-border and Catalan immigrants in general, due to the similarity of the Catalan and Andorran cultures and their language. In fact, the dialectal variety of the Catalan language in Andorra and its immediate neighbour regions in Catalonia (Pallars Sobirà and Alt Urgell) is highly similar, and conversely, it can be easily differentiated from other Catalan regions.

**Figure 11. Andorra's border and influence regions<sup>65</sup>**



*I was born in Andorra and I am from Andorra. Half of my family is not actually from Andorra... but they are from here, from this area. I mean I can say that all my family are from the Pyrenees. I say this because the border was differently considered 50 or 60 years ago. At that time, someone living at 50 or 60 Km from here was considered to be “from here”, since although not living in Andorra this person made a living in agriculture and farming, like people living here in Andorra. The relationship between both areas was therefore quite open and no border limits were taken into account. I think the border is a modern invention! Farmers in that generation did not care about country borders!*

(Arnau, Andorran)

*I was born in Noves de Segre [Catalonia], but I have been living in Organyà [Catalonia] for many years. Actually, I spent all my childhood in Organyà, and I used to go to high school in La Seu d’Urgell. After this, I moved to Barcelona to go to university, as everybody did [...]. I was living and studying abroad for many years, I have been living in several cities of different countries apart from Barcelona because I love discovering new*

<sup>65</sup>Own elaboration. Mute map obtained from <http://www.mapacarreteras.com/77-mapa-francia-pais/>



*places... but I am Pyrenean! And I decided to go back home, and I got a job in Andorra. There were not many opportunities in La Seu or in the rest of the region, and the only way of having a good professional future and being home at the same time was to live in Andorra. Now I am where I like to be.*

(Eric, Catalan from Alt Urgell)

### **6.3. Living and running a business in a microstate**

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#### **A particular context**

The particularities of Andorra as a country are evident in many aspects. Size is probably the clearest of these features, but others can be highlighted, especially those concerning the political structure and diplomatic relations with other countries. However, the implications that these particularities have in the daily life of its citizens are not so clear. In the Andorran case, the small size of the country seems to have a positive aspect on its inhabitants, since this makes it possible to build contacts more easily. But other limitations and shortcomings are latent in this context. These are both social (e.g., social control), as the first interview extract shows, and related to business growth, as the second interview extract highlights:

*The fact of Andorra being a small context, where many people know you, is very helpful. You can ask and receive many favours and support thanks to that... but also you have to be very cautious. You cannot do it lightly for this very reason: Everybody knows you and you cannot take a wrong step, if you do not want to develop a bad reputation! It is great to have contacts, but it is very important to be very careful with everything you do.*

(Christian, Catalan from Alt Urgell)

*Bigger countries have diverse markets, audiences, or even geographical sectors within the same national scene, so people's networks have a more diverse range of possibilities. In those contexts, your business can start to growing gradually, overcoming different stages. For example, you can start to work at the provincial level, later at a regional scale and finishing by operating at a national level. Also, if your business does not succeed in a specific area of the country, the entrepreneur has the possibility of moving out to another area of that state. In all these cases you are playing within a*

*single law system and a culture, which will be quite similar in all the different areas, but you are operating in different contexts and markets, with different audiences at the same time. In short, this entrepreneur is expanding his/her business. Instead, all that works differently in Andorra. Although you have an easier access to all kind of resources (from the lowest to the highest social circles), since it is amazingly easy to make good contacts, you only have a single opportunity structure and there is no margin of error nor growing possibilities of your business if it is not really mature. To grow in Andorra is not evident at all... since the legislative and entrepreneurial umbrella has very closed limits, and very often the business is not mature enough to cross the border and operate at an international level. This is neither easy nor evident at all. In my opinion, this latter fact is an important particularity of our country (Andorra), and this is why you need to know the context very well to start up your first business there.*

(Leo, Andorran)

Apart from the pros and cons of the small and accessible opportunity structure, other individuals also put into consideration the perceived security and the privileged neighbourly relationship in the Andorran villages and towns. Again, this is a positive consequence of both the small size of the country and its low number of inhabitants, which demonstrates again that social networks in this context tend to be easily accessible, also in terms of closeness of the different contacts. This happens even in the most touristic areas, where a shoulder-to-shoulder relationship exists among the different entrepreneurs of the same economic sector.

*Look, this is such a calm place that, when we had our first shop, we left it open in some occasions... and no one ever broke into the shop! You cannot do that in many places nowadays. I always tell that once, we were putting some Christmas lights and we had something connected into the shop, so the door was open. Maria [one of the employees] went home for lunch and I told her I would lock the door when I would finish. Once we finished, we disconnected the drill we were using and picked up everything and we left... leaving the door open! When we were back in the afternoon, we found some money and a note on the counter saying: "I took a box of sanitary napkins. Here you have the money". I mean that here is like it was a very small village, where the neighbours are almost like a family.*

*Also, we had a bar in front of the shop some years ago, and I usually went there to have a coffee in the midmorning, and from there I could see if someone was about to enter in my shop and then I went there. It was really funny, because when people saw that I entered after them they were surprised because I had left the door open. This is actually a big advantage of living in a small place, because you can rely on people... I have a lot of friends having a shop in Spain, and they had been robbed. Even mugged!! We do not have these problems here... we can leave the door open and nothing happens.*

*(Àgata, Catalan)*

Furthermore, the small size of the context also has some effects on the integration of newcomers, both positively and negatively. On the one hand, social integration in the Andorran society is relatively easy, at least for the other Europeans and the Indians in my sample. The fact that the largest part of the population is immigrant (54%), and another large proportion of Andorrans are immigrant descendants, makes individuals from different origins work together in one place or be in touch for labour or professional purposes (collaborations, customer relations, etc.). In addition, for the same reason, it is also easy to know people with high positions either in companies or in political positions. Probably it is for this reason that I found this kind of contacts in many of the interviewees' personal networks.

*Here we all know each other, and after almost 40 years living here I consider I am more from Andorra than from India. Actually, I have more friends here than there and also my family is mainly here. Even, we have a good relation with the other entrepreneurs in the same sector. We are all friends! We go for a beer or dinner all together very often... about twice or three times a month. Most of them are Indian entrepreneurs.*

*(Sharma, Indian)*

*I love Andorra. I feel like I am from here and I actually have many friends here after all these years living here. Andorrans have been so good to me and my neighbours from Pas de la Casa [are already like a second family to me. Also, I have very good relations with other Indians in Andorra. Actually, I am the manager of the Association we have here in Andorra. To get integrated here you only need to be nice and sociable to others, and*

*then they integrate you in their group. Wood never grows straight, but it is the master joiner who works it and straightens for it to grow with beautiful forms... Social relations are similar, you need to work your contacts network to make it useful and easy to maintain.*

(Kalu, Indian)

Nevertheless, not all of the adaptation experiences have been positive. Some of the respondents do not feel their integration in Andorra has been easy nor positive in some moments. They ascribe this to the fact of not being “one of them”, referring to Andorrans. Although I had not specifically asked about this in my semi-structured interview, nine of the interviewed immigrants pointed out the consideration that Andorrans have a preferential treatment and, in this sense, the government and the law system protect them. These immigrants perceive Andorra as a stratified society, which gives preference to all those with native Andorran ancestors leaving newcomers and their families on a second level. This phenomenon triggers some stereotypes towards Andorrans.

*Of course, Andorrans do not want people from abroad to come here... because they think that we will appropriate the country. This is what they think: that we will take possession of the country! And that is clearly nonsense.*

(Milagros, Spanish)

*They stigmatize us. Even if your nationality is Andorran, you will always be Portuguese anyway. Your surname and your name will always betray yourself and of course, you will never be one of them. Have you ever seen a Da Souza in the government? No, you have not and you will not see it for now. Anyway, my Portuguese origin will always be in my heart!*

(Diogo, Portuguese)

*I have an Andorran Passport... but anyway, if your surname is not Andorran nobody in this country will mind you. Your complaints have no sense even if you have an Andorran passport number. On the contrary, if you have a good surname, then you can give your opinion or make a complaint and everybody will hear and mind you. This is absolutely outrageous.*

(Andrés, Spanish)

## 6.4. Are my rights your rights? The legislative framework in Andorra

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The origin of the existing stereotypes towards Andorrans and the stratified vision that immigrants have of the Andorran society is probably its legal structure over the history of the country, in which Andorrans have had preferences in some aspects such as political (similar to that of other countries); economic and labour rights. Actually, the *Manual Digest*<sup>66</sup> in 1748, the decree of 17th June of 1939, and the different laws applied from the first constitution (1993) have all stood up for the preservation of the national identity as one of the main basis for the different laws' application and the granting of rights to all the citizens, as indicated in Chapter 3.2.

Therefore, Andorra counts on a particular structure in terms of economy and politics. This structure seems to have its origin in a set of historical events. One of these singularities, which would justify the concern to preserve the Andorran identity, is the dizzying economic evolution of the country during the twentieth century. As a consequence of this, the Andorran society, which was a small rural society with a strong tendency to emigrate to survive, started receiving immigrants, which made the population of the country increase considerably in very few decades and Andorrans became a minority group. It was also in this decade when the first constitution of Andorra was born.

*Andorra is a singular country with a structure and a unique political system in the world. New generations living in Andorra do not value this, but people from abroad do. People from abroad consider that Andorra is a singular and unique context, and this is why they are happy when they come here. Actually, they come here because they know they will have some facilities they cannot find in their place.*

*(Hug, Andorran)*

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<sup>66</sup>[Chapter III, section 3.2- p. 51 of this thesis]

## Nationality versus identity in Andorra

In Chapter 3.2 I explained the prerequisites for obtaining the Andorran nationality and the need to renounce on their nationality of origin when applying for the Andorran nationality. Actually, some interviewees would acquire the Andorran citizenship if they would not have to renounce their citizenship of their country of origin. They consider that having a double nationality should be legal.

*I just had to pass an assimilation exam to become Andorran. Of course, after having been living here for 20 years... and now I just have to renounce to the Spanish nationality. But I did not do that step yet. Actually, you have 4 years' time to formalise your resignation. During these 4 years you have a provisional passport until you renounce to your other nationality, but you have no political rights. You cannot vote, for example. Anyway, this is just a formality and I think I will do it at any time... I took this first step just in case, because I thought it would help me in any way but I really do not know when I will take the following step. I suppose I will take it, because I know that I can get my nationality back if I want to. So I am not really worried about that... If this was something definitive I do not think I would do it.*

(Martina, Catalan)

*I could be Andorran if I wanted to, but I will not become Andorran. I could get my passport because I have been in Andorra for 25 years now... but I will not renounce to my origin to obtain an Andorran passport. In addition, 12 years ago I wanted to but I could not! The reason is not that I do not like Andorra... I love Andorra! But I have my own identity, and I do not want to lose my origin. I do not want to relinquish the land where I come from. I just would do it if I could have the double nationality... in this conditions I would take it right now!*

(Augusto, Portuguese)

Actually, the largest part of the interviewed immigrant entrepreneurs (63%) decided not to get the Andorran citizenship and prefer to live in Andorra as a foreigner resident, since they do not really need the nationality to be an entrepreneur anyway. Only 13% of the immigrant entrepreneur respondents decided to become Andorran nationals, having previously renounced their origin nationality. Instead, 24% of the immigrant interviewees have now a double nationality, although this is illegal in Andorra. That is, they refused their origin nationality and, once they definitely got the Andorran passport, they got their original nationality back.

In fact, it is usually considered that the Andorran nationality is not the necessary condition for enjoying citizenship rights in Andorra, once a certain period of resident has been achieved and entrepreneurs could already start up their businesses. Furthermore, it is generally considered that the Andorran passport does not have many advantages abroad. In fact, those coming from countries in the EU would lose their condition of EU citizens, as they would need to refuse their nationality to obtain the Andorran one (Andorra is not part of the EU). Moreover, it is easy to get back nationally in cases as the Spanish, but this is not the case in other countries like Portugal, where you cannot get your nationality back easily. This is thus the reason for not applying for the Andorran citizenship in some cases.

In sum, identity and the objective of maintaining the European citizenship are the main reasons for not requesting the Andorran citizenship, or to make the decision of keeping the double nationality, even being illegal in Andorra.

*I have been in Andorra for 30 years now, and I still have the Portuguese nationality. I have never requested the Andorran one, although I have thought about it in some occasions. Nevertheless, I will have the same rights that I already have now just being a resident... I already have my own business and I have economic rights, and I would not have more advantages if I was Andorran.*

(Rafinha, Portuguese)

*I did not get the Andorran nationality for the time being, and I do not think I will get it. Spanish people can get their nationality back if they refuse it, but this is not the case of Portugal as far as I know. I think Spaniards can refuse their citizenship today and tomorrow they will get it back easily, just because they were born there or because they were Spanish nationals*

*once. But in Portugal you need to meet certain requirements such as having a good patrimony there, and things like this. I would only request the Andorran citizenship if it were really necessary, but you can live perfectly here without being Andorran. In addition, if I am Portuguese I am a citizen from the European Union and I would lose this condition if I was Andorran.*

(Poliana, Portuguese)

In some cases, the will to get integrated into the mainstream society has been the main motivation for getting the Andorran nationality. In these cases, the long period of residence in the country is a good reason for feeling themselves as Andorrans. In other cases, although this feeling of belonging to the country still exists, individuals never applied for the Andorran nationality.

*I obtained the Andorran nationality 10 years ago. I got it because I feel I am from here. When I go to India now is just to go on holidays, but I do not feel I am Indian. I came to Andorra when I was 16 and I have been living here for 35 years; this means that I am from here rather than from there. Also, the greatest part of my friends and family are here, and some of them are from here.*

(Sharma, Indian)

*I used to go to Almeria to visit my family before, but I have not gone there since 5 or 6 years ago. My family and I went there for holidays, but now we have a summer house in the beach and we do not go to Andalusia anymore. Just when there is an important family event and that is all. Actually, I came to Andorra when I was a child and here is where my family and my friends are. My life is here, so I would not return to Spain. Nevertheless, I do not have the Andorran nationality... I could have it, but I have never needed the passport.*

(Pepe, Spanish)

*I feel I am from Andorra, although I have never requested the nationality. I never go to Portugal... now my home is here and I would never return to Portugal. My daughters go there once every year minimum, but not me.*

(Carminha, Portuguese)



Again, the sensation of receiving a preferential treatment within the Andorran society has also been one of the given reasons to take the decision of getting the Andorran naturalization, but not actually one of the most usual. Although many of the respondents consider that Andorrans have preference in some social and political aspects, they do think it is not really necessary to obtain the Andorran nationality to live well in Andorra.

## **Legislative restrictions on the economic rights of non-Andorran residents**

Before 2012, non-Andorran residents were not permitted to start up their own business if they did not fulfil at least one of the following conditions (see Section 3.2): (1) Maintaining a continued residence in Andorra during 10-20 years, depending on the individual's country of origin; (2) Having an Andorran shareholder of the business, or someone else who has acquired the economic rights; (3) Having the Andorran nationality; (4) Having a figurehead. Even though this is a usual option, it is not legal and it is risky for the people involved.

*I had to be living here for 20 years to be able to have my own business without a figurehead. I had one at the beginning, but when I could have the business in my name then I could manage without this person.*

(Sharma, Indian)

I will come back to the role of the figurehead for launching and developing a business in the next section. Nevertheless, the mechanism works a bit differently in the case of liberal professions (doctors, chemists, lawyers, etc.). Even so, Andorran nationals have priority in pursuing these activities within the country, as Ágata explains:

*At the beginning when I arrived, there were not many professionals trained in my field in Andorra. The foreigner professionals could hence practise their professions either getting provisional contract for 10 years, which became definitive if the vacancy was not demanded by any Andorran during this period, or being a non-skilled Andorran with some experience in a similar job. These later had priority for getting the authorization.*

*I needed to be a resident to be able to open my business in Andorra, which was to practise a liberal profession, and I got the provisional permit for 10*

*years. There was a man giving this service in my village before, but [...] he was angry with his homeowner and he decided to leave. Thus, the village did not have [this service] for one year. This situation made the local council to launch competitions to meet the demand of this service in the village, which was essential and there was not any initiative.*

*I was not native and I had been living in the country for six years... so I did not have economic rights! But I applied anyway and I got it, since I was the candidate with the longest residence period! Nonetheless, I was told that I would have a permit of 10 years, and I only would be allowed to continue if nobody claimed the right of having this business in the village. If this happened I would have to leave the business.*

*The thing is that creating a liberal profession business in Andorra is not free. It is so if you are Andorran, but it is not if you are from abroad. Foreigners are only allowed to run their liberal profession business if no Andorrans want to run one, but if there is an Andorran who aims to have his/her own business in your place, then he/she will take precedence over immigrants. Anyway, nowadays you need a degree to exert a liberal profession, even if you are Andorran. At least this has been changed, luckily!*

(Àgata, Catalan)

In spite of the legislative restrictions affecting the economic rights of immigrants in general and the right of non-Andorrans to create a business in particular, immigrant respondents in this research generally affirmed that starting up their own business in Andorra has not been difficult at all. Nevertheless, most of them consider that received aids from their contacts (figurehead, family, close friends, etc.) have been crucial to overcome these restrictions.

*I think that being Portuguese or having the Andorran nationality is absolutely the same if you want to run a business once you have been living in this country for many years. The problem is if you want to do it when you have been living here for a short time. Then it is more difficult, of course! In this latter case, you have to look for alternative options such as looking for a figurehead. But once you have someone helping you and all that... then there is no problem at all. Knowing people and having contacts is the key here in Andorra.*

(Rafinha, Portuguese)

Rafinha also explains that the conational community in Andorra is also a great help. When the community is large enough, it can also lobby for their needs and rights more effectively:

*I had been living in Andorra for 14 years when I started up my business, but I needed 25 years of residence in that time. Later, when I put the business in my name I just needed 20 years of residence, or maybe 15 or something like that... but then it ended by being a period of 10 years long. The Spaniards and French had these conditions before us... but then the Portuguese community complained and so they got the same treatment. This happened because Portuguese are a huge group in Andorra and they had to listen!*

(Rafinha, Portuguese)

Some of these limitations on the economic rights of non-Andorran entrepreneurs have been recently modified or moderated. Now there are no differences between national groups in Andorra and so the entire population has the same right to perform any economic activity<sup>67</sup>.

*I was not put a single impediment anyway. I just arrived there and changed the name of the business' owner [she had had a figurehead before this]... then I paid and that was all. I already had a residence period of 12 or 14 years by then, so I had no problem. Actually I think it is good that one is*

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<sup>67</sup>Idem

*allowed to run his/her own business... do not you think? Sure! Because being a figurehead is absolutely risky! You can ruin the life of your figurehead if you make a mistake!*

(Carminha, Portuguese)

## **6.5. Launching and developing businesses in Andorra**

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As has been stated before, business creation in Andorra has been strongly regulated during the last decades. An evident consequence was the relatively low rate of businesses carried out by immigrants, compared to that of Andorrans' businesses. Whereas immigrants made up 57% of the general population in Andorra in 2011, right before the implementation of the new law of foreign investment, only 40% of business holders were non-Andorrans. However, 40% is still quite considerable, providing a hint to the recurring utilization of some strategies such as having an Andorran major shareholder or a figurehead.

A small number of entrepreneurs in this research (10 cases) had the Andorran citizenship either when they started up their businesses or when they began to take part of their business as shareholders. That is, the economic and ownership rights of these entrepreneurs were not limited, which influenced the way they run their business compared with the other 33 interviewed entrepreneurs, who did not have the Andorran nationality during the start-up phase and needed to develop other strategies.

Firstly, some non- Andorran entrepreneurs (7 of 33 cases) created their business together with an Andorran shareholder. This was thus one of the possible ways to legally start up a business according to the law before 2012.

*Then I decided to create my own business, together with another guy from Andorra. It was actually him who encouraged me to start up a business with him... it was his business at the beginning, but he did not know how this sector worked, so he asked me to take part of it as a shareholder. This was how we created our society.*

(Augusto, Portuguese)

Secondly, 21% of the non- Andorran respondents (7 cases) told that they waited until they had the necessary residence period to create their business. Notwithstanding, it is worth mentioning that all of them were French and Spanish entrepreneurs, who only needed to wait 10 years of residence to obtain economic rights in Andorra in that moment. The Portuguese agreement arrived later, in 2007.

*When I took over my father's business, I also started up other businesses at the same time. Also, I already had created a tourism services website before this. I had already passed the obligatory period of residence in the country by then and in addition, my last school years were in Andorra... so this helped a lot, since I already knew a lot of people who would help me later with some initiatives.*

(Jordi, Catalan)

Finally, I found some businesses that had been started up with a figurehead's help. Although this is an illegal and risky practice, 9 of the 33 immigrant entrepreneurs in this study (27%) started up their business with a figurehead. This has been thus the most common strategy for overcoming legal restrictions on economic rights, according to the immigrant entrepreneurs interviewed in this project.

As this is a risky practice in legal terms, the figurehead usually requires a charge for this activity. That is, the figurehead gets usually paid for his/her service. Nevertheless, in some cases the figurehead has a close relationship with the entrepreneur and he/she performs this role for free. This latter case has been rather common among the interviewees of this project. Whether getting paid or not, absolute confidence is crucial, since the figurehead can get in serious trouble if something unforeseen happens.

*Although I was not allowed to have a business on my name in that moment, I did not have any problem when I decided to open my own business. I decided to count on a figurehead and I did not have to pay anything to him. So this brought me the possibility to own a business, but it was in his name*

(Rafinha, Portuguese)

*There are a lot of people who are a figurehead and their life can be ruined if there is any problem... and I would say that this happens often! This is a big risk for them! [...] Our figurehead never accepted a single euro, never! Even if we tried to invite him for a coffee he got angry! When he came to have lunch and I did not charge anything, he never accepted. At the end we changed the name because I already could run my own business, but he was always happy to help us being our figurehead... even being so risky!*

(Carminha, Portuguese)

*Our figurehead was a girl who used to work with me three years before. We trusted each other, so I asked her to be my figurehead and I offered to pay her a monthly fee. I paid her about 25.000 pesetas a month. That is 150 Euros nowadays.*

(Sharma, Indian)

Finally, 7 of the interviewed entrepreneurs (21%) started up their business after the implementation of the New Economic Opening Law (July 2012). This implies that the business creation was not conditional upon the legislative restrictions affecting the entrepreneur's economic rights. In addition, it is worth to mention that not all of these entrepreneurs are new immigrants in Andorra, but some of them are entrepreneurs who decided to start up their own initiative after having been living and working in the country for several years. Actually, some of these entrepreneurs had already found a formula to start up their own business having either a figurehead or an Andorran main shareholder.

*Being residents during less than 10 years and without the Andorran nationality we were not allowed to have our own business, so we had a figurehead. But now there is a new law, under which you can start up a business anyway... you do not need neither the Andorran citizenship nor an Andorran shareholder or a figurehead! So now our figurehead will keep being a shareholder in this company until the end of this year, and then we will finish with this.*

(Renata, Portuguese)

*We already had a figurehead for our business. He was a friend from Andorra. Actually, he and his wife are really good friends of us and they offered to help us with this. But then we got noticed that we could have our own business in our name now, even if we had not lived here for 10 years.*

(Angela, Portuguese)

Other entrepreneurs, meanwhile, decided to move to the country to get advantage of this new law. This helped these individuals to either overcome the hard economic crisis happening in other countries in Europe or extend an existing business to another or other countries.

*We heard about this possibility and given that I could not find a job due to the crisis in our place, we decided to start up our business in Andorra. In any rate, our products are also being distributed in Spain.*

(Bernat, Catalan)

*I lost my job and I was jumping from one job to another for many years, working in many different things. I am an engineer, but I could never work in what I really want... so my wife and I decided to create our own business project. Then we knew that Andorra had this possibility and we thought it was a really good place to go... so here we are! We have been living in Andorra for one year now.*

(Marc, Catalan)

Furthermore, not all the interviewed entrepreneurs were the founders of the business that they manage. In 10 of the 43 studied cases (23%), the entrepreneurs took over the responsibility of a business that was already operational. These business are either the entrepreneur's family business (in 7 of these 10 cases) or both business and societies already working (3 of 10 cases). Although they are not the founders of the business they manage, these entrepreneurs have received support to grow their businesses and to adapt them to the new times changes. Moreover, 6 of these 10 interviewees have two or more businesses nowadays, added up to the business in which they started managing. All of these latter entrepreneurs started managing a family business.

*My company started being a family business and so is nowadays, although being much bigger. My father started this after the Spanish Civil War. He began in the automotive sector. Later, he passed to the photography sector, where he was working in distribution of picture. After that, he started with the tobacco production and later to the bank sector and the hospitality sector. We still work in all these sectors nowadays. Actually this pattern is very similar to that of other entrepreneurs in Andorra, since many of them work in different economic sectors. I joined my father's company when I finished my studies at university... and I have been working there until now. My labour experience has been linked with the growth and diversification of the family business. We are operating abroad since some years ago.*

(Leo, Andorran)

*I started working in my father's company when I finished my studies and I learnt the job from the basis. Some years later I arrived to the CEO position. As the years have gone on, I have been the responsible of the growth and adaptation of the company to new times. Also, I have started up other business with different shareholders... and some months ago my father and I thought of selling the first business, after almost 50 years. This has been a hard decision, but this is what we decided to do and so this happened. I work in other sectors now.*

(Lluc, Andorran)

Obviously, the interviewees who have taken over their family businesses (7 cases) are all Andorrans. Generally, they were born in Andorra or have been living there since being a child. Nevertheless, the founder of the business was Andorran only in 4 of these 7 cases. The 3 remaining cases are currently run by an Andorran, but they were started up by immigrant during the fifties, the sixties and the seventies. Actually, one of these three businesses was started up by an Indian immigrant with the help of a figurehead. Nevertheless, the son of the founder, who was interviewed for this project, was born in Andorra and so he is an Andorran entrepreneur now.

Nevertheless, both immigrant and Andorran entrepreneurs have an important limitation to grow their businesses across the Andorran borders. The border is a big obstacle for entrepreneurs who have an opportunity or a customer abroad, since it is difficult and expensive to transport the necessary tools and equipment from one side



to the other<sup>68</sup>. Small-business entrepreneurs can operate thus within the country limits, but they have serious limitations if they want to expand their business' operation area, especially those with poor economic resources. In spite of these difficulties, some strategies are carried out by entrepreneurs on both sides of the border to overcome them. This is even more noticeable in periods of economic crisis.

*I provide [\*\*\*]<sup>69</sup> services, so I need to transport a big quantity of equipment to correctly serve my customers what they are asking for. The problem is that if I want to use my own equipment I would have to spend large amounts of time and money to transport all what I need from one side to the other. Actually, this means that I would have expenses to the go and the return travel. I cannot lug with that big expenses, but nor can I lose good customers, especially when they are important or they save my month! Government should note that, especially when an economic crisis is happening. Anyway, what I do is to have a collaborator in La Seu d'Urgell who rents me his/her equipment for a very affordable price.*

*I do the same thing when he/she needs to provide his/her services in Andorra, but this is not so often.*

(Andrés, Spanish)

*We started to have some interesting professional proposals in Andorra, since no enterprises were providing the same services as ours in there. However, providing our services from La Seu d'Urgell to Andorra was expensive and it involved a great deal of bureaucracy... so we started to think of a way to solve this. My great-grandmother was Andorran, so my brother decided to apply for the Andorran nationality... if you have an Andorran ancestor you have the right of getting the Andorran passport without any problem, so he did it. Then he started up a business in Andorra, which was apparently a different business but in real effects we joined benefits. Nowadays we work in the same system, we have two different businesses providing the same services in both sides of the border... but it is actually a single business. This is our way to overcome the border-crossing limitations.*

(Ot, Catalan from Alt Urgell)

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<sup>68</sup>Note that Andorra is neither part of the European Union or the Schengen area, so both movements of goods and persons are not free in the Andorran border crossing.

<sup>69</sup>The specific activity of this entrepreneur is not revealed in order to maintain his/her anonymity.

The importance of personal contacts in the moments of starting up and developing a business become apparent in all the studied cases. Contacts are crucial to go ahead with any entrepreneurial initiative. On the other hand, to take part of these networks and get into the opportunity structure is not difficult, since the size of the country and the closeness of the different kind of contacts makes easier the access to this structure.

*The bank did not make things easy for us, since we were immigrants. There was someone working in that bank who had been a workmate of mine before, so this was the first person to whom I went to speak. And he did not give me the credit. Nevertheless, I knew other people working in the bank... since I did client-facing work in a bar and many people came to have a coffee there. There was a gentleman with whom I had a great relation and I asked him the favour. He helped us with that credit and we could have the money to start up our business. I was really disappointed with the other guy, since he did not want to help me... even having been a workmate before!*

*(Poliana, Portuguese)*

*I have been living in Andorra for one year and I have known many people... and I really could see how important it is to know the context before opening your own business. This is why I have been speaking to people and listening at their advices concerning my business. It is really necessary to know the needs of the society in which you are working! I am still making contacts, though, and trying to create my own network of contacts. This network will be very useful for me to know the offered services I can hire and also it will help me to get more customers.*

*Also, this is very important: I really care about my customers, since they are not only who will speak about you later, but they will also give a good or a bad impression to your bar. Especially in Andorra, you have to be conscious and really careful with the people you have in your establishment and the atmosphere that you offer them! This is crucial for your business success.*

*(Marc, Catalan)*

## 6.6. Discussion

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In this chapter I have presented the experiences of 43 entrepreneurs in Andorra. The gathered data was obtained through the semi-structured part of the interview, where I asked entrepreneurs to explain their experience as immigrants in Andorra and their professional trajectory both at the moment of starting up and during the growth of the business.

The main aim of this chapter was to understand the main motivations of migrating to Andorra, how the size and particularities of the countries were perceived by the respondents, what obstacles and opportunities these features created, and how they faced them. The role of having personal contacts was also highlighted. The chapter serves as a context for the data that are presented in next chapter. This will make it possible to find out the main motivations and rationales that made these individuals to make the decision to migrate to this context and how did they overcome the different restrictions extant in that moment. On the other hand, these data disclose in which measure the different features of a microstate affect an entrepreneur's life and what is the real role of personal contacts in this situation. In this regard, it was possible to identify several patterns in each topic. Thus, the conclusions are as follows:

First, the main motivation to migrate to Andorra is the job opportunity structure. 63% of the interviewees migrated to seek new job opportunities. The New Economic Opening Law was implemented after the 2007-08's recession, which provoked a dramatic fall of population in Andorra. After the economic opening, new immigrant entrepreneurs arrived in Andorra to take advantage of this new law, which is an opportunity to start up a new initiative or to scale up existent businesses.

Second, microstates have both positive and negative effects on living and working in Andorra, in the entrepreneurs' opinion. As a positive element, the small size of the context provides an easier access to networks and resources through good contacts within the opportunity structure. That is, people in the lowest positions can have contacts with people in the highest positions more easily than in other contexts. Conversely, the small size of the country limits the opportunity structure. This is a negative aspect for both native and immigrant entrepreneurs, since the economic sectors get saturated very easily.

Nevertheless, microstates also tend to have stricter legislative restrictions. These restrictions give people the sensation of living in a stratified society, where Andorran nationals (those residents with the national passport) have privileges. These observations give place to stereotypes towards Andorrans. The prohibition of having a double nationality make many people renounce to apply for the Andorran nationality. The most common reason for that is the close relation assigned generally between nationality and identity. Many interviewees contend that if they renounce to their nationality, they are also renouncing to their origin.

Third, with regard to the role of personal networks in this context, it was shown that immigrant entrepreneurs benefited from having both stronger and weaker positive ties in Andorra. First, having a figurehead was the most common strategy to start up a business without economic rights. The relationship between the entrepreneur and his/her figurehead is usually of absolute trust, since both parts are aware of the risk that this practice brings. This confirms that personal networks and their resources are considered to be especially important in restrictive contexts. On the other hand, weaker ties, both with people “in the right places” and with customers, were also mentioned as important for the business, although establishing such ties was done with much care. Respondent were well aware that obtaining a bad reputation would have more dramatic effects in a micro society.



# Findings II: Personal support networks

## 7.1. Introduction

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This chapter describes the personal support networks of the interviewed entrepreneurs with the aim to understand the type of networks that entrepreneurs have in microstate contexts, and specifically, whether they exhibit mixed embeddedness. As I explained in Chapter 4, I collected personal networks from 40 of the 43 entrepreneurs in my sample. Each personal network has, by design, at least 22 network members (alters) that provided support at some point of their business development. I collected 21 personal networks of the 22 immigrant entrepreneurs who started their business under the former law. In addition, I obtained 5 personal networks from immigrant entrepreneurs operating under the new law, and 4 personal networks of cross-border entrepreneurs (whose businesses are settled in Andorra but they live in another country, Spain in this case). Finally, I collected 10 networks from native Andorrans, as a control group.

The main goal of this chapter is to provide a detailed description of both structural and compositional features of the entrepreneurs' personal networks in each group (Andorran natives, immigrant entrepreneurs in Andorra, new immigrant entrepreneurs and cross-border entrepreneurs).

The second aim of this chapter is to analyse the effect of some factors on entrepreneurs' personal networks, as well as their influence to business success. Some of these factors are the legal conditions in the moment of the business creation, the growth stage of each business, the economic sector or economic sectors where each entrepreneur is operating, and the different social groups giving support to entrepreneurs.

Finally, I intend to analyze whether or not the mixed embeddedness theory (Kloosterman & Rath, 2001; Kloosterman et al., 1999) applies to the Andorran context, a microstate with special legal restrictions, small territory, and small population. This chapter is structured as follows. In Section 7.2, I will describe the different types of support that entrepreneurs received. Section 7.3 describes the composition of the networks at the individual level, in terms of the countries of residence and origin of the network members. Section 7.4 focuses on the structure of the networks, emphasizing density, average betweenness centrality and modularity of networks. Finally, Section 7.5 analyses entrepreneurs' networks depending on the growth stage in which their business is classified. Finally, Section 7.6 summarizes the issues presented in the chapter.

## **7.2. Types of support received by entrepreneurs**

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In the first place, I analysed the specific kinds of support received by the entrepreneurs in my sample. For this aim, I focused on the data I collected with the name generators, and related these with the different characteristics of the alters giving support and the kind of relationship the respondents had with these alters.

The name generators were applied to ask respondents to name the persons who had provided different kinds of support during the start-up and the development of the business: economic, legal and administrative support, shareholders and/or figureheads, employees and ex-employees, logistical, emotional and other types of support. For each question, respondents could name an unlimited number of alters, but each entrepreneur was asked to name at least 22 different contacts in total. For the second and subsequent questions, respondents could name new persons and/or repeat names that were already nominated for other types of help. In other words, relationships could be uniplex (providing only one type of support), or multiplex (providing multiple types of support).

In total 926 unique alters have been named (23,2 per respondent on average), who were nominated 1260 times (31,5 nominations per respondent on average). In other words, alters were nominated on average for 1,4 types of support, although this varied from 1 to 7. Table 7 shows the classification of the different types of support that alters provided in the 40 networks collected in this research.

**Table 7. Number of helps in networks par typology**

KIND OF SUPPORT	N nominations	Average number of support providers, per respondent
Economic	91	2,3
Legal/administrative	173	4,3
Shareholder	81	2,0
Figurehead	12	0,3
Employee /Ex-employees	214	5,4
Logistic	340	8,5
Emotional	212	5,3
Others	137	3,4
<b>TOTAL</b>	<b>1260</b>	<b>31,5 nominations to 23,2 unique individuals</b>

According to Table 7, the type of support that respondents reported receiving the most is logistic support. Respondents named on average 8,5 persons who provided them with logistic support. Logistic support is provided by family, friends or other groups without remuneration, or by employees or ex- employees. Actually, interviewees named *logistic support* to both cases with and without remuneration. Nevertheless, I decided to separate those contacts providing logistic support for a wage from those helping unselfishly or as an exchange of favours (informal economy). Therefore, Table 7 shows the logistic support as the most provided in the collected networks ( $n=340$ ), followed by employees or ex- employees' help ( $n=214$ ; 5,4 names per respondent). The third largest category, after logistic support and (ex-)employees, is emotional support ( $n=212$ ). On average, respondents named 5,3 contacts. Other kinds of provided support were legal and administrative advice ( $n=173$ ; 4,3 names per respondent), economic support ( $n=91$ ; 2,0 names per respondent), and shareholders and figureheads ( $n=81$  and  $n=12$  respectively; 2,0



and 0,3 names per respondent, respectively). Obviously, these latter kinds of support were also differentiated, since shareholders and figureheads have different roles, as explained before. Although 12 figureheads have been named in the collected networks, they have been named by only 9 entrepreneurs. One of these entrepreneurs did not require the figurehead's services, since he/she could open a business under the new law.

Furthermore, entrepreneurs named 137 persons who gave 'other types of support' (3,4 on average). This category resulted to be heterogeneous: 78 alters were customers, 34 were suppliers, 11 were collaborators, 10 alters were nominated in this category for using their influence to obtain resources to the entrepreneur, and 4 were mentors or trainers. Customers were named more often than expected by entrepreneurs, who tend to consider that customers' support is crucial for their business' success.

Subsequently, I distinguished the types of support by the location of residence at the moment of providing help (see Table 8). Table 8 shows slight differences between the supportive functions of contacts residing in Andorra, contacts residing in the cross-border area and contacts residing transnationally – in the “influence area” or further away (for further information about the specific cross- border and transnational areas of settlement of support contacts, see Appendix V).

**Table 8. Kinds of support by the residence of the network members**

	economic	legal/adm.	Shareholder	Figure head	Employee	Logistic	Emotional	other	N total
<b>And.</b>	60 (66%)	120 (69%)	61 (75%)	12 (100%)	176 (82%)	217 (64%)	127 (60%)	89 (65%)	862 (68%)
<b>Border</b>	5 (5%)	14 (8%)	3 (4%)	-	21 (10%)	37 (11%)	16 (8%)	3 (2%)	99 (8%)
<b>Transnational</b>	16 (18%)	29 (17%)	12 (15%)	-	10 (5%)	72 (21%)	57 (27%)	37 (27%)	233 (18%)
<b>Deceased</b>	10 (11%)	10 (6%)	5 (6%)	-	7 (3%)	14 (4%)	12 (6%)	8 (6%)	66 (5%)
<b>TOTAL</b>	<b>91</b> <b>(100%)</b>	<b>173</b> <b>(100%)</b>	<b>81</b> <b>(100%)</b>	<b>12</b> <b>(100%)</b>	<b>214</b> <b>(100%)</b>	<b>340</b> <b>(100%)</b>	<b>212</b> <b>(100%)</b>	<b>137</b> <b>(100%)</b>	<b>1260</b> <b>(100%)</b>

According to Table 8, the largest part of support provided to entrepreneurs in Andorra comes from Andorra itself (n= 862; 68%). The second place was occupied by transnationally residing individuals, although the number of nominations of people living transnationally is much lower (n= 233; 18%). Support from contacts settled in the border area is still lower (n=99; 8%). It makes sense that most support comes from people living in Andorra, in particular when taking into account both the long period of residence in the country of most of the interviewees and the ease of access

to the opportunity network of that context. Finally, 66 nominations were given of people who gave support in the past, but who had since deceased, and therefore they cannot be taken into account as current social capital into networks.

Table 8 shows that shareholders, figureheads and employees are disproportionately represented among support provided from Andorra, which discloses the need of entrepreneurs to manage their business in this particular context of the microstate. Emotional support is slightly underrepresented among contacts from Andorra (60%), although 60% of the nominated providers of emotional support lived in Andorra. This may be an effect of the long residence period of entrepreneurs, which meant that people had had time to form intimate relationships with Andorrans. While 100% of the figureheads are from Andorra, the shareholder's support is mostly, but not exclusively given by people residing in Andorra ( $n = 61$ ; 75%), as can also be seen in Appendix VI.

Among the support resources given from the border area, employees and ex-employees ( $n = 21$ ) and logistic support providers ( $n = 37$ ) are overrepresented. Probably most of these alters are either cross- border commuters or business partners.

Last, emotional and other types of support are disproportionately provided by transnational contacts. Actually, emotional support was also relatively often given by contacts in Andorra, against my expectations. Among the other types of help provided by transnational contacts, I observed suppliers and customers ( $n = 37$ ). More information is provided in the Appendix VI.

**Table 9. Kinds of support by relation group**

RELATION GROUP	economic	legal/ adm.	shareholder	figure-head	employee	logistic	emotional	other	N total
Romantic partner	26 (29%)	28 (38%)	17 (21%)	-	26 (12%)	29 (9%)	34 (16%)	-	160 (13%)
Family	41 (45%)	47 (27%)	15 (19%)	1 (8%)	29 (14%)	76 (22%)	95 (45%)	1 (1%)	305 (24%)
Professional	4 (4%)	46 (27%)	24 (30%)	1 (8%)	145 (68%)	131 (39%)	4 (2%)	88 (64%)	443 (35%)
Neighbour	4 (4%)	6 (3%)	-	1 (8%)	4 (2%)	34 (10%)	4 (2%)	2 (1%)	55 (4%)
Friend	16 (18%)	36 (21%)	25 (31%)	7 (58%)	10 (5%)	60 (18%)	74 (35%)	20 (15%)	248 (20%)
Acquaintance	-	10 (6%)	-	2 (17%)	-	10 (3%)	1 (0,5%)	26 (19%)	49 (4%)
TOTAL	91 (100%)	173 (100%)	81 (100%)	12 (100%)	214 (100%)	340 (100%)	212 (100%)	137 (100%)	1260 (100%)

In the next step, I crossed type of support with type of relationship (see Table 9). A large share of the support (35%) was provided by labour or professional contacts, as was expected. Other large groups of support providers were family members (24%) and friends (20%). Romantic partners are a smaller group, but they tend to be restricted to one per respondent (so max. 40) and they were nominated 160 times as support providers, so on average romantic partners are expected to give at least 4 types of support, indicating that their help tends to be multiplex. In fact, entrepreneurs in this research generally named informal actors (friends, family and romantic partners) as very important contacts in their networks, since they provided all kind of help

If we then focus on the types of support each relationship provided, we see that employees ( $n = 145$ ) and “other types of support” ( $n = 88$ ; mainly customers,  $n = 46$ , and suppliers,  $n = 30$ ) and to a lesser extent, logistic support ( $n = 131$ ) are disproportionately provided by professional contacts.

Family members are disproportionately providing economic help and emotional help, while they are less often mentioned as employees, shareholders or figureheads. Friends are also giving more emotional support than expected, and they were also nominated more than expected as figureheads: 58% of all the figureheads (7 of 12) were considered to be friends by the respondents. This latter fact makes sense, since the entrepreneurs need to have a close relationships with their figureheads, with a high level of confidence. Figureheads in this research also appeared in other groups, such as acquaintances ( $n = 2$ ), relatives ( $n = 1$ ), neighbours ( $n = 1$ ) and professional contacts ( $n = 1$ ). One of the acquaintances mentioned as figurehead in this research received a payment for his/her services, since the relation with the entrepreneur was not one of friendship.

Romantic partners more often help out with legal or administrative issues, and they also give more economic help. Furthermore, 21% of the shareholders is a romantic partner.

### 7.3. Composition of networks

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The previous section described the networks at a nomination level, giving insight into the types of help that entrepreneurs have reported and their origin in terms of geographical location of the support provider and the type of relationship the respondent had with him or her. In this section I will describe the networks at an aggregate level, to understand how networks of 22 or more support providers are typically composed.

First, the final row in Table 10 shows the average composition of support networks in terms of the country and place of residence and the country of origin of alters. I divided alters in five groups: conationals in Andorra, migrants of other countries of origin residing in Andorra, native Andorrans, cross-border ties, and transnational ties. Through the narratives of each entrepreneur, I was able to distinguish between contacts abroad that were 'transnational' and contacts that were simply 'cross-border' (max. 60 km from the border or 1 hour driving from the border in case the access is difficult). On average over all entrepreneurs, entrepreneurs had 6,8 Andorrans in their networks, 5,8 transnational ties, 4,5 conationals residing in Andorra, 4,3 migrants of other countries of origin residing in Andorra and 1,8 cross-border ties.

I will now relate this composition to the entrepreneurs' country of origin and situation, dividing respondents in four groups: established immigrant entrepreneurs (before 2012), new immigrant entrepreneurs, cross-border entrepreneurs, and Andorrans.

First, with regard to established migrants, I found that they had a mixed embeddedness in terms of their social networks: they received support from both compatriots residing in Andorra (from 7,0 persons on average) and natives of Andorra (also 7,0 on average), and another 4,0 persons from other countries of origin residing in Andorra. 3,5 were people living abroad, and 1,2 was a cross-border tie. The vast majority of their ties resided locally (79%), with a percentage of migrants (48% of the total network) that is quite comparable to the percentage of migrants in the general population of Andorra (54%).

For new migrants on the other hand, more than half of their support ties (59%) lived abroad (2,0 cross-border and 11,8 transnationals), and they received support from relatively few local compatriots (4,0; 17%) and other immigrants (1,5; 6%). The situation was similar for cross-border entrepreneurs, who also received most of their

support (64%) from people living abroad (7,3 cross-border and 7,8 transnational). In both cases, it is nonetheless interesting that newcomers have no less than 4 ties with natives that give them important sources of support.

So far, the data confirm the mixed embeddedness of migrants in terms of their social networks, with the time of residence affecting the degree of transnationalism in the network. Interestingly however, natives showed a quite similar mixed embeddedness as the more established migrants: Andorrans had on average 8,8 native Andorrans in their network (37%), 7,5 migrants in Andorra (31%), 6,8 transnational ties (28%), and 0,9 cross-border ties (4%). In other words, only a minority (37%) were native Andorrans. Again, this percentage comes close to the percentage of natives in the general composition of the Andorran population (46%). Andorrans also received support from on average 7,7 people living abroad (cross-border and further away, 32%), which means that support received by migrants was slightly *more* local (79%) than support received by the Andorrans in the sample (68%).

**Table 10. Composition of support networks of different types of respondents**

TYPES of respondents	LOCAL TIES			CROSS-BORDER TIES	TRANSNATIONAL TIES	NETWORK SIZE (N ALTERS)
	CONATIONALS	OTHER MIGRANTS	NATIVES			
Immigrants before 2012	7,0	4,0	7,0	1,2	3,5	22,7
New immigrants	4,0	1,5	4,0	2,0	11,8	23,3
Cross-Border	3,0	1,0	4,5	7,3	7,8	23,5
Andorrans	-	7,5	8,8	0,9	6,8	24,0
<b>Total</b>	<b>4,5</b>	<b>4,3</b>	<b>6,8</b>	<b>1,8</b>	<b>5,8</b>	<b>23,2</b>

The observed patterns in composition of both immigrant and native entrepreneurs' networks (Table 10) lead me to conclude that the mixed embeddedness theory is not applicable in the Andorran context. That is, in the microstate context of Andorra, not only immigrant entrepreneurs appear to receive support from communities and markets that are not of the host community, but Andorran natives also show this particularity. In other words, in this context, everyone had mixed embeddedness. This seems to be a consequence of particularities of the context: the composition of the country in terms of country of origin, the size of the country, and particularities at the legislative and geographic level. First, the residence period required before 2012 made that immigrants becoming entrepreneurs had a

higher level of adaptation at the social context, which could explain the similar network patterns among immigrant and native entrepreneurs. On the other hand, the size of the country and consequently the size of the legislative jurisdiction emphasize the need for receiving support from different opportunity structures.

The observation that cross-border entrepreneurs, who are not residing in Andorra, and immigrant entrepreneurs, who launched their businesses under the new economic opening law (which placed no restrictions concerning their economic rights), present on average a different network composition reinforces the former conclusion. Although a mixed embeddedness structure is also observed in the contents of their personal networks in Table 10, their support comes mainly from their conational context. That is, most of the support received by cross-border entrepreneurs comes from a transnational and cross-border background and new immigrant entrepreneurs receive support mainly from the transnational background. This phenomenon can be explained again by the short length of the period of residence in Andorra in the case of new immigrant entrepreneurs and by the lack of a residence period in Andorra in the case of cross borders. This network pattern is actually new, since it was not possible before the implementation of the new law, where either a long residence period or Andorran contacts were necessary to be an entrepreneur.

Nevertheless, the cases need to be further explored according to different criteria, such as the country of origin of entrepreneurs, since restrictions were different depending on the nationality, and their period of residence in Andorra. The detailed analysis of immigrant entrepreneurs' groups is described in the section as follows.

## **Composition of networks by entrepreneur's country of origin**

In this section, entrepreneurs will be classified by country of origin (Catalans<sup>70</sup>, Spaniards, French, Portuguese and Indians), also taking into account the time of residence in Andorra. The latter will help me understand whether or not the residence period has an important effect on the network composition, as well as observe if there are differences on the network patterns of the different national groups settled in Andorra, as legal constraints applied before 2012 were not equally restrictive to all immigrant groups.

The different cases of entrepreneurs collected in this research will be further analysed as follows. I classified the entrepreneurs by national groups and according to the length of their residence period. More specifically, the origin and the settlement average of the named alters in each national group will be represented in bar charts. Different alters (actors in networks) will be distributed according to whether they are Andorrans, co- nationals and from national groups different from the one of ego (the entrepreneur); as well as depending on whether they are settled in Andorra, in the border area or in the transnational background. Two different bar charts have been created for each of the national groups. One of the charts refers to alters' average of entrepreneurs before 2012 and the other one is focused on alters' average in the case of new immigrant entrepreneurs.

Furthermore, it is necessary to take into account the residence period of entrepreneurs and observe the distribution of alters depending on this criteria. One table per national group was created, presenting the total amount of alters named in that national group and classifying these alters according to both their transnational, cross- border or national settlement and the residence period of the entrepreneur in whose personal network they have been named in.

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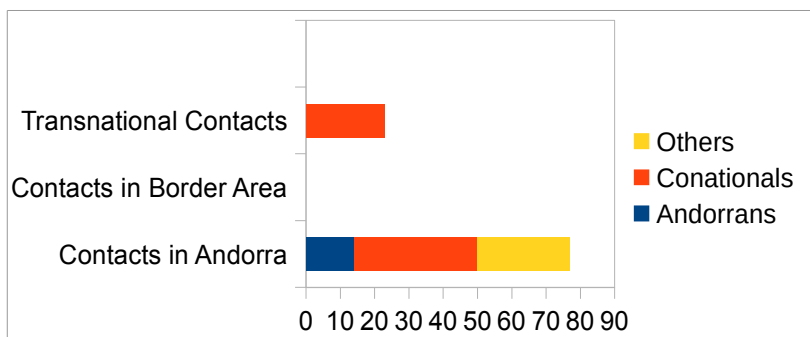
<sup>70</sup>Catalans are represented separately from Spaniards for cultural and idiomatic reasons. Catalan is the official language both in the Catalan region and in the Andorran state, as well as cultural features in both places are very similar. In addition, Catalans are the most ancient immigrant group in Andorra and both regions are neighbours.

## *Catalan entrepreneurs*

The average proportion of contacts providing support from a transnational, cross-border and national background are represented in Figures 12 and 13. More specifically, Figure 12 shows the country of origin and settlement of the contacts providing support to Catalan entrepreneurs who had started their businesses before 2012, under legal restrictions affecting their economic rights, whereas Figure 13 presents the same data for those entrepreneurs who had started their business after 2012, when legal restrictions had been eliminated.

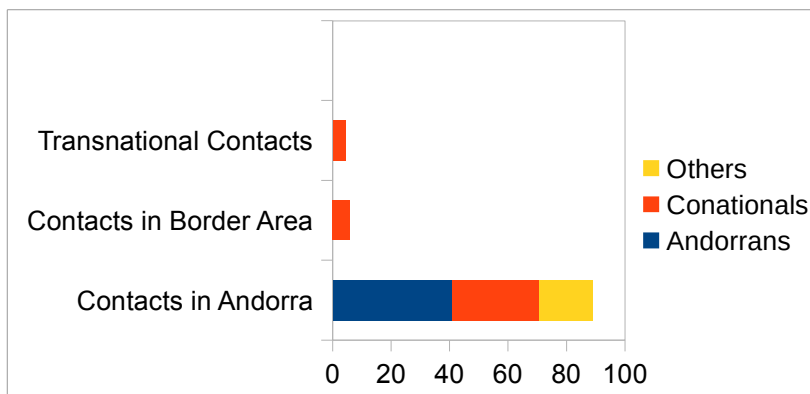
At a glance, both Figures 12 and 13 show clearly how Catalan immigrant entrepreneurs in Andorra before 2012 received support mainly from contacts settled within Andorra, whereas new entrepreneurs from Catalonia received the majority of support from transnational contacts. More specifically, in the former case, a large number of conational and Andorran contacts in Andorra (32% each) provide support in the network, followed by a smaller proportion of other nationalities in Andorra (13%). Also conational transnational contacts (11%) are observed in these support networks, which are probably based in the entrepreneurs' origin town or city in Catalonia. A tiny proportion of cross-border co-nationals also provide support to Catalan entrepreneurs. These contacts are probably Catalan cross-border commuters, who work in Andorra. Even though both transnational and cross-border contacts in this group are co-nationals, also other national groups provide help both from a cross-border and a transnational context.

**Figure 12. Country of settlement and origin of alters named by Catalan entrepreneurs who came to Andorra before 2012**





**Figure 13. Settlement and origin of alters named by Catalan new entrepreneurs after 2012**



However, in the case of new Catalan entrepreneurs in Andorra (Figure 13), who started up their business not depending from any legislative restriction, a different panorama is observed. An evident proportion of transnational contacts provides support in this group (55% co-nationals and 1,9% other nationalities). Nevertheless, a proportion of Andorrans in Andorra is still found (25,4%), as well as other Catalan or Spanish (8%) contacts and other nationalities (8%). Cross- border contacts play a very small role in these entrepreneurs' networks (1,9%).

One of the reasons for the differences in the observed support networks seems to be the period of residence in Andorra of the interviewed entrepreneurs. In order to further observe this, alters providing support to Catalans in this study ( $n = 215$ ) have been classified in Table 11 according to their origin and their settlement, as well as the period of residence of the Catalan entrepreneurs who named these contacts. Both new entrepreneurs and those with businesses before 2012 have been included in Table 11.

**Table 11. Country of origin of contacts depending on the residence period of Catalan entrepreneurs**

Contacts in Andorra									
Residence period (in years)	Entrepreneurs N	Andorrans	Conationals	Other contacts	Contacts in Border area	Transnational contacts	Died contacts	N contacts par group	Total contacts
<b>11 – 20</b>	1	6	6	1	1	8	-	<b>22</b>	
<b>21 – 40</b>	4	37	31	9	3	9	4	<b>93</b>	
<b>+40</b>	1	3	10	9	3	1	-	<b>26</b>	
<b>Since Childhood</b>	1	5	5	1	1	11	-	<b>23</b>	

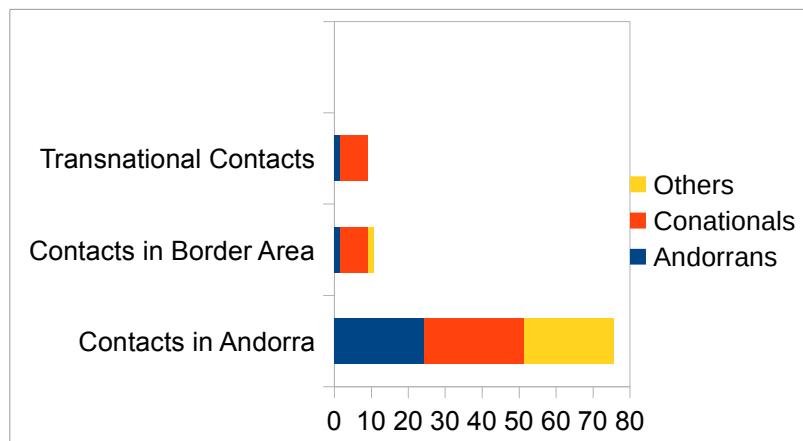
According to Table 11, all the Catalan entrepreneurs in the sample with a residence period under 10 years are new entrepreneurs. The largest part of support given to this group, as we have seen in the previous Figure 13, comes from the transnational background ( $n = 29$ ), followed by a lower number of Andorran contacts within the Andorran context ( $n = 13$ ). Although only one case has been classified in the second group (11 to 20 years of residence), the contacts of this entrepreneurs are distributed between the transnational and the national (Andorran) background. Nevertheless, the number of contacts in Andorra significantly increases in the two following groups, which members have been living in Andorra from 21 to more than 40 years. Only one case has been living in Andorra from childhood and his/her contacts are well distributed between the Andorran and the transnational ground.

### *Spanish entrepreneurs*

Five Spanish immigrant entrepreneurs have been interviewed in this thesis. Nevertheless, none of them started up their businesses under the new law. Therefore, all the 5 Spanish immigrant entrepreneurs have been represented in Figure 14 and Table 12. Support provided by contacts settled in Andorran also predominates for Spanish immigrant entrepreneurs, as Figure 14 shows. A majority of Andorran support providers have been observed in those networks (40,7%), followed by co- nationals settled in Andorra, even though their percentage is a bit lower than the former (30%). 18,5% of the contacts who provide help in Andorra have other nationalities. On the other hand, helps coming from cross- border and transnational ties are all provided by co- nationals.

When I classified Spanish immigrant entrepreneurs according to their residence period (Table 12), I observed a vast majority of contacts providing help from Andorra in both cases of entrepreneurs with 11 to 40 years of residence ( $n=78$ ) and of entrepreneurs having lived in Andorra since their childhood ( $n=23$ ). Actually, all the support contacts in the later case come from the Andorran context, it is important to take into account, nevertheless, that only one entrepreneur has been classified in this group.

**Figure 14. Country of settlement and origin of alters named by Spanish entrepreneurs who came to Andorra before 2012**



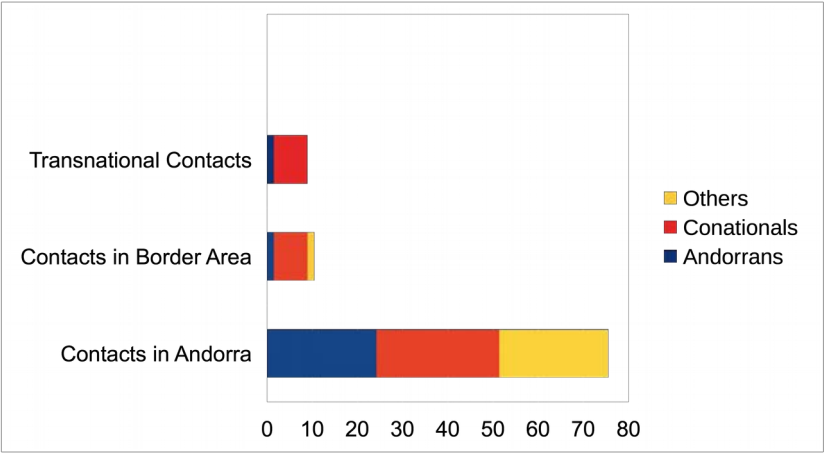
**Table 12. Country of origin of contacts, depending on the residence period of Spanish entrepreneurs.**

Contacts in Andorra									
Residence period (in years)	Entrepreneurs N	Andorrans	Cotnationals	Other contacts	Contacts in Border area	Transnational contacts	Died contacts	N contacts per group	Total contacts
11 – 20	2	15	18	11	-	2	-	46	113
21 – 40	2	14	10	10	7	3	-	44	
Since Childhood	1	17	6	-	-	-	-	23	

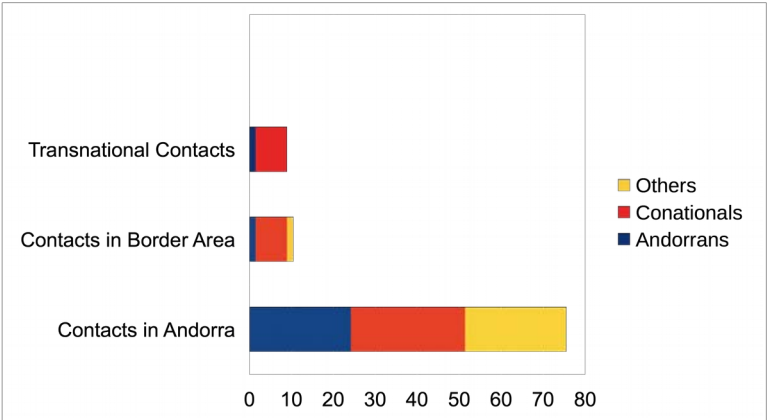
### *French entrepreneurs*

French immigrant entrepreneurs also show an important percentage of contacts providing support from Andorra compared to those contacts providing support from both cross-border and transnational backgrounds (Figure 15). More specifically, 75% contacts in French entrepreneurs' networks are settled in Andorra. Unlike it has been observed in other immigrant-entrepreneur groups, cotnationals in Andorra provide the widest part of support in Andorra (27%) although the average of Andorrans and other nationalities is not much lower (24% in both cases). Figure 15 also shows a percent of cross-border contacts, in which 7,5% French contacts and 1,5% Andorrans appear. Regarding transnational contacts, cotnationals are also the largest group (7,5%) followed by a small percent of Andorrans (1,5%).

**Figure 15. Country of settlement and origin of alters named by French entrepreneurs who came to Andorra before 2012**



**Figure 16. Country of settlement and origin of alters named by French new entrepreneurs (who came to Andorra after 2012)**



Only one single new-law French entrepreneur has been interviewed in this project, so Figure 16 is based in one single personal network, which shows some differences from what it has been observed in the case of Catalan new entrepreneurs. A wide range of contacts in Andorra are observed in the French new-entrepreneur, but Andorrans are not the largest group providing support in Andorra in this case (20%), but other nationalities and co- nationals settled in Andorra are more numerous (30% and 25% respectively). Transnational contacts also have a significant role in this network, being 25% of the network (15% are co- nationals and 10% other nationalities).

Table 13 shows again a new- law entrepreneur with a period of residence below 10 years. All the rest of immigrant entrepreneurs having started their business before 2012, under the ancient law with restrictions, have been living in Andorra wither from 21 to 40 years or since their childhood. Both of the latter groups have a significant number of contacts providing support from Andorra and a certain percent of transnational and cross- border contacts.

The majority of contacts providing support to the entrepreneur settled in Andorra since his/her childhood are other nationalities' actors, whereas both Andorran and co-national actors are 18,1% in the support network according to Table 13. The wide number of actors of other nationalities can be explained through the fact of this entrepreneur being settled in Pas de la Casa, which is a village in the French border of Andorra with around 95% foreign population (Comas d'Argemir, 2002). Fewer cross- border contacts ( $n = 2$ ) and transnational contacts ( $n = 3$ ) are observed in this network.

With regard to immigrant entrepreneurs with 21 to 40 years of residence in Andorra, high indicators of contacts in Andorra are found again ( $n = 12$  Andorrans,  $n = 14$  co- nationals and  $n = 7$  actors with other nationalities), followed by a group of cross- border actors.

**Table 13. Country of origin of contacts, depending on the residence period of French entrepreneurs**

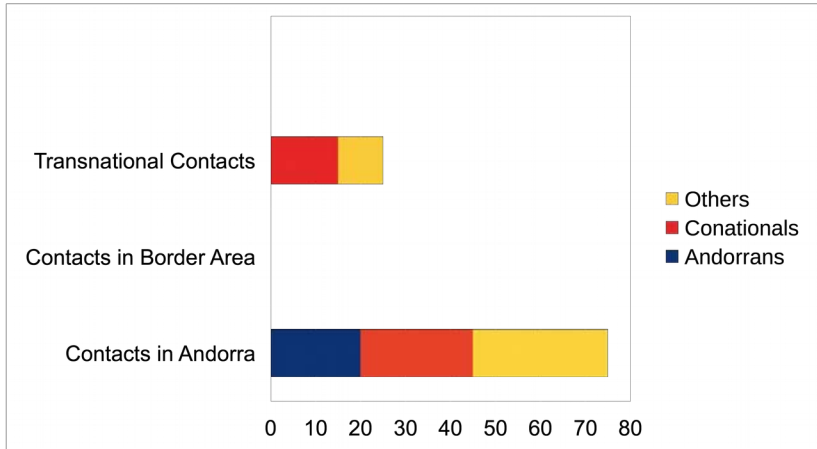
Contacts in Andorra									
Residence period (in years)	Entrepreneurs N	Andorrans	Conationals	Other contacts	Contacts in Border area	Transnational contacts	Died contacts	N contacts par group	Total contacts
0 – 10 (New law)	1	3	5	6	-	6	2	22	88
21 – 40	2	12	14	7	9	4	2	44	
Since Childhood	1	4	4	9	2	3	-	22	

Therefore, it seems that both entrepreneurs before and after 2012 have their support contacts divided into all national, cross-border and transnational backgrounds. Nevertheless, in the case of those entrepreneurs settled in Andorra for a longer period, transnational contacts' presence is a bit less evident within personal support networks (Table 13).

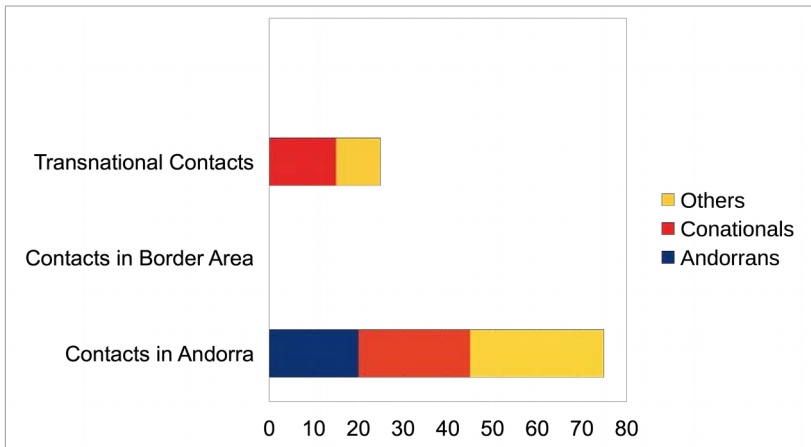
### *Portuguese entrepreneurs*

Just taking a glance and comparing superficially Figures 17 and 18, the common feature of a large number of co-nationals is observed in both new and ancient law groups of entrepreneurs. The only difference between both figures is that those entrepreneurs with a longer residence period (those having started up their business under the ancient law's restrictions) have less transnational compatriots than those entrepreneurs with a more recent residence period. Contrary, local contact with compatriots (in Andorra) is more evident in those networks of entrepreneurs before 2012 (under restrictions) than in those cases of new entrepreneurs.

**Figure 17. Country of settlement and origin of alters named by Portuguese entrepreneurs who came to Andorra before 2012**



**Figure 18. Country of settlement and origin of alters named by Portuguese new entrepreneurs (who came to Andorra after 2012)**





Immigrant entrepreneurs before 2012, who started up their business under restrictions affecting their economic rights, have a wide proportion of Portuguese contacts providing support from Andorra (37%), followed by a group of Andorrans (27%). Finally, 19,4% individuals with other nationalities also have a role in those entrepreneurs' support networks. Although the number of contacts in Andorra is the largest in these networks, as shown in Figure 17, a group of co- nationals providing support from a transnational background is also evident (13,8%). Further, a small group of Spanish cross-border commuters (1,8%) also provides support to these Portuguese entrepreneurs.

Figure 18 makes reference to those Portuguese entrepreneurs, whose business was created under the new economic opening law. A significant group of co- nationals in the transnational background (32%) is observed, added up to a group of other nationalities (10%) also providing transnational support. Nevertheless, an important group of native Andorrans settled in Andorra (22%) seems to have had also an important role within those networks, followed by co- nationals also in Andorra (18%).

Furthermore, in Figure 18 appears a significant group of cross- border contacts providing support to new Portuguese entrepreneurs in Andorra (18%). All those contacts are Catalan and Spanish actors, all of them settled in La Seu d'Urgell.

**Table 14. Origin of contacts depending on the residence period of Portuguese entrepreneurs**

Contacts in Andorra									
Residence period (in years)	Entrepreneurs N	Andorrans	Conationals	Other contacts	Contacts in Border area	Transnational contacts	Died contacts	N par group	Total contacts
<b>0 – 10 (New law)</b>	2	10	8	-	8	18	-	<b>44</b>	
<b>21 – 40</b>	4	26	32	16	2	11	1	<b>88</b>	<b>154</b>
<b>+40</b>	1	4	8	5	-	4	1	<b>22</b>	

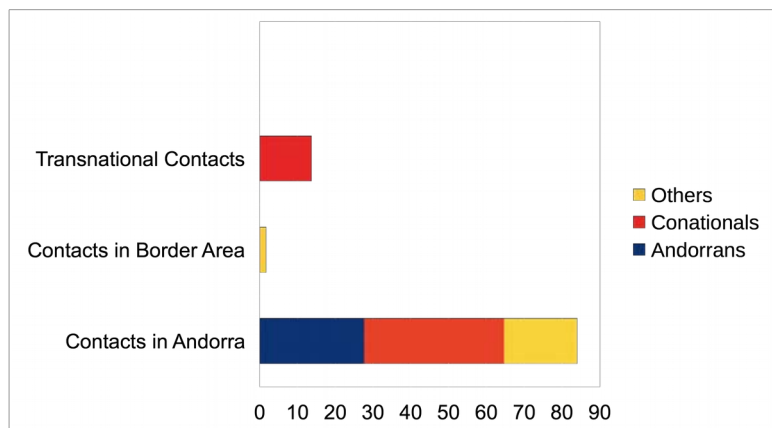
According to Table 14, where all the Portuguese entrepreneurs have been classified by their residence period, two cases of new entrepreneurs with less than 10 years of residence appear in the first row. All the 44 contacts of these two cases, as also Figure 18 showed previously, are quite well distributed among all three national ( $n = 18$ ), cross- border ( $n = 8$ ) and transnational ( $n = 18$ ) backgrounds.

All the rest of entrepreneurs opened their businesses under the ancient law's restrictions. These 5 cases have been classified within two groups according to their residence period: From 21 to 40 years of residence ( $n = 4$ ) and more than 40 years of residence ( $n = 1$ ). A large quantity of contacts providing support from Andorra is evident in both ranges of residence period (84% in the former case and 77,2% in the second), and smaller groups providing support from abroad.

### *Indian entrepreneur*

Although two Indian entrepreneurs were interviewed in this research, I collected data about the support network only in one of these cases. I have therefore only one network in this collective, which pertains to an entrepreneur who started up his business many years ago, when the economic rights of entrepreneurs were more restricted. The required residence period to start up a business was 20 years in this case.

**Figure 19. Country of settlement and origin of alters named by an Indian entrepreneur who came to Andorra before 2012**



**Table 15. Origin of contacts depending on the residence period of Indian entrepreneurs**

Residence period (in years)	Contacts in Andorra				Contacts in Border area	Transnational contacts	Died contacts	N contacts par group	Total contacts
	Entrepreneurs N	Andorrans	Co-nationals	Other contacts					
21 – 40	1	3	8	6	-	5	-	22	22

In the case of the interviewed Indian entrepreneur, from which I obtained his/her personal network, a wide proportion of contacts settled in Andorra are observed (77%) according to Figure 19 and Table 15. Nevertheless, although the entrepreneurs' period of residence is of almost 40 years, 5 transnational contacts provide support within this personal network. These 5 cases, who represent 23% of the personal network according to Table 15, are all Indian co-nationals settled in India.

Indian actors' support predominate among those network contacts settled in Andorra (36%), followed by individuals with other nationalities (27%) and finally Andorrans (14%). In this network is therefore perceived a low presence of Andorrans if we compare with all the previous cases. Nevertheless, one cannot draw specific conclusions from a single case.

As the interviewed immigrant entrepreneurs' networks have shown, several factors influenced the creation of different network patterns. These factors are the residence period, the legislative restrictions implemented until 2012, as well as their elimination in that year, and the cultural factor which probably has had some influence as well.

All the entrepreneurs under the former law (before 2012) interviewed in this research have a significant proportion of Andorrans in their networks. Nevertheless, Catalan and Spanish entrepreneurs' networks contrast with other groups', since the average proportion of Andorrans in their support networks is higher or equal to the co-nationals settled in Andorra whereas co-nationals are generally higher in other national groups of immigrant entrepreneurs. More specifically, French and Portuguese entrepreneurs under restrictions also have a high proportion of Andorrans in average, but co-nationals are the first group providing support. Further, focusing on the network of the interviewed Indian entrepreneur, most of the contacts

providing support are Indians in Andorra or in India. These differences can be somehow interpreted as a consequence of an idiomatic and cultural similarity between Andorrans, Catalans and Spaniards. This similarity facilitates the integration of the latter groups within the opportunity structure, being faster at accessing resources provided by Andorrans. However, in the case of French and Portuguese entrepreneurs' networks, the average proportion of Andorrans is lower than co-nationals', although the Andorrans' presence is still evident.

Furthermore, if we look at the Indian case, the Andorran group is still evident but not really significant if compared with the networks of the previous groups. In this case, the entrepreneur received a significant support from its co-national community settled in Andorra. Nevertheless, it is important to take into account that Indians are one of the more active communities in entrepreneurial terms in Andorra and therefore they have been more accessible to this entrepreneur than Andorrans have been.

Residence period also seems to have an important influence on the networks of the interviewed entrepreneurs. Actually, a long residence period in the starting up moment is a direct consequence of the legislative restrictions implemented before 2012. Therefore, the network pattern of new entrepreneurs changes in composition terms when restrictions are eliminated, since they do not have so many Andorran contacts due to their short residence period and they are not obliged to have neither Andorran collaborators, shareholders or a figurehead. However, in the case of entrepreneurs having started up their business under restrictions, the average of Andorrans (or other immigrants with economic rights in Andorra) in the support network is crucial, since they are not allowed to hold their own business before having reached the residence period established by the law system.

In order to have further information on the composition of entrepreneurs' personal networks, in the section as follows I focus on the support provided by each group of contacts and which is their role within the personal network. This will contribute to further understand the relevance of the different groups of contacts within the networks and which are the resources they bring in the structure.

## 7.4. Structure of personal networks

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In order to analyse the structural features of the networks collected in this research, I calculated the following measures: density, average betweenness centrality, number of components, and number of cliques (see Section 4.4). Through this analysis I intend to observe whether the collected networks follow specific patterns in structural terms. Therefore, the 40 networks will first be analysed jointly, and later I will analyse them by groups (native Andorrans, immigrant entrepreneurs before 2012, new immigrant entrepreneurs and cross-border entrepreneurs).

Structural measures of networks are presented in Tables 16 to 18. For each measure, the minimum, maximum, and average values have been detailed, together with the standard deviation and variation coefficient of each measure. The standard deviation and the variation coefficient specify the dispersion or separation of the different values from the mean value. The former measure (standard deviation) is expressed as an absolute value while the variation coefficient expresses the same information as a percentage, to facilitate the comparison of dispersion among different groups. Given that some of the variation coefficients in the tables are quite high, the minimum and the maximum value from each measure has been included to complement the average measure.

First, the global structural measures of the obtained personal networks are detailed in Table 16, which shows that the networks consist of one to five components. More specifically, 37 networks consisted of a single component, and three networks had one large components and 1, 2 or 4 isolated networks members, members who were not connected to anybody else in the network (see Appendix VII). Second, the number of cliques in networks is highly variable. In all, the average number of cliques in the analysed networks is 16 but the high coefficient of variation shows a wide range of number of subgroups in networks. Networks with the fewest subgroups have 6 cliques whereas the highest number of cliques in a network reaches 86. Furthermore, only 3 of the 40 analysed networks showed isolated nodes, 7 in total. Considering this, it can be concluded that isolates are not common in the entrepreneurs' personal networks, given the network size.

**Table 16. Average structural measures of personal networks  
(n = 40)**

	<b>Min.</b>	<b>Max.</b>	<b>Average</b>	<b>Standard deviation</b>	<b>Variation coefficient</b>
<b>Density</b>	0,22	0,83	0,56	0,16	28,5%
<b>Average betweenness</b>	1,77	17,86	4,99	2,89	57,90
<b>N° cliques</b>	6	86	16,07	13,37	83,1%
<b>N° components</b>	1	5	1,18	0,71	60,2%

As Table 16 shows, the density of collected networks is high (0,56), which means that more than half of the pairs of network members is directly connected to each other (the density varies from 0,0, when none of the network members knows none of the others, to 1,0, when all the network members are connected among each other). More specifically, the lowest density observed is 0,22 whereas the highest is 0,83 with a variation of 28,5%.

These measures (medium to low centralization and high density) are also related to a relatively low average betweenness. On average, the average betweenness fluctuates from 1,77 to 17,86. The variation coefficient of this measure is significantly high as well.

The variability of some of the structural measures observed in the different networks is also very high, especially if I focus on the number of cliques and the average betweenness centrality. Therefore, I will further observe and describe these measures focusing on the different clusters (native Andorran entrepreneurs, immigrant entrepreneurs before 2012, new immigrant entrepreneurs and Cross Border entrepreneurs), in order to observe whether different patterns exist in the structure of their personal networks. The obtained measures are represented in Tables 17 and 18, which are presented and described as follows.

**Table 17. Density of networks, per type of respondents**

TYPE OF RESPONDENTS	N CASES	DENSITY			STANDARD DEVIATION	VARIATION COEFFICIENT
		MIN.	MAX.	AVERAGE		
<b>Andorrans</b>	10	0,45	0,75	0,62	0,09	14,5%
<b>Immigrants bf 2012</b>	21	0,30	0,83	0,58	0,17	29,3%
<b>New immigrants</b>	5	0,30	0,71	0,44	0,16	36,3%
<b>Cross-Border</b>	4	0,22	0,80	0,50	0,25	50,0%
<b>General</b>	<b>40</b>	<b>0,22</b>	<b>0,83</b>	<b>0,56</b>	<b>0,16</b>	<b>28,5%</b>

As Table 17 shows, there seems to be a relation between the period of settlement in Andorra and the density of the entrepreneurs' personal networks. Native Andorrans have on average the highest density (0,62) and a relatively low variability among the different networks, which range from 0,45 to 0,75. On the other hand, immigrant entrepreneurs before 2012 are the cluster with the second densest networks on average, namely 0,58, very similar to Andorrans. Nevertheless, the coefficient of variation in this case is higher since the density in this group varies between 0,30 and 0,83.

Furthermore, it makes sense that of the three immigrant and cross-border groups, this is the immigrant group with the highest density rate in its personal networks, since they have a longer period of residence in Andorra. Having good contacts in Andorra could provide the entrepreneur with the opportunity of overcoming the restrictions by having either a figurehead or a shareholder with economic rights, who was generally Andorran.

Although the density in networks of cross-border entrepreneurs and new immigrant entrepreneurs is still high ( $M = 0,50$  and  $0,44$  respectively), it is lower on average than in the previous cases, as is shown in Table 17. This can be due to a shorter period of residence, in the case of new immigrant entrepreneurs, and to residence outside Andorra, in the case of cross-border entrepreneurs. It is likely that network members of these two groups of entrepreneurs are geographically more dispersed. Nevertheless, the variability of measures among both cross-border and new immigrant entrepreneurs' networks in terms of density is also high, especially in the cross-border case. For cross-border entrepreneurs, network density ranges from 0,22 to 0,80 and for new immigrant entrepreneurs, network density ranges from 0,30 to 0,71.

It makes sense for cross-border entrepreneurs to have dense networks, since although they develop their daily activities on two sides of the border; the two areas are geographically and culturally very close. Also, this provides a glimpse of the regularity of relations between Andorra and the Spanish and French border areas.

Furthermore, whereas the networks of Andorran natives, immigrant entrepreneurs before 2012, and cross- border immigrants present similar average betweenness centrality (4,70, 4,30 and 4,23 on average, respectively), new immigrant entrepreneurs have a higher betweenness degree (9,06 average). This observation suggests that the presence of intermediaries among network members is larger when the residence period of the entrepreneur is relatively short, and legislative restrictions towards immigrant businesses are eliminated. The variation coefficient is similar for all groups (from 50 to 59%), except for Andorrans, who had a lower variability index (29%).

**Table 18. Average betweenness centrality in networks, per type of respondents**

TYPE OF RESPONDENTS	N CASES	AVERAGE BETWEENNESS CENTRALITY			STANDARD DEVIATION	VARIATION COEFFICIENT
		MIN.	MAX.	AVERAGE		
<b>Andorrans</b>	10	2,55	6,59	4,70	1,37	29,1%
<b>Immigrants bf 2012</b>	21	1,77	9,46	4,30	2,15	50,0%
<b>New immigrants</b>	5	5,45	17,86	9,06	5,02	55,4%
<b>Cross-Border</b>	4	2,09	7,73	4,23	2,50	59,1%
<b>General</b>	<b>40</b>	1,77	17,86	4,99	2,89	57,9%



## 7.5. Growth stage of the businesses

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In this section, the composition and structure of networks will be examined according to the growth stage of businesses. Several measures, as centralization index, density and betweenness mean of networks classified in each business growth stage, have been calculated in order to know the differences and similarities of networks in terms of structure. On the other hand, network composition elements have been further analysed such as the closeness of ego with the actors in his/her support network, the relation group providing support in each growth stage and the settlement of alters in networks, depending on the business growth stage. These indicators will provide information on the strength of ties giving support to businesses, the kind of relation that these contacts have with ego and whether these contacts are transnational, cross- border or settled in Andorra. As explained in Chapter V, businesses have been classified according to their main features: number of employees, number of business establishments, geographic scope (whether the area of operation of business is national, cross- border or transnational) and whether or not the entrepreneur holds several businesses.

Even though data on years in business have been collected in this research, they have not been taken into account in this classification, since it does not seem to be necessarily related after having observed both cases of relatively young businesses settled in a high growth stage and quite senior businesses which are still at the beginning of the growth scale. On the other hand, it would be interesting to find out which factors are determinant for businesses to be either in a low or high growth stage, as well as whether this factors have to do with a specific structure and composition of the entrepreneur's personal support network.

Table 19 provides an overview of the structural measures in average of networks classified in each business growth stage. Few differences can be observed among the measures of different groups. Density is high in all the cases as an effect of the small size of the study context, as it has been already seen previously in section 7.2 of this chapter. Although density is a bit higher in stage II and V than in the rest of stages, the density indicators fluctuate between 0,49 and 0,65.

Stage I has the lowest density value according to Table 19. Those businesses being in a very initial phase have been classified in this growth stage and these are the smallest businesses, where only the holders develop the entirety of tasks. Also the centralization index and the betweenness mean of these networks is the highest

compared to other growth stages. Nevertheless, density is not much higher in stage IV, where businesses have already a high maturity and the entrepreneur can delegate responsibility tasks to specialized employees. Also those businesses in stage II and V have similar structure indicators.

Concerning the centralization index and the betweenness degree of networks, Table 19 also show very similar indicators among the networks classified in different stages, which fluctuate between 38% and 46% network centralization. Betweenness degree fluctuates between 3,5 and 6,2 average. Betweenness and centralization measures in different stages present an inversely proportional correlation with density. More precisely, businesses in first stage have the lowest density measure and highest betweenness and centralization indicator. This tendency changes significantly in stage II, where density rises and centralization and betweenness fall. Networks start to be less dense at this point during the following stages, whereas both centralization and betweenness rise, probably due to the business expansion and the consequent diversification of obtained resources. Nevertheless, density rises again in stage V according to the collected networks in this research. Centralization is very similar in all the rest of stages (from 35 to 40%), and so is betweenness in stages II, III and IV. The lowest betweenness degree is observed in stage V.

**Table 19. Average of structural measures by businesses' growth stage**

<b>Growth stage</b>	<b>DENSITY AVERAGE</b>	<b>AVERAGE BETWEENNES S CENTRALITY</b>
<b>I- Existence</b>	0,49	6,2
<b>II- Survival</b>	0,62	4,3
<b>III- Success</b>	0,57	4,4
<b>IV- Take off</b>	0,53	5,5
<b>V- Resource maturity</b>	0,65	3,5

Probably, the similar values of the observed structural measures are due to the small context effects. Nevertheless, a small down tendency is observed in density at stages III and IV (Table 19), when entrepreneurs expand their businesses over the country borders, as it is observed in the number of transnational contacts in Table 20.

**Table 20. Proportion of Andorran, cross-border and transnational contacts in different stages of business growth**

<b>GROWTH STAGE</b>	<b>ANDORRA</b>	<b>CROSS-BORDER</b>	<b>TRANS NATIONAL</b>
<b>I-Existence</b>	73%	8%	19%
<b>II-Survival</b>	78%	5%	17%
<b>III-Success</b>	75%	12%	13%
<b>IV-Take off</b>	69%	7%	24%
<b>V-Resource maturity</b>	71%	2%	27%

Table 20 shows the proportion of national, cross- border and transnational contacts into the interviewed entrepreneurs' networks. Again, similar patterns are observed into the composition of networks in all the growth stages. In that sense, Table 20 shows high rates of contacts settled in Andorra with transnational contacts as the second biggest group and a small proportion of cross- border contacts. Actually, the high rate of contacts settled in Andorra would explain again the high density of the collected networks. Nevertheless, it can also be observed how entrepreneurs in the highest growth stages have a bigger proportion of cross- border and transnational contacts.

Businesses in stage I are generally starting businesses with a few exceptions. Contacts seem to be more dispersed at this stage and support is received from diverse sources, which are probably accessed through some trusted intermediaries. Nevertheless, although these are the most dispersed networks, the density is still high, probably due to the small size of the context. Businesses in stage II are more mature and better-settled in the national context. Actually, some of the businesses in this stage were created 20 to 33 years ago (see Appendix IV) and they are not active outside Andorra, which leads to assume that their holders are not only experimented entrepreneurs, but they are also embedded in the Andorran entrepreneurial context. Consequently, the entrepreneur's network is more consolidated and integrated to the general opportunity structure. Both having more contacts within Andorra and operating only within the country makes the network be denser.

Businesses in stage III have already some employees developing responsibility tasks and also in some cases the entrepreneur could start up a second business or a second establishment. Therefore, contacts become more diversified and networks become less dense and with fewer intermediaries. In this sense moreover, a change in network patterns is observed from stage III in both terms of structure and composition. On one hand, both index of centralization and betweenness into

networks start to be higher in stage III and increases in stage IV and, on the other hand, the number of cross-border and transnational contacts starts to be more evident in the three last growth stages. Taking these facts into account therefore, the third growth stage can be considered as a turning point in terms of the patterns of the support personal networks of entrepreneurs.

Crucially, most of the interviewed entrepreneurs at the stage III of business growth are also experimented entrepreneurs; since they have been in business for 11 to 60 years (only in one case the business is 6 years old), as can be seen in Appendix IV. Furthermore, four from the eight interviewed entrepreneurs at the third growth stage have cross-border businesses of both transport and services sectors. This latter fact would explain the number of cross-border contacts in this stage, which is higher than in the rest of growth stages, as observed in Table 20.

The observed tendencies in the third growth stages continue in the same direction in stage IV. That is a lower density and a lower number of Andorrans and, instead, an upward tendency in both index of centralization and betweenness, as well as in the number of transnationals in terms of networks composition (Tables 19 and 20). These trends make sense if we take into account that also entrepreneurs in this stage are experimented (20 to 30 years in business) and all of them have more than one business and various establishments, although only one of them operates outside the Andorran area according to the provided information of Appendix IV. Certainly, nevertheless, only 3 of the interviewed entrepreneurs are at this advanced stage of development of their business.

Likewise, only 3 of the interviewed entrepreneurs have been registered in business growth stage V and also in this case they have been in business for a long period (25 to 30 years). All of the three entrepreneurs have 5 businesses in all, as well as a high number of establishments (from 2 to more than 10) and employees (from 20 to more than 100) according to Appendix IV. Also all of them operate at the transnational background through some of their businesses, which would explain the high number of transnational contacts in their networks (Table 20). Surprisingly nevertheless, a new change of tendency is observed into the structural measures of networks at stage V of business growth. Table 19 shows again denser networks, with a particularly low betweenness mean. These indicators could be explained firstly by a higher maturity degree and a good knowledge of contacts providing support and collaborations. Secondly, this fact could be due to a methodological bias too. In this sense, probably entrepreneurs at this growth stage have such a spread business that

they name only those people considered very close or important to them, forgetting other individuals who are/were also important but they are not so close to them. This hypothesis is actually reinforced by Table 21, where entrepreneurs of stage V show a particularly high proportion of strong ties compared to entrepreneurs in other growth stages.

Furthermore, data in Table 20 confirm thus that mixed embeddedness is given not only in the starting up but in all the growth stages, as well as it is given among both immigrant and Andorran-native entrepreneurs. Actually, this fact seems to be related to the high density of networks, since the fast and uniform fluidity of resources through the high amount of connexions makes it more difficult to find an exclusive business niche. Consequently, business growth is more limited. The limitations caused by density into networks within the Andorran jurisdiction, make it necessary for entrepreneurs to extent their networks to different backgrounds to make it possible to access new business opportunities and make their ventures grow. Similarly, it is necessary to have collaborators and customers in different social backgrounds given the smallness of the context and the lack of exclusive resources. Due to this latter fact therefore, the composition of most of the collected networks in this project show a mixed embeddedness of entrepreneurs, independently of the growth stage of their business or their social group. Thus, mixed embeddedness is not only found among the immigrant entrepreneurs in Andorra, but also among Andorran native entrepreneurs, which leads me to conclude that the mixed embeddedness theory is not applicable in this context.

However, networks composition need to be further analysed in order to better understand the contents within these structures. Apart from the settlement of contacts providing support to entrepreneurs, it is also necessary to know the strength of ties between ego and the actors in his/her network. This will allow observing the proportion of weak, strong or intimate ties existing within the personal networks of entrepreneurs in each business-growth stage. This measure is collected from the question related to closeness of ego with alters in the structured questionnaire. The closeness indicators had a 1 to 4 scale, where 1 indicated a poorly close relation and 4 indicated an intimate relation. Results are presented in Table 21, where all indicators 1 (weak ties), 2 (rather weak ties), 3 (strong ties) and 4 (intimate ties) are distributed according to the growth stage of the businesses to which they provided support.

**Table 21. Strength of ties by business growth stages**

Growth stage	CLOSENESS TO EGO (FROM 1 TO 4)			
	Weak ties (1)	Rather weak ties (2)	Strong ties (3)	Intimate ties (4)
<b>I- Existence</b>	27%	31%	23%	19%
<b>II- Survival</b>	23%	28%	26%	23%
<b>III- Success</b>	23%	33%	29%	15%
<b>IV- Take off</b>	22%	39%	27%	12%
<b>V- Resource maturity</b>	8%	21%	42%	29%

Therefore, strength of ties by business growth stages is represented in Table 21. Again, very similar patterns are observed in the different growth stages except stage V, which seems to follow a different pattern. The proportions of different ties are quite well- balanced in all the stages from I to IV, including a general rate of 51 to 61% of weak and rather weak ties and 39 to 49% of strong and intimate ties. Stage V presents a very different pattern, since 29% weak and rather weak ties and 71% strong and intimate ties are included in networks of entrepreneurs classified in this stage.

Businesses in the first stage of the business- growth scale have mostly rather weak ties and weak ties in second position, whereas businesses in stages II, III and IV have also rather weak ties in first position but strong ties in second position. Weak ties are in third place in II, III and IV stages. The pattern substantially changes in stage V, where networks present a poor proportion of weak ties and rather weak ties and strong and intimate ties have the main role into networks. Actually, weak ties (at level 1 in the indicator scale) diminish as the growth stage becomes higher if we look at Table 21. This fact, together with the observed pattern in growth stage V, seem to demonstrate that businesses with a higher maturity and resiliency include in their networks a higher proportion of strong ties, although they maintain a small proportion of weak ties, which allow the entrepreneur explore new resources and opportunities to make their business' growth going forward.

Further on the strength of ties into personal networks, it is also interesting to know which are the relation groups providing support in each growth stage, as Table 22 shows. This also provides an idea of in which relation groups are strong and weak ties placed in each stage and which relation groups are important to the entrepreneur as his/her business grows.

**Table 22. Participation of different relation groups in different business growth stages**

RELATION GROUP	GROWTH STAGE				
	I- Existence	II- Survival	III- Success	IV- Take off	V- Resource maturity
<b>Partner</b>	4%	4%	4%	2%	4%
<b>Family</b>	20%	22%	11%	4%	26%
<b>Professional</b>	43%	36%	67%	57%	44%
<b>Neighbour</b>	7%	7%	-	-	-
<b>Friend</b>	24%	23%	13%	31%	26%
<b>Acquaintance</b>	2%	8%	5%	6%	-

According to Table 22, businesses analysed in this research have received support mainly from 4 groups. Partners have been mentioned in networks of all the business growth stages and they have provided diverse kind of aids to entrepreneurs. Actually, many entrepreneurs considered their partner the main support source in their business. Furthermore, entrepreneurs' partners are the actors with a higher betweenness degree in 50% analysed networks in this thesis.

Professional contacts are the most named into the collected networks of all the growth stages followed by friends, which are in the second place also in all the business- growth stages. Family is the third most named group in all the stages except in IV, where contacts are mainly distributed between professional contacts and friends, whereas the family support and acquaintances are a small proportion (4 and 6% respectively).

Also it is interesting to observe that neighbours have been named only by entrepreneurs with smaller businesses, which are in stages I and II. In these cases entrepreneurs from a common area help each other, mainly in logistical and emotional terms, but the neighbour figure disappear when businesses studied in this research arrive in stage III, when businesses grow up and have diverse establishments and several employees helping the entrepreneur. Also it is important

to note that all three businesses classified in growth stage V were started up as family businesses, which is also reflected in Table 22, where a high number of family members providing support are observed.

## **7.6. Individual profiles of mixed embeddedness**

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So far, my description has focused on showing average tendencies and variability for all networks jointly or for specific types of respondents. It is good to keep in mind that I observed a large variability of network strategies and functions around those averages. To explore this better, I will now describe three different cases of mixed embeddedness in depth, covering a part of the variety of networks among entrepreneurs in Andorra. The first is an immigrant entrepreneur, the second a cross-border entrepreneur, and the third a native Andorran entrepreneur. I will focus on the support functions and mechanisms of the networks as well as on the informal economic activities that this social support allows to perform.

### **The national network: A business in the centre of the capital**

Aloke, an Indian man, arrived in Andorra as a child and he spent all his school years in Andorra. His parents decided to migrate and they arrived to Andorra, where they knew some people. Aloke's father was an employee for some years and then he decided to start his own business, an electronics store (as is quite common among Indian shop owner cases in Andorra). Of course, he needed a figurehead in order to be able to start the shop in Andorra, as he had been living there for just a few years.

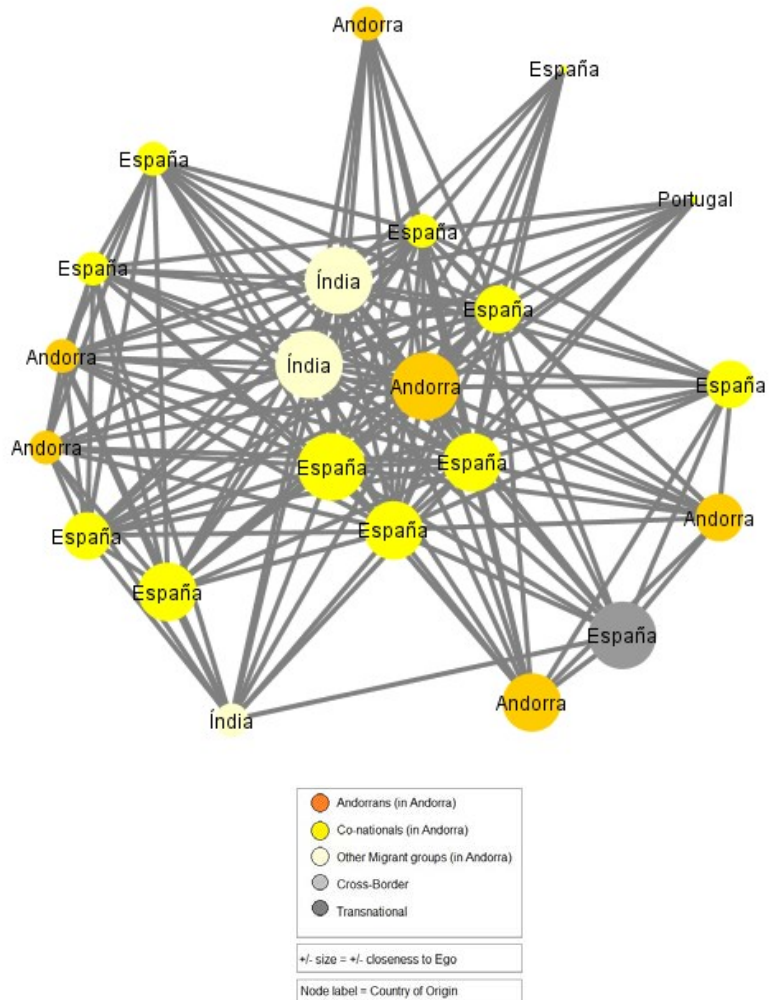
When Aloke grew up, he worked in the shops every weekend and school holiday. *"At the end, I hated the family business and I didn't want to work there anymore... so when I finished my studies I wanted to pursue a job, which would be completely different from my family's"* Aloke remembered. *"After having had three different jobs, my father asked me to be a partner within the business and I accepted, so in the end I have been part of the family business for eight years"*.

Aloke's personal network presents a dense structure in terms of the linkages among the different contacts appearing in it (see Figure 20). These contacts live in Andorra and they tend to be close to the respondent in most cases: "Our business is directed to two different target groups: tourists who come from abroad on the



weekends (usually Spanish, Russian or French) and also people from Andorra, who are usually considered as friends as they are very regular customers”.

**Figure 20: Alope's local support network**



Though many ties exist among the different nodes in the network, there is a more cohesive and interconnected group at the core of the graph. This group represents the family members and the current employees of the shops (four Spaniards and one Indian who is a family member), all of them very close contacts who all know each other. In the periphery, several customers/friends and collaborators are also

represented. With some exceptions, almost all of them are close contacts as they have had a relationship with Alope since a long time ago and consequently they are connected to the core of the network. The appearing weak ties are representing other kind of collaborations such as the figurehead (who does not have a direct relationship to the business, though he has been an important support source at the beginning of the business) and product suppliers. On the other hand, it is important to take into account that another main reason for the density of the network is the size of the context as all of them are established in Andorra la Vella so it is easy for them to know each other independently of Alope or his family. The network only has one node that does not live in Andorra, the large, light blue node in the periphery representing Alope's girlfriend who lives in a Spanish village very close to Andorra.

Many small businesses owned by immigrants in Andorra tend to have this structure. This can be due to two main factors: (a) the reduced size of the context, which facilitates the creation of ties and the access to social capital resources (what makes the structure of the network being so dense in many cases) and (b) the legislative restrictions existing within the country until 2012, which have affected thousands of similar cases to Alope's (causing the appearance of many contacts established in the Andorran context and also causing contacts in the country of origin to only have a role in terms of emotional support).

According to this network model, it seems that immigrant entrepreneurs in a reduced and restricted context like Andorra need local support in order to be able to run a business, among others because otherwise they have to wait a long period (10-20 years) to create their own initiative. Actually, this is the model that I observed in 60 per cent of immigrant entrepreneurs. Their network contacts are mostly settled within the national context, and they tend to be Andorran and of other nationalities, but not necessarily from the same community as the entrepreneur. Three informants commented on this:

*"In this country it is quite easy to know people and get help from them. And thank god this is like that! Because laws do not help newcomers at all, and you need to have Andorran friends from the beginning"*

(Armando, Portuguese)

*“When you arrive at a place, you have to be social. If you are good to people, people will be good to you. And this is what I did when I arrived. And this is like wood: you have to work on it day by day, and then it is strong and trustable. And in Andorra it is crucial to be good with your neighbours”*

(Kalu, Indian)

*“In Andorra, you have to be Andorran to be respected. And if you are not, you need good Andorran friends. Otherwise, you are not anybody! And immigrants are always foreigners to them... even if you get the nationality or if you are living here for 50 years!”*

(Diogo, Portuguese)

More precisely, social capital resources are usually crucial to run a business across different contexts, however this is even more evident when restricted legislations are applied since the entrepreneur needs to have not only social support from his/her own collective, but also from natives and, in addition, this social support requires a certain closeness between both parts as informal and risky support is given (To be a figurehead is illegal). Though this situation seems to be somehow unreachable, 33 per cent of the immigrant informants in my study took this option instead of waiting for the regulatory period of residence to end (and 40% of the immigrants falling under the old laws). The small dimensions of the context and the small population help to gain access faster to these resources.

## **The cross-border network: Playing both sides**

Penelope was born in the north-west of Spain, and when she finished her basic school and got married she decided to move to Andorra with her husband to make a living, like many Spanish immigrants in the 70s. At the beginning, both of them started to work in a hotel, and she had to combine her job with the care for the children and household chores. *“It was very hard for women in that time since we had to work out of home and the family and household were also our responsibility. Luckily, this is starting to change nowadays”.*

“Later, we started to run a hotel in the centre of Andorra la Vella where we were working during several years and there we made a lot of contacts from the hotel trade. Of course, while we were running this business, we counted on the collaboration of a figurehead. This person was our ancient boss in the previous hotel we were working in”

A few years later, they started to work in the primary sector (agriculture) being tenant farmers. They were working in that farm during 20 years *“I really loved this job since although it was hard, it was possible to work in your own way and speed”.* At last, they decided to end with this work as they had three offers to run different restaurants *“(…) and we decided to take this one, because we liked the idea of being in a quite isolated place and the conditions were great for us”*

Though having lived in Andorra for almost 40 years, Penelope and her husband never obtained the Andorran nationality since they have had enough support for maintaining the Spanish one with a resident legal condition in Andorra. *“As we have a lot of Andorran friends, many of our customers come from there and they speak about us to their friends or acquaintances”.*

Nevertheless, an important part of the support comes from La Seu d’Urgell (a Spanish village which is at 10 km from the Andorran border) since because of being in Spanish territory they have to accomplish the Spanish law, which requires having employees from there. As a result, the support network combines contacts from both sides of the border, that is, legal residents in two different countries (see Figure 21) and so their legal conditions will be also different. In other words we would say that their actual area of residence area is the same although being divided by a border limit, which would also explain the network composition - with contacts placed in different countries- and the network structure -many connections among the contacts in the different places-.

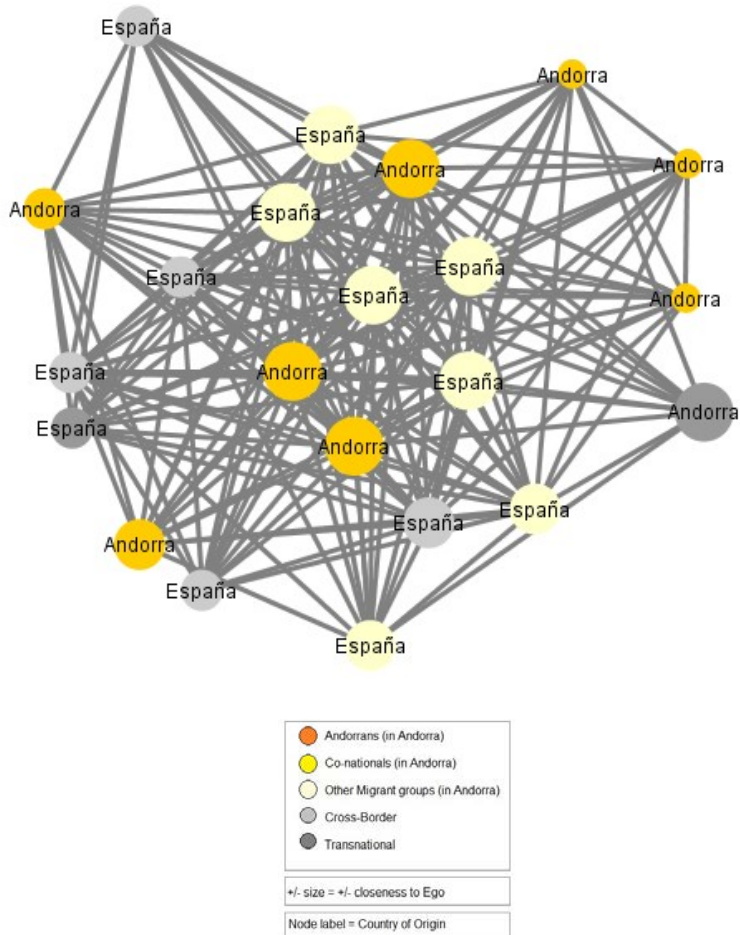
Most of Penelope's closest contacts reside in Andorra. These represent family members and very close friends (Andorrans and Spaniards) who have supported the business from the beginning in terms of emotional, logistical and even legal aid. Those who are in the centre as well but they have their residence in Spain (close to the border, in this case) are the employees of the restaurant. A couple of Andorran contacts are also employees, but their contract is informal and they just help or work in the restaurant when it is

necessary in some weekends. Looking at the network periphery, some weak ties are found being both from Andorra la Vella and from La Seu d'Urgell (Spain). These weak contacts are very frequent customers, who supported the business not only in terms of an "economic" relationship, but they also provided legal advice, logistic support or even promotion of the restaurant.

I call this network model the cross-border profile. This profile appears to be a mixture of the previous two models, since I observe a concentrated network structure connecting what we could strictly call "transnational" contacts. However, it is important to realize that they are not truly transnational contacts since they are located in a relatively small geographical area though being in different legal, national contexts. We propose the name of cross-border network for this kind of cases.

As we stated before, in a small country like Andorra it is important to take into account the role of the border since it determines certain conditions, whether legal or not, affecting people who are living there. One of the most usual cases is the large group of individuals who work in Andorra but live in Spanish and French villages close to the border. These individuals cross the border daily, and so they have a special legal condition: the cross-border workers.

**Figure 21: Penelope's cross- border support network**



In the case of entrepreneurs, this phenomenon happens in a different way. Whereas workers tend to cross the border from outside to inside the country to go to work, cross-border entrepreneurs cross the border from both sides and it is more delicate to deal with as it is not regulated. In addition, if entrepreneurs from abroad tried to operate in Andorra without being a resident or having an Andorran partner, this would be illegal. In case Andorran entrepreneurs try to operate abroad without any partner in the foreign country, then he/she must pay the taxes of both countries since no agreements are established. This loophole gives rise to informal economy activities, such as informal partnerships (two different businesses with their respective patrons legally working separately on both sides of the border but being in

fact the same company), temporary employees with oral and informal agreements, and the sharing of material resources (in order not to pay customs duty every time they cross the border).

Due to these legal conditions (or restrictions) imposed by the presence of the border, businesses that are placed in the areas closest to the border tend to receive support from contacts on both sides. Some of these contacts also provide informal support or even resources in order not only to make the business survive between two different legislations, but also to take the maximum advantage of this situation. This kind of “cross-border” network also exists in cases where businesses have two partners (one on each side but both in the Pyrenees area) and they pretend to be two different companies whereas they are actually working together and sharing resources. This makes the network to be varied in terms of provenance of the contacts providing support but dense in terms of linkage structure since the geographical area is reduced and this make it easy to know the other people living in there. Two entrepreneurs explain the situation:

*“My brother and I are Catalans, but our grandmother was Andorran. This is why my brother got the Andorran nationality and now we have “two different businesses”: one in Andorra and another one in La Seu d’Urgell. But in fact these “two businesses” are the same and we share the obtained profits”*

(Ot, Catalan from the Catalan-Andorran border)

*“If you have a business and you want to give a service to someone who is in Spain, it would be very expensive to pass all the things you need from one side of the border to the other. And you should do that very often! So that is why we collaborate with another company, which is in Spain, and we share the equipment we need without having to pay custom taxes. (...)To refuse Spanish work offers? We are in a huge economic crisis! We cannot refuse anything!”*

(Andrés, Spanish)

## **The mixed embeddedness network: The Andorran partner**

The first case we describe is that of Jordi, who has the Andorran nationality. As we observed in many cases, it was his father who created the current family business after having migrated to Andorra to make a living.

Jordi was born in Barcelona and he arrived in Andorra in 1975 as a child. He has received his education in Andorra and obtained the nationality in the 90s, when he had already finished his graduate studies. From 1975 onwards, his father owned a jewellery shop in Andorra, where he sold self-made products and luxury products to tourists. This was the most favourable period of Andorra in economic terms. In Jordi's youth, the family had several establishments.

Nowadays, it is Jordi himself who manages the business although the shop does not sell self-made products anymore and they only maintain one of several establishments. In addition, Jordi now manages two other businesses: one of them is an online communication initiative and the other is a distribution company of luxury products. Both of these businesses are established with partners and employees abroad, as transnational collaborations are crucial to operate in other countries. Nevertheless, Jordi's residence in Andorra is essential to make the operation possible within the Principality.

The communication initiative employs three people in two geographical locations: Barcelona and Andorra. Jordi explains: "*As it is an online business, it is possible to make it work with a small but well-connected team*". The distribution company works with a large team distributed among different countries such as Morocco, France and Spain.

As it happens in many similar cases to Jordi's, we find a dispersed network with contacts settled in different countries: In this case Morocco, Spain, Andorra and France (see Figure 22). The larger nodes that are located in the centre of the network are the closest to ego and those who helped him at the very beginning of his business initiative: basically family and very close friends who have been collaborating with the family business since a long time ago. These close contacts are from Andorra and Barcelona (Spain). Also, as many of them are from Andorra and they collaborate with the business (the jewellery shop), they have several linkages among them.

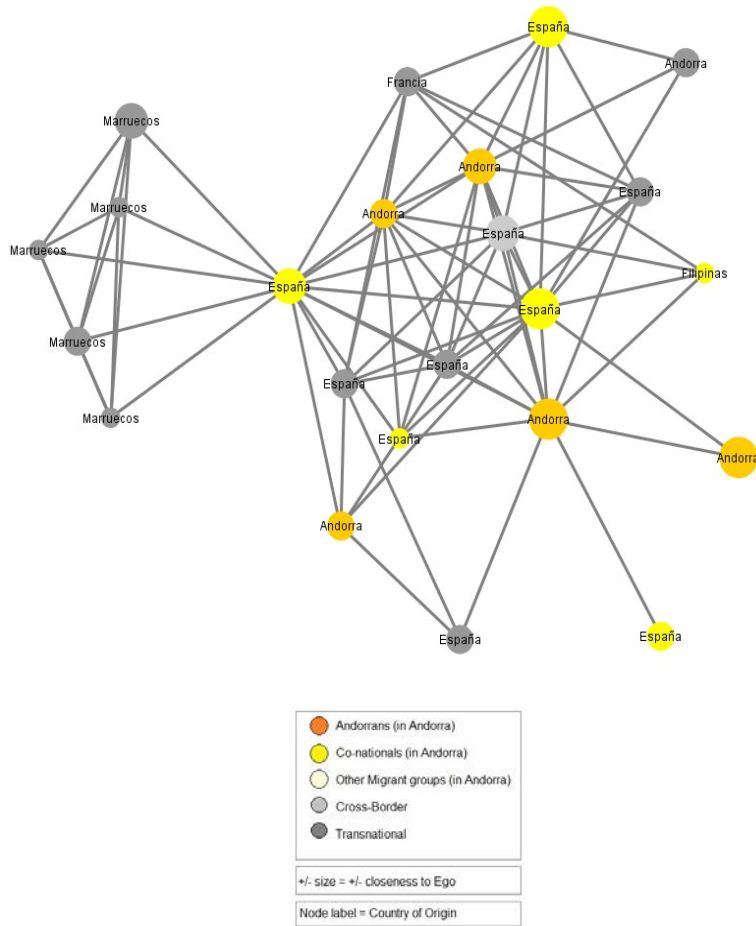


The contacts in the network periphery are weaker, as indicated by the smaller node size. These nodes are representing people collaborating with the transnational business and the communication initiative. Most of these contacts are transnational. In the network periphery, we find some Andorran collaborators who are separated from the network core, although being connected to it. These contacts give some advice to the entrepreneur in very specific situations, but they are not connected to other daily collaborators.

There is an Andorran contact who acts as the linkage between the different groups and businesses. She is the coordinator and administrative assistant of Jordi, and her job is to organize the different initiatives. This agent is the person with the highest “betweenness centrality” (i.e., the largest intermediating role) within Jordi’s network though not the closest one to him in personal terms.

Jordi himself also has a high betweenness centrality in his geographically dispersed network, which appeared to be very usual in the case of transnational entrepreneurs. In my research, we found that most transnational entrepreneurs have the Andorran nationality as this is needed to be the legal representative agent in Andorra because of the established legal conditions. Also, this is related to the size of the country as some Andorran entrepreneurs of large size companies explained during the interview:

**Figure 22: Jordi's transnational support network**



*“When you have a successful business in a small country like this one, you arrive soon at a legal limit and you can’t continue. Then, you look for other options and one of the most common is to collaborate with other entrepreneurs abroad. Then you have the opportunity of growing up as an entrepreneur, and your new partner has the option of operating in Andorra”*  
 (Marcel, Andorran).

*“In Andorra you can’t be an international entrepreneur easily. You have to seek for foreign partners to be able to export your business model, but very often entrepreneurs are interested in operating in Andorra. What is also very common is to operate in several business sectors within the country”*

(Leo, Andorran).

Nevertheless, a few established migrants basically focused on the tourism sector also had networks with relevant transnational dimensions. Apart from them, as we indicated before, the newcomers in Andorra also have highly transnational networks, but this is more due to their origin.

## **7.7. Discussion**

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The main aim of this chapter was to present and analyse the support networks of 40 of the immigrant, cross-border and Andorran entrepreneurs in my sample.

The description and analysis of the collected data has been distributed in two main blocks: in the first block the structure and composition of networks depending on the entrepreneurs’ origin and legal circumstances was analysed; whereas in the second block the structure and composition of networks was observed from the perspective of the size of businesses. The classification of businesses by growth stages was based on the 5 stages of small business growth, developed by Churchill and Lewis (Churchill & Lewis, 1983).

The findings obtained through the quantitative data analysis in this chapter, which are based on an exploratory sample of 40 interviews with 40 personal networks, are as follows:

First, a high density degree has been found in all the collected networks (0,56 average with 28,5% variation). This seems to be due to the small size of the context and its opportunity structure, which has a low number of actors. This later fact contributes to facilitate direct and indirect relations among actors in networks. As a consequence of the high density, networks centralization in general has a medium degree (40,5 average) and also a low betweenness is observed among networks in general (4,99 average). When the structural measures were observed with networks

classified by clusters (Andorrans, immigrant entrepreneurs before 2012, new immigrant entrepreneurs and cross- border entrepreneurs), a correlation between density of networks and the period of residence of entrepreneurs in Andorra was found out. That is, Andorrans' networks presented the highest density degree in average, followed by immigrant entrepreneurs before 2012, which needed a long residence period to be allowed to start up and hold their own business in Andorra. Cross- borders had a lower density degree in average, which can be explained by their daily life in Andorra, although not living there. Finally, the lowest density degree was observed among the new immigrant entrepreneurs' networks. These entrepreneurs started up their businesses under the new economic law in 2012, without any restriction on their residence period to be allowed to hold a business. Therefore, high density in networks seems to be an indirect effect of legislative conditions in the study context.

Second, when businesses are classified in different growth stages, similar patterns in the structure of networks are shown. Therefore, high indicators of density, and quite low centralization and betweenness mean values are observed in all the different business-growth stages. Nevertheless, a small tendency toward the low is observed in those growth stages in which businesses are being expanded over the country borders. The high density of networks in all the stages is actually better understood when networks' composition is observed, since a major proportion of contacts settled in Andorra exist in networks of businesses in all the stages. The proportion of weak ties diminishes as growth stages advance, added up to the fact that businesses in stage V in the growth scale show a higher proportions of strong and intimate ties (71%) in their support networks. However, a very small proportion of weak ties is observed (8%). This fact seems to show the importance of strong ties and high confidence to contacts to manage a successful business. Nevertheless, a small rate of weak ties is also necessary for the business to keep growing and keep accessing to new opportunities and resources through networks. In more specific terms of relation groups, partners are named in almost all the networks, providing all kinds of support in all the stages. Professional contacts are the most important group providing support in all the sages, followed by friends and family.

Third, if we look at the composition of networks classified by immigrant groups, two factors influencing the creation of different patterns in networks were found; these are the period of residence, which is a consequence of legislative conditions in the starting up moment, and the cultural factor, which seems to be somehow associated to integration. Idiomatic and cultural similarities seem to give advantage

to integration, according to the networks collected in this thesis. Although all the interviewed entrepreneurs have a big or the biggest part of received support coming from the Andorran context, Spaniards and Catalans have more native Andorrans in their networks. Entrepreneurs from other origins, however have more compatriots providing support in their personal networks, although also having a proportion of native- Andorran contacts. This can be a consequence of both facts of Catalans and Spaniards speaking the same language as Andorrans do and having the same festivals and traditions as Andorrans have. This seems to make integration easier for those groups with more cultural and idiomatic similarities.

Fourth, residence period also influences networks' composition according to the collected networks in my project. Immigrant entrepreneurs before 2012, who have a longer residence period due to restrictions affecting their economic rights, have a major number of native-Andorran contacts in their support networks. However, once restrictions are eliminated and, consequently, residence period in the business-starting-up moment is shorter, network patterns change significantly, containing a lower proportion of native- Andorran contacts. This latter fact is an effect of both factors the elimination of legislative restrictions (so they do not need Andorran collaborators anymore to hold a business) and a shorter residence period (less than 10 years in all the analysed cases of entrepreneurs), which is a consequence of the former factor.

Fifth, those contacts settled in Andorra (both native- Andorrans and immigrants) seem to have a decisive role within entrepreneurs' personal networks in this project. More precisely, 862 of the 1260 named support contacts are settled in Andorra. That is 68,4%. These contacts provided the largest part of economic aids and also most of the named shareholders of businesses have been named into this group. All the named figureheads also take part of this group, among other aids, such as logistic, employees, legal/administrative advice and emotional. On the other hand, cross-border contacts have mainly either the role of employees or logistic support providers into networks. Nevertheless, also legal/administrative advice and emotional support has been received from cross- border commuters. Furthermore, transnationals provided mainly logistic and emotional support. In addition, a considerable number of transnational suppliers appear into the interviewed entrepreneurs' networks. The second biggest group of shareholders is also named into transnationals' group.

Sixth, native Andorrans provide mostly logistic aids and legal/administrative advice, although they are also employees and emotional support providers. The role of Andorrans within networks is decisive, especially in both terms of providing economic aids and being a figurehead. Actually, all the named figureheads but one are Andorran- natives. On the other hand, shareholders tend to be co- nationals for both groups Andorrans and non- Andorrans.

Finally, mixed embeddedness model has been observed among immigrants, who show a balanced proportion in the average of compatriots, native Andorrans, other immigrants living in Andorra and transnational contacts. In the case of new immigrant entrepreneurs (all of them having less than 10 years of residence in the country), contacts abroad (cross- border and transnationals) are numerically larger than in the former case, but they still have a proportion of contacts in Andorra. However, Andorrans showed a quite similar mixed embeddedness as the more established immigrants have. Furthermore, the businesses in all 5 growth stages also present similar proportions average of mixed embeddedness among them.



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# Conclusions

Immigrant entrepreneurship has received much attention in the academic literature as a successful pathway of upward mobility for immigrants (Guarnizo, 2003; Kloosterman, Van der Leun, & Rath, 1999; Lancee, 2012). However, the phenomenon has hardly been investigated in microstates, that are characterized by particular social, economic, legal and political features that may affect how and why immigrant entrepreneurs -and native entrepreneurs alike- create and develop businesses. My thesis therefore focuses on immigrant entrepreneurs in a microstate.

More precisely, the context of this research has been the Principality of Andorra. Andorra is a 468 Km<sup>2</sup> country settled in the Pyrenees between France and Spain. Its borders face the Catalan part of Spain and the Midi-Pyrenees region of France. Contrary to what happens with other areas of Catalonia and France, the Andorran border presents considerable limitations in terms of circulation. Andorra is neither part of the European Union nor of the Schengen area, so free circulation of goods and individuals does not exist at these border points. In addition to the omnipresent border the legislative structure of the country stipulates severe restrictions concerning the acquisition of the Andorran citizenship as well as (until 2012) the economic rights of immigrants. Immigrants needed a long residence period to be allowed to run their business in the country. However, after the economic crisis of 2007, the population in Andorra started to shrink, and many businesses closed. In order to face this situation, a new law for foreign investment came into effect in July 2012. This law is known in the country as the “New Economic Opening Law”, which suppressed all the previous limitations concerning the economic rights of immigrants and reduced the constraints affecting non- resident entrepreneurs’, who until then could not be the major shareholder of a business in Andorra.



Andorra is only one of six microstates in Europe and it is not the only one presenting particularities at different levels, compared to other bigger countries in Europe. Actually, there are several studies that described the particularities of microstates and small countries all over the world and that looked at the effects of these features at different levels and from different perspectives (Armstrong & Read, 2003; Baldacchino, 1993, 2008; Grydehøj, 2011).

In the case of this research, I aimed to observe the effects of microstate particularities on the support networks of both native and immigrant entrepreneurs. This thesis is structured in 8 chapters, the present one included. In the first chapter an introduction and a summary of the research is presented also specifying the main goals. In the second chapter, the relevant theories on entrepreneurship, immigrant entrepreneurship and microstates have been revisited. I have explained that one of the most important theories for explaining the rise of immigrant entrepreneurship is the mixed embeddedness theory of Kloosterman, Van Der Leun and Rath (1999). This theory suggests that immigrants can benefit from being embedded both within the social networks, opportunity structures and institutions of the host society, and in the social networks and opportunity structures of the co-national community - both locally and transnationally-. The latter, for example, allows them to hire labour or access capital at a low cost or focus their businesses on the needs of the co-national community. This mixed embeddedness can give them a competitive advantage over natives that allow their businesses to survive.

The Andorran context has been described in depth in Chapter III. This chapter has explained the history of Andorra and the contemporary society in terms of their economy, the population, and the labour market. The chapter is important for contextualizing the results of my investigation. At the end of the chapter, I have presented three specific research questions and six hypotheses. Chapter IV describes the methodology I used for performing my research. Specifically, I have collected the testimonies of 43 entrepreneurs in Andorra, mostly immigrant entrepreneurs but also native entrepreneurs (as a reference for comparison) and an important category in microstate: cross-border entrepreneurs. Also, I have measured their professional support networks. The description of collected and analysed cases is developed in Chapter V. In Chapter VI, the findings obtained through the semi-structured interviews are shown, focused on the reasons of migration to Andorra and the experience of starting up and developing a business in Andorra. Chapter VII analyses the networks of formal and informal support the entrepreneurs received for their businesses.

Finally, the aim of the present chapter is to summarize the findings and to describe the final conclusions of this exploratory research, as well as its limitations and contributions.

This chapter is structured around the three main questions of this research. In Section 8.1 I will answer my first research question, *what are the specific effects of the legislative structure in microstates on the support networks and access to institutions of immigrant entrepreneurs?* Section 8.2 responds to the second research question, *what are the specific effects of the small size of the country on the support networks and access to institutions of immigrant entrepreneurs?* Subsequently, in Section 8.3 I will formulate my answer to the third research question: *Does the mixed embeddedness theory apply to microstate contexts?* The strengths and limitations of this research are discussed in Section 8.4, and finally, Section 8.5 presents suggestions for future research.

## **8.1. Effects of the legislative structure**

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This research suggests that legislative restrictions applied in microstates make it more important for immigrant entrepreneurs to have the support of natives, since this is needed to develop economic activities, whereas immigrants settled in contexts with more permissive conditions tend to seek more collaborations in their co-ethnic or co-national community in order to develop their economic activities (Salaff, Xu, & Ping, 2003). This makes the legislative framework to be one of the most important factors to explain the entrepreneurs' support and collaboration networks.

Similar to other microstate contexts, legislative conditions in Andorra are quite restrictive, especially concerning the rights of immigrants. The main aim of these policies is to maintain the Andorran cultural and social identity. Legislative constraints in Andorra are posed on the economic rights of immigrants, although these latter restrictions were eliminated in July 2012. The fact that these restrictions were eliminated allowed me to compare businesses created under legislative constraints and businesses created after 2012.

Probably as a direct consequence of these legal conditions, we observe a relatively low number of immigrant entrepreneurs in Andorra, compared to the number of Andorran business holders. In the general population of Andorra, immigrants outnumber natives, but when we look at the country of origin of immigrant business owners (that determined their restrictions), it appears that that the lower the

applied restrictions are, the more businesses are created. Furthermore, Andorran figureheads of immigrant entrepreneurs, who are in name the holders of those businesses, also need to be taken into account among the high number of Andorran entrepreneurs. The use of the figurehead in Andorra seems to be the most common strategy to overcome legislative restrictions concerning the economic rights of immigrants. Also, this phenomenon is probably the clearest example of the appearance of informal economy in this context.

Informal economy was also observed as a consequence of the strong presence of the boundary in the entire country area, which can be considered an effect of both the legislative restrictions and the small size of the jurisdictional area. Cross-border contacts often take the role of employees, since most of them are cross-border commuters, but they also provide logistic support as their second most important role for entrepreneurs. This logistic support is very often translated into informal (not necessarily illegal) collaborations among entrepreneurs to overcome the border limits and to permit working in a wider operation area beyond the borders, which implies another opportunity structure with further resources. This confirms the first part of my hypothesis H2c that *Cross-border collaborations will appear in the entrepreneur's personal networks as business-oriented collaborators.*

On the other hand, an evident effect of the legislative constraints on economic rights of immigrants is the length of the entrepreneurs' period of residence at the moment of starting up his or her business, since until 2012, immigrant entrepreneurs needed either a period of residence of 10 to 20 years, if they waited with having a business by themselves, or a network based on trustworthy contacts in Andorra, if they wanted to hold a business overcoming these restrictions. Actually, contacts settled in Andorra have a decisive role within the immigrant entrepreneurs' networks. This group of contacts is made up both by native Andorrans and non-Andorrans, and they mainly develop the role of major shareholders, legal/administrative advisers and figureheads. Also, these contacts provide logistic and emotional support, and they were also hired as employees. Therefore, I reject my first hypothesis H1a that *Andorrans will have a significant role within the support networks of immigrant entrepreneurs before 2012.*

More precisely, Andorran natives provided mainly logistical support and legal/administrative advice. Furthermore, all the named figureheads except one were Andorran natives. On the other hand, co-nationals settled in Andorra are the largest group of shareholders in both cases of Andorran and immigrant entrepreneurs.

Although the major part of shareholders are settled in Andorra, also a considerable group of transnational shareholders exist, especially in those businesses in more advanced growth stages. Finally, apart from being shareholders, the biggest part of transnational contacts provide firstly logistic support, whereas emotional support is in second place. This later affirmation brings the rejection the second part of H2c that *transnational actors will provide mainly emotional support*. However, Andorrans are surprisingly also emotional support providers.

Whereas labour opportunities were the main reason to migrate to Andorra in most of the studied cases of immigrant entrepreneurs before 2012, the reason among new immigrant entrepreneurs is slightly different in some cases. On the one hand, some individuals migrated to Andorra for labour reasons, and took advantage of the new law, mainly when finding a job was difficult due to the economic crisis of 2007. On the other hand, other cases decided to move to Andorra with the aim of creating a business, taking advantage of the new economic opening law. Actually, some of the entrepreneurs already held a business in Spain and decided to change their business-operation area. When I analyzed the personal networks of new immigrant entrepreneurs, I observed some differences from other entrepreneurs with longer periods of residence. Their proportion of Andorran support providers is lower, whereas the proportion of compatriots residing outside Andorra is higher than in the networks of entrepreneurs who entered Andorra before 2012. This corroborates our hypothesis H1b that *After the new law of 2012, support networks will be more transnational or cross-border, depending on the entrepreneur's country of origin, and time of residence*.

Furthermore, my results reveal that trust and closeness are fairly important to grow a business. This was shown both in the case of businesses created under restrictions and in the cases created after the new law took effect. When businesses were compared according to their growth stage, a large proportion of strong ties were observed among businesses in the most advanced growth stage. Those businesses classified in the first stages, in contrast, presented a higher proportion of weak ties. In spite of that, a small proportion of weak ties was named by entrepreneurs in the 5<sup>th</sup> growth stage. This fact does not necessarily mean that entrepreneurs in the highest growth stage do not have weak ties, but it could be an indicator of a high number of contacts, from which the entrepreneur has named the most important or the closest for him/her.

Finally, legislative restrictions implemented in Andorra before 2012 seem to have caused a sensation of a stratified society among citizens and residents in the country. According to the immigrant respondents, Andorrans have social privileges and the law is perceived as more permissive to them. These perceptions led to the creation of stereotypes towards Andorran natives, as well as a certain idealization of being Andorran. Despite this, few interviewed immigrants aim to obtain the Andorran citizenship, since they do not want to lose their nationality of origin, which would be considered as losing their roots. The Indians I interviewed are an exception, since both of them obtained the Andorran passport as soon as it was possible for them.

## **8.2. Effects of the small size of the jurisdictional area**

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The clearest effect of the small jurisdictional area of a microstate is, of course, the small size of its population. This also implies a small opportunity structure, which has advantages and disadvantages according to the testimonies of the entrepreneurs in my study.

High values of density have been observed in the entrepreneurs' networks, which also implied a low betweenness centralization in general. Therefore, I confirm with this result hypothesis H2a that *entrepreneurs in microstates have dense personal support networks*. This density facilitated the access to the opportunity structure, and made integration easier for newcomers, according to the respondents in my study. Nevertheless, this is regarded as a double edged sword by entrepreneurs, since although it can help the individual have good contacts and a successful venture, on the other hand a wrong step in the business will be known by the rest of actors, making the recovery more difficult.

Contrary to what I expected, no significant differences have been found among the network patterns in the different business-growth stages. In this sense I observed that, although the number of transnational contacts is a bit higher in the two last stages, this does not imply a significant increase. Actually, the number of contacts settled in Andorra (being or not native Andorrans) is very high in all the 5 growth stages (the general percentage of contacts in Andorra is from 69% to 78%). I therefore reject hypothesis H2b that *Entrepreneurs with businesses in the earliest growth stages (existence and survival) receive more support from individuals residing in Andorra, whereas those with more developed businesses receive more support from abroad*.

It would be easy to think of a microstate as functioning as a city in terms of its socio-economic structure, since the geographical area seems to be comparable to any reduced local economy at first appearance. However, this is not the case, as the law system and the given opportunity structure in labour and entrepreneurial terms is completely different in the two contexts. Whereas a city is taking part in the structure of a larger country, the operating area will be more limited in microstates since the legislative jurisdiction is smaller and so are the possibilities to find business niches. Due to this fact, and as explained in section 8.1, a large number of informal collaborations beyond the border exist in Andorran enterprises. According to my findings, these informal collaborative activities are carried out both by immigrants and by Andorrans.

### **8.3. Mixed embeddedness**

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Both immigrant and cross-border entrepreneurs in my study had a mixed embeddedness in terms of their social networks. This was also observed for businesses in different growth stages, since a proportion of natives, compatriots, and other migrants settled in Andorra, as well as a proportion of transnational contacts appear in the networks of all the groups. Small differences in these proportions are however observed depending on the time of residence in Andorra, as explained previously. The entrepreneurs with a longer period of residence generally have more contacts settled in Andorra, whereas the entrepreneurs with a shorter residence have more transnational contacts. Nevertheless, both transnational and local contacts in Andorra exist in all the different groups of networks. Therefore, I reject my third hypothesis that *Due to the more restrictive legislative system in microstates, immigrant entrepreneurs will be embedded in the Andorran opportunity structure, but not necessarily in their co-ethnic community in Andorra or in their country of origin.*

Interestingly, my research does not only show mixed embeddedness for migrants, but very similar patterns of mixed embeddedness were found for natives. This result indicates that the mixed embeddedness theory is not applicable to microstates, since both personal networks of migrants and natives show similar relation patterns and characteristics. This happens, first, because of the particular composition of the population in Andorra and many other microstates, where the immigrant population outnumbers the native population. Second, all entrepreneurs in a microstate need to overcome the restrictions given by the Andorran context itself, since the size of the

country and of the population makes the opportunity structure smaller and networks denser, with poor exclusive resources to find a distinguishing feature for businesses. Given this limitation, entrepreneurs need to seek new business niches in the cross-border and transnational background, as well as in different social backgrounds and institutions to help their venture grow.

Idiomatic and cultural features seem to be an important condition for a higher or lower integration into Andorran networks. Networks in my study show a bigger or smaller proportion of Andorrans depending on cultural and language similarities between the entrepreneurs and Andorrans. Therefore, Catalans and Spaniards have more Andorran natives in their networks, whereas French, Portuguese and Indians have more compatriots giving support to their businesses from Andorra.

Furthermore, the density I observed in the support networks, that is, a large number of connections among the support providers of entrepreneurs, highlights the need of adding contacts from different social and geographical backgrounds, regardless of the business growth stage and/or the social group of each entrepreneur.

#### **8.4. Strengths and limitations**

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This research has several strengths and limitations. The first strength is its innovative empirical character: so far, no research has been performed into the phenomenon of immigrant entrepreneurship in microstates. The present study has shown that the theory of mixed embeddedness, which has been supported in macro-state context, does not hold in Andorra, and more in general, it has shown that the precise workings and utility of this theory depend on the national context in which it is inserted.

The second strength is the research design. The main goal of this project was to explore and the role that the microstate context plays in the support networks and access to institutions of immigrant entrepreneurs; that is, to understand the underlying mechanisms that explain the functioning of formal and informal networks in this particular context. For this aim, I opted for qualitative methods of case selection, seeking to maximize diversity (cf. Small 2008). The qualitative method of case selection allowed me to gain rapport with my respondents, which was essential for discussing informal (and sometimes illegal) economic activities, and it also allowed me to adopt an emergent design, adapting my strategies during the data

collection phase. For example, I only became aware of the particular but important case of cross-border entrepreneurs during the data collection phase, so I decided to include a few cases in my sample. This emergent and iterative nature is a strength of the qualitative method and proved to be highly valuable in this case. Qualitative methods of data collection and analysis, in particular the combination of semi-structured interviewing and ethnographic observations, further helped me test the hypothesized connections between macro-level frameworks and micro-level experiences, decisions and behaviours, which would have been more difficult with a quantitative approach. The qualitative approach focuses in depth on individual experiences, allowing to understand the mechanisms behind connections.

Although the general design was qualitatively oriented, I also added a quantitative network module that allowed me to delineate the support networks in a comparable way. Currently, it is common ground to assume that personal networks constitute the most important social capital resource within entrepreneurial relationships (Arjona and Checa, 2006), and that personal contacts permit entrepreneurs to discover new business opportunities and facilitate their access to instrumental resources such as information, capital, market and technology, to ensure the success of economic activities (Anderson and Miller, 2003; Dubini and Aldrich, 1991; Katz and Gartner, 1988; Shane and Venkataraman, 2000; among others). The literature also shows how the mixed embeddedness of the networks established in different countries permits to be active in several markets across national borders (Kloosterman and Rath, 2001; Barrett et al., 2001; Ram et al., 2008; among others). Nevertheless, the literature has often treated networks as a metaphor in theorizing about immigrant entrepreneurship, simply pointing out that networks matter, rather than exploring how, under which circumstances, and to what extent networks matter. Few studies (Solano, 2016; Valenzuela, 2014; García-Macías, 2013; entre otros) have used rigorous network measurement, inhibiting a systematic examination and comparison of the structure and implications of the entrepreneurial networks.

In this study I have explored professional support networks in depth. The methodology for the present research permits a deeper understanding of the importance of social capital for immigrants' entrepreneurial activities. By systematically delineating the support network of immigrant entrepreneurs, the research observes in which aspects the networks support entrepreneurial activities (economic, legal, administrative, emotional etc.), where these contacts are based (local, transnational), and from which type of contacts the support tends to come (family, professional contacts etc; strong ties versus weak ties). These aspects of the



networks can then be linked to the economic success of the business. The structured measurement helped me compare different groups of respondents to understand the similarities and dissimilarities in their support networks.

Nevertheless, for this more quantitatively oriented aspect of my research, I felt limited in the sense that the number of cases for comparisons is small and not statistically representative. Although obtaining a representative overview of entrepreneurial networks in Andorra was not a goal of this research, in some occasions a larger number of cases in specific categories would have allowed me to discover patterns more easily; to conclude whether differences among groups were based on chance or on one or two extreme cases, or represented real differences among the groups in the general population.

Related to this, to select cases of both immigrant and Andorran entrepreneurs, I used different techniques including the snowball sampling technique. The main aim was to collect data on immigrant entrepreneurs and a control sample of native Andorrans. Nevertheless, different patterns of non- Andorran entrepreneurs were found after data collection, since not all of the entrepreneurs had started up their business under the same law system and so networks presented different patterns. The classification by clusters was thus made after the data collection, which provoked that the clusters did not have a balanced numbers of cases. This may imply a bias in the obtained results, since for clusters with fewer cases it is more complex to establish a pattern, and the error rate is also higher than in those clusters with a larger number of cases. The same bias may affect the classification of businesses by growth stage, but this bias is easily assumed, since few companies in growth stages IV and V exist in Andorra, compared to the companies in I, II and III stages.

A final limitation is that information about the support provided by network members and the existing ties among network members has been provided unilaterally, by the entrepreneurs. Therefore, they represent their perception of the situation, rather than an intersubjective agreement about the relationships . Therefore, a certain bias needs to be assumed in the collected data about the characteristics of each alter and the existing relations within the network, as well as I assume that the relations with ego and his/her alters can be non-reciprocal. Furthermore, entrepreneurs were allowed to use pseudonyms or the initials of their contacts, with the aim to maintain alters' anonymity (which is crucial in many cases, and especially in small and constrained contexts). This latter procedure did not allow

me to interconnect the 40 support networks to create a complete (aggregate) social network, since some pseudonyms such as “figurehead”, “shareholder” or even “mom” have been repeated in different networks and would have appeared in a whole network as if they were a single person. Nevertheless, such a sociocentric network would have been interesting, since it would have allowed me to obtain a preliminary idea of the general access to networks in Andorra.

## **8.5. Future research**

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As I suggested in the previous paragraph, the current research has been limited, for the more quantitative aspect of network measurement, by the number of cases studied. Therefore, my first suggestion for future research is to design a survey to test the observed differences and similarities among native and immigrant entrepreneurs in Andorra on a larger scale, taking into account different background characteristics. In that case, it may be desirable to oversample entrepreneurs of non-European origins, who are in the present study limited to just a few cases.

In addition, the general literature about immigrant entrepreneurship is based, mainly, on the contexts of macro-societies, where multicultural phenomena are latent and constantly rising. But fewer studies have faced the same phenomena in micro-societies (Amstrong and Read, 2003; Jónsson and Saemundsson, 2006; Baldacchino, 1993), where the geographical national area is smaller, creating different opportunity structures from those established in larger contexts, where the wider area permits a larger internal mobility. Migrations in a microstate tend to be only international, which affects the business opportunity structure as well as the structure of the entrepreneur’s network pattern. Furthermore, Andorra’s hard legislative restrictions and regulations, which affect the possibilities for immigrants to run a business, are also an important variable to take into account when analysing the support network characteristics.

Furthermore, native and immigrant entrepreneurs have been interviewed in this research, to compare both groups and find out their differences and similarities. This allowed to see that mixed embeddedness in microstates is not only given among immigrants, but also natives show similar patterns in their networks. Therefore, this study adds a unique case to the international literature into immigrant entrepreneurship. For understanding how national regulations and contexts affect

personal networks in entrepreneurial activities, it is important that studies on this topic are performed in multiple contexts with diverse characteristics.

It is important to point out that Andorra is only one of six microstates in Europe and many other small recognized states exist in the world. All these small countries and jurisdictions tend to have particular features that are similar to the Andorran case, but obviously different in some aspects. Even though the obtained results show how important it is to take into account the particularities of any context in order to determine their effect on the social structure, it is necessary to explore immigrant and native entrepreneurs in other microstates in future research in order to have a comparative framework to confirm if the findings in this research are also applicable in other contexts or, in any case, to precise in which concrete ways the context influences the support networks of immigrant entrepreneurs as well as their business development strategies.

Last, it would be very interesting to collect rigorous data on the figurehead's phenomenon. This would allow a better understanding of what a figurehead is and which are the experiences and motivations for developing this role in networks, or this bilateral and often durable relationship.

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# Conclusiones

La cuestión del empresariado inmigrante ha sido un tema recurrente en la literatura académica de las últimas décadas, siendo presentado a menudo como uno de los caminos para una movilidad social ascendente de los inmigrantes (Guarnizo, 2003; Kloosterman, Van der Leun, & Rath, 1999; Lancee, 2012). Sin embargo, este fenómeno ha sido apenas investigado en contextos de microestados, los cuales gozan de una serie de particularidades en su estructura social, económica, legal y política que podrían tener un efecto en las motivaciones y el modo en que los emprendedores inmigrantes crean y desarrollan sus negocios. En este caso, dichas particularidades pueden ser también determinantes en el desarrollo de negocios de individuos nativos. Esta tesis doctoral, por lo tanto, se centra en la temática del empresariado inmigrante y se ha llevado a cabo en uno de los microestados del continente europeo: el Principado de Andorra.

Andorra es un país ubicado en los Pirineos, justo en la frontera entre Francia y España, con una superficie de solamente 468 Km<sup>2</sup>. En concreto, su frontera linda con la comunidad autónoma de Cataluña y la región de Midi-Pyrenees, en Francia. Al contrario de lo que sucede en otros puntos de Cataluña y Francia (países que forman parte tanto de la Unión Europea como de la zona Schengen), la frontera Andorrana presenta todavía limitaciones de circulación de mercancías y control de paso de individuos, dado que el país no forma parte de ninguno de estos dos convenios. Además de las particularidades y limitaciones que conlleva el hecho de ser un país pequeño y fronterizo entre dos grandes naciones, la estructura legislativa del país estipula también limitaciones en lo concerniente a la adquisición de la ciudadanía andorrana y, antes de 2012, a los derechos económicos de los residentes inmigrantes. Con respecto a esto último, la ley de inversión extranjera obligaba a los individuos inmigrantes a cumplir un periodo de residencia, que debía

ser de 10 años en el caso de los inmigrantes españoles, franceses y portugueses y de 20 para el resto de nacionalidades, para tener derecho a poseer la mayoría de las acciones de un negocio (o un negocio íntegro) en el Principado de Andorra. Sin embargo, en julio de 2012 se implementó una nueva ley de inversión extranjera (también conocida como *nueva ley de Apertura Económica*) que suprimía las anteriores limitaciones respecto a los derechos económicos de los inmigrantes. Con la entrada en vigor de esta nueva ley se suprimían las condiciones anteriores, por lo que ya no existiría limitación alguna para la inversión extranjera mayoritaria o exclusiva de negocios ubicados en territorio andorrano por parte de individuos extranjeros.

Andorra es tan solo uno de los seis microestados existentes en Europa (junto con Mónaco, Liechtenstein, San Marino, Malta y el Vaticano) y, de hecho, no es el único que presenta particularidades a distintos niveles respecto a otros países europeos más grandes. En esta línea, existen diversos estudios centrados en las particularidades de los microestados y los pequeños estados de todo el mundo, y que abordan los efectos que estas particularidades tienen a distintos niveles y desde distintas perspectivas (Armstrong & Read, 2003; Baldacchino, 1993, 2008; Grydehøj, 2011). Siguiendo en esta línea, esta tesis pretende observar los efectos que las particularidades de los microestados pueden tener en las redes de soporte tanto de los emprendedores nativos como de los inmigrantes en un contexto de estas características. Para ello, hemos estructurado la presente tesis doctoral en ocho capítulos, entre los cuáles se incluye el presente.

En el primer capítulo, la introducción y un resumen de la investigación especifican los principales temas abordados, así como los objetivos de la tesis. En el segundo capítulo se revisa el marco teórico centrado en los temas que nos conciernen en este trabajo: emprendeduría, negocios inmigrantes y principales teorías entorno a los contextos de microestado y sus características. Por lo tanto, es en este capítulo donde se aborda una de las teorías más importantes para explicar el surgimiento de iniciativas emprendedoras por parte de individuos inmigrantes. Es la teoría del “arraigo mixto” (*mixed embeddedness*, de ahora en adelante) de Kloosterman, Van der Leun y Rath (1999). Esta teoría sugiere el apoyo de los emprendedores inmigrantes, tanto en los distintos grupos sociales y principales instituciones de la sociedad receptora, como en las redes y la estructura de oportunidades de su comunidad co- nacional o co- étnica, ya sea a nivel transnacional como local. Las conexiones, tanto locales como transnacionales, dentro de la comunidad de compatriotas, por ejemplo, permite a los emprendedores

inmigrantes contratar mano de obra, acceder a préstamos de capital a un bajo costo, incluso, focalizar su negocio a necesidades detectadas en su misma comunidad conacional. La *mixed embeddedness*, por lo tanto, les aporta una ventaja competitiva respecto a los emprendedores nativos que les permite sobrevivir en el ámbito empresarial.

En el tercer capítulo se ha descrito en profundidad el contexto andorrano. En él, se explica la historia del principado y de sus instituciones, así como se describe a la estructura de la sociedad de hoy en día a distintos niveles: economía, población y mercado laboral. El capítulo es importante para contextualizar los resultados de la investigación, que presenta tres preguntas específicas de las que se derivan seis hipótesis. Todo ello se presenta al final del capítulo III.

En el cuarto capítulo se describe la metodología llevada a cabo para la investigación. En concreto, a través de una entrevista semi-estructurada se han obtenido 43 testimonios de emprendedores en Andorra (33 testimonios de emprendedores no andorranos y 10 casos de emprendedores nacidos en Andorra, a modo de comparación). Además, dentro de la muestra de emprendedores no andorranos se han contemplado casos de emprendedores transfronterizos: un colectivo importante en un contexto como este, teniendo en cuenta la fuerte presencia de la cuestión fronteriza en todo el país. A parte de los testimonios, que se diseñó un cuestionario en el que se pedía a los emprendedores los nombres (o pseudónimos) de aquellos contactos que hubieran brindado ayuda para el negocio, las características de éstos y, por último, la existencia, o no, de relaciones que existían entre estos contactos. En resultado de esta parte estructurada de la entrevista fue la posibilidad de delinear, medir y comparar las redes de soporte profesional de 40 de los emprendedores entrevistados.

La descripción de los casos analizados se desarrolla a continuación, en el capítulo V. En él se presentan los resultados obtenidos a través de la entrevista semi-estructurada, centrada en las razones para migrar a Andorra y en la experiencia de iniciar y sacar adelante un negocio en este contexto. De forma complementaria, en el capítulo VII se analizan las redes de soporte formal e informal de los emprendedores entrevistados, tanto a nivel estructural como su composición. En este capítulo también se presentan tres casos que ejemplifican distintas tipologías de negocios, junto con el patrón de la red personal de sus propietarios.

Finalmente, el objetivo del capítulo presente es resumir los resultados y describir las conclusiones finales de este estudio exploratorio. Además, también pretende especificar cuáles han sido sus limitaciones y sus contribuciones, así como reflexionar sobre las futuras investigaciones interesantes a tener en cuenta dentro de la temática tratada.

El capítulo ha sido estructurado en base a las tres principales preguntas de esta investigación. En la Sección 8.1 se va a responder a la primera pregunta de investigación: *¿Cuáles son los efectos específicos de la estructura legislativa de los microestados sobre las redes de soporte y de acceso a las instituciones de los emprendedores inmigrantes?* A continuación, en la Sección 8.2 se responderá a la segunda pregunta de investigación: *¿Cuáles son los efectos específicos del tamaño reducido del país sobre las redes de soporte y de acceso a las instituciones de los emprendedores inmigrantes?* Finalmente, en la Sección 8.3 se va a formular la respuesta a la tercera pregunta de investigación: *¿Es aplicable la teoría de la mixed embeddedness a los contextos de microestado?* Las secciones 8.4 y 8.5, respectivamente y para concluir, argumentan las fortalezas y limitaciones de esta investigación y presentan algunas sugerencias para la investigación futura.

## **8.1. Efectos de la estructura legislativa**

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Esta tesis doctoral sugiere que el apoyo de los nacionales o nativos es importante para la puesta en marcha de negocios inmigrantes en contextos de microestado como es, en concreto, el contexto de Andorra. Esta necesidad de recibir apoyo por parte de este grupo social para llevar a cabo determinadas actividades económicas, se debe a las restricciones legislativas implementadas en este contexto. En otros contextos económicos, en cambio, se puede observar como los emprendedores inmigrantes suelen buscar más colaboraciones en su comunidad nacional o étnica para este tipo de actividades (Salaff, Xu, & Ping, 2003). Ello convierte el marco legislativo en uno de los factores más decisivos para explicar la composición de las redes de soporte y/o colaboración.

Del mismo modo que sucede en otros contextos de microestado, las condiciones legislativas andorranas son bastante restrictivas, especialmente en los aspectos o leyes que afectan a los derechos de la población extranjera. El objetivo principal de estas políticas es mantener la cultura y la identidad social andorrana. En este sentido, las restricciones legislativas en Andorra se centran principalmente en la

obtención de la ciudadanía y en la obtención de derechos económicos por parte de los inmigrantes, aunque estas últimas limitaciones fueron derogadas en julio de 2012. Por cierto, de hecho fue la eliminación de estas restricciones lo que me permitió comparar los negocios creados bajo restricciones legislativas y los creados después de la implementación de la nueva ley de apertura económica.

Probablemente como consecuencia directa de la estructura legislativa del país, se observa un número relativamente bajo de emprendedores inmigrantes en Andorra, especialmente si lo comparamos con el número de propietarios de negocios de nacionalidad andorrana. En las estadísticas generales de población andorrana, el número de inmigrantes supera al de nativos; pero si observamos el país de origen de los propietarios de negocios inmigrantes, condicionados por las restricciones implementadas antes de 2012, se observa que, a medida que las condiciones legales son menos restrictivas, va aumentando el número de negocios creados.

No obstante, dentro de las estadísticas, en las que figura un mayor número de emprendedores andorranos, cabe tener en cuenta a los testaferros, ya que los negocios en este caso figuran dentro de las estadísticas de negocios andorranos mientras que, en realidad, son propiedad de individuos extranjeros que han puesto su negocio al nombre de alguien con la ciudadanía del país. De hecho, contratar los servicios o contar con la ayuda de un testaferro parece ser la estrategia más común para evitar las restricciones legislativas sobre la inversión extranjera. Además, este fenómeno es uno de los ejemplos por excelencia de economía informal en este contexto.

La economía informal es también observada en este contexto como un efecto de la frontera, que está presente en todo el área nacional. Dicho de otro modo, además de las restricciones sobre la inversión extranjera antes del año 2012, tanto el tamaño del área jurisdiccional del país como la fuerte presencia de la frontera en las actividades desarrolladas en todo el territorio invitan a una fuerte presencia de economía informal en las redes de los emprendedores entrevistados.

Concretamente, entre los contactos transfronterizos más habituales, en primer lugar figuran los empleados, dado que muchos de ellos son trabajadores transfronterizos (por ejemplo, viven en España y se desplazan diariamente para trabajar en Andorra) y, en segundo lugar, otros emprendedores que comparten recursos y cuestiones logísticas entre ellos. De hecho, la ayuda de tipo logístico es la que proviene más habitualmente del ámbito transfronterizo. En el caso de los



emprendedores que colaboran desde un lado y el otro de la frontera andorrana, la ayuda de tipo logístico se traduce muy a menudo en colaboraciones informales que les permiten evadir las limitaciones impuestas por el paso fronterizo. Por ejemplo, si un negocio de catering establecido en Andorra desea cubrir las necesidades de un cliente que se encuentra en España, y por lo tanto en otra estructura legislativa distinta que le implica tener que pasar una serie de controles fronterizos, podría tener un colaborador en España que le prestara las mesas, sillas, platos, etc. que necesitaría para ofrecer su servicio (lo mismo que podría hacer esta empresa española si quisiera operar en Andorra. Esta relación de colaboración permite a ambos emprendedores ampliar el área de operación de sus servicios o de sus negocios utilizando recursos informales (no necesariamente ilegales) que provienen de una estructura de oportunidades más amplia y, en cierto modo, que se desmarcaría de su competencia en Andorra. Este fenómeno confirma la primera parte de la hipótesis H2c, que dice que *las colaboraciones transfronterizas aparecerían en las redes personales de los emprendedores como colaboraciones orientadas a las cuestiones de negocio.*

Por otro lado, las restricciones legislativas implementadas hasta 2012 sobre los derechos económicos de los inmigrantes implican un mayor periodo de residencia (de 10 a 20 años, dependiendo de la nacionalidad de origen) en el momento de la puesta en marcha del negocio. Es por ello que, en el caso de querer evadir esta restricción, los emprendedores inmigrantes necesitaban tener una red de contactos andorranos u otros inmigrantes con derechos económicos que accedieran a poner el negocio a su nombre, siendo su propietario ficticio y solamente a efectos legales (testaferro o prestanombres). Por lo tanto, se deduce que las restricciones legislativas decretadas antes de 2012 hacen que los contactos establecidos en Andorra tengan un rol decisivo dentro de las redes de los emprendedores inmigrantes, tal y como se observa en los resultados de esta tesis. No obstante, este grupo de contactos no solamente se compone de andorranos nativos, sino que también hay un número elevado de inmigrantes establecidos en Andorra. Todos ellos son mayoritariamente los socios mayoritarios del negocio, testaferros o bien asesores legales de los emprendedores entrevistados. En menor medida, estos contactos también brindan soporte logístico y emocional o son empleados o ex-empleados. En relación con esto, la primera hipótesis H1a defendía que *los andorranos tendrán un rol decisivo en las redes de soporte de los emprendedores inmigrantes antes de 2012.* Esta hipótesis se rechaza, dado que no solamente los individuos nacidos en Andorra, sino que también los compatriotas u otros

inmigrantes con derechos económicos, tienen un rol decisivo en las redes de soporte.

En concreto, los nativos andorranos brindan especialmente soporte logístico y asesoramiento legal o administrativo. Además, todos los testaferros nombrados en las redes, a excepción de uno, eran nativos andorranos. Por otro lado, la mayor proporción de socios está formada por compatriotas (tanto para los emprendedores andorranos como para los de origen inmigrante). Además, aunque la mayor parte de socios están establecidos en Andorra, también existe un grupo considerable de socios transnacionales, especialmente en aquellos negocios en fases más avanzadas de desarrollo. Finalmente, aparte de ser socios, la mayor parte de contactos transnacionales brindan soporte logístico. El soporte emocional, en cambio se queda en segundo lugar, lo que me lleva a rechazar la segunda parte de la hipótesis H2c, que defendía que *los actores transnacionales brindarían sobretudo soporte emocional*. Sin embargo, y sorprendentemente, los contactos andorranos también son uno de los grupos proveedores de soporte emocional.

Mientras las oportunidades laborales resultan ser la principal razón para migrar a Andorra en muchos de los casos de emprendedores inmigrantes antes de 2012, algunos casos de nuevos emprendedores inmigrantes (después de 2012, bajo la nueva ley de apertura económica) se remiten a razones ligeramente distintas. Algunos de estos individuos migraron a Andorra en busca de oportunidades laborales que no encontraban en su país, debido a la recesión económica de 2007, y terminaron aprovechando la nueva ley de apertura económica para empezar a trabajar por cuenta propia. Otros casos de individuos entrevistados en esta tesis migraron a Andorra directamente para poder regentar su propio negocio en este contexto, ya que la nueva legislación lo permitía. De hecho, algunos de estos emprendedores ya regentaban un negocio en España y decidieron cambiar o ampliar su área de operación estableciendo su negocio en el Principado.

Cuando las redes personales de los nuevos emprendedores inmigrantes fueron analizadas, observé algunas diferencias respecto a otros emprendedores con un periodo de residencia en el país más prolongado en el tiempo: la proporción de contactos andorranos en la red es menor, mientras que la proporción de compatriotas establecidas fuera del país es más alta que en los casos de emprendedores anteriores a 2012. Esto corrobora la hipótesis H1b, que dice que *después de la nueva ley de 2012, las redes de soporte serían más transnacionales*,

*o transfronterizas dependiendo del país de origen del emprendedor y su periodo de residencia.*

Además, los resultados obtenidos dan a conocer la importancia de la confianza y la proximidad de los contactos para el desarrollo un negocio. Este aspecto se presenta tanto los casos de emprendedores de antigua ley (bajo restricciones) como en los nuevos emprendedores. Del mismo modo, cuando los negocios fueron comparados en base a su fase de desarrollo, se observó una amplia proporción de lazos fuertes entre los negocios que se encontraban en el máximo estadio de desarrollo. En cambio, aquellos negocios clasificados en las primeras etapas de crecimiento, presentaban una proporción más amplia de lazos débiles que contrastaba con el bajo número, también de lazos débiles, nombrados por los emprendedores en la quinta fase de desarrollo. Ello no significa que estos últimos emprendedores no tengan lazos débiles, sino que ello podría ser un indicador de un número muy alto de contactos, entre los cuales se han nombrado los más importantes para el individuo entrevistado.

En definitiva, las restricciones legislativas en Andorra antes de 2012 parecen haber causado una sensación de estratificación social entre los ciudadanos y residentes en el país. De acuerdo con los entrevistados inmigrantes, los andorranos tienen ciertos privilegios sociales y, por lo tanto, se percibe una ley más permisiva para ellos. Estas percepciones dan lugar a la creación de estereotipos hacia los nativos andorranos, así como una cierta idealización del hecho de tener esta nacionalidad. A pesar de ello, pocos inmigrantes entrevistados aspiran obtener la ciudadanía andorrana ya que no quieren perder, con ello, su nacionalidad de origen. Los indios entrevistados en este estudio, sin embargo, fueron una excepción dado que los dos entrevistados ya habían obtenido la ciudadanía andorrana.

## 8.2. Efectos del tamaño reducido del país

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Como resulta evidente, tamaño reducido del área jurisdiccional andorrana implica directamente una población numéricamente reducida y lo que, finalmente, conlleva a una estructura de oportunidades pequeña y limitada. Este hecho tiene ventajas y desventajas, de acuerdo con algunos testimonios recogidos en esta tesis.

Las redes de los emprendedores entrevistados presentan altos indicadores de densidad, lo cual implica también un bajo grado de centralización. Por lo tanto, con ello se confirma la hipótesis H2a, la cuál afirmaba que *los emprendedores en microestados tenían redes personales densas*. La alta densidad facilita el acceso a la estructura de oportunidades y facilita la integración de los recién llegados; sin embargo, esto se puede considerar como un arma de doble filo para los emprendedores, teniendo en cuenta que, aunque este tipo de redes ayudan a los individuos a tener buenos contactos y un negocio exitoso, también pueden llevar a que un paso en falso de un emprendedor pueda ser conocido por el resto de actores en la estructura, dificultando así la recuperación y el desarrollo del negocio.

Al contrario de lo que se esperaba, no se han encontrado diferencias significativas entre los patrones de redes en las distintas etapas de desarrollo del negocio. En este sentido, he observado que el número de contactos transnacionales es un poco más alto en las dos últimas etapas de desarrollo empresarial, aunque ello no implica un incremento significativo de este tipo de contactos. De hecho, el número de contactos establecidos en Andorra (sean o no nativos andorranos) es muy significativo en todas las fases de crecimiento (el porcentaje general de contactos en Andorra oscila entre el 69% y el 78%). Por lo tanto, se rechaza la hipótesis H2b: *los emprendedores con negocios en las fases de crecimiento de negocio más tempranas (existencia y supervivencia) reciben más ayudas de individuos establecidos en Andorra, mientras que aquellos con negocios más desarrollados reciben más contactos del extranjero*.

Es fácil pensar que un microestado funciona del mismo modo que una ciudad en términos de estructura socio- económica, ya que la superficie geográfica de un microestado parece ser comparable a cualquier economía local. Sin embargo, no se trata del mismo caso teniendo en cuenta que el sistema legal y la existente estructura de oportunidades es completamente distinta, tanto el aspecto laboral como empresarial. Mientras una ciudad forma parte de un área jurisdiccional mucho más amplia, el área operacional de un microestado es más limitada, ya que el área

de la jurisdicción es más reducida y, por lo tanto, también lo son las posibilidades de encontrar un nicho de negocio dentro de los límites nacionales. Es por ello que existe un alto número de colaboraciones informales a través de la frontera, como se ha comentado en la sección 8.1. De acuerdo con los resultados obtenidos, estas relaciones colaborativas informales y transfronterizas son llevadas a cabo tanto por andorranos como por no-andorranos.

### **8.3. Mixed embeddedness**

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Tanto los emprendedores inmigrantes como los transfronterizos entrevistados en este estudio presentan indicadores de mixed embeddedness en sus redes personales. Además, este indicador se ha observado también durante la comparación de los negocios según su fase de desarrollo, ya que en las redes de todos los grupos se observa una proporción de nativos, compatriotas y otros migrantes establecidos en Andorra, así como una proporción de contactos transnacionales. Sin embargo, se observan pequeñas variaciones en estas proporciones según el tiempo de residencia en Andorra, como ha sido explicado previamente. Aquellos emprendedores con un periodo más largo de residencia tienen generalmente más contactos establecidos en Andorra, mientras que los emprendedores con un periodo de residencia más corto tienen más contactos transnacionales. La presencia tanto de contactos transnacionales como locales en todos los grupos, hace que rechace mi tercera hipótesis: *Debido a un sistema legislativo más restrictivo en los microestados, los emprendedores inmigrantes estarán arraigados en la estructura de oportunidades andorrana, pero no necesariamente en su comunidad co-nacional o en su país de origen.*

Sin embargo, los resultados muestran que no solamente los inmigrantes mostraron mixed embeddedness en sus redes, sino que las redes de los empresarios nativos de Andorra mostraban patrones muy similares. Este dato indica que la teoría de *mixed embeddedness* no es aplicable a los contextos de microestado, debido a que no es un patrón observable exclusivamente en las redes personales de los inmigrantes, sino del empresariado del país en general. Este fenómeno se puede explicar, en primer lugar, a través de la composición particular de la población en Andorra, donde la población inmigrante es más numerosa que la población nacionalizada (como pasa en otros microestados europeos) y, por lo tanto, las posibilidades de tener contactos de distintos orígenes y grupos sociales son

mayores. En segundo lugar, todos los emprendedores establecidos en un microestado necesitan evadir las restricciones que el mismo contexto brinda, ya que el tamaño del país y de la población hacen que la estructura de oportunidades sea más limitada y las redes más densas, con pocos recursos exclusivos para encontrar un rasgo diferencial para el negocio. A causa de esta limitación, los emprendedores necesitan buscar nuevos nichos de mercado en el ámbito transfronterizo y transnacional, así como en distintos ámbitos sociales e instituciones para ver crecer su iniciativa empresarial.

Las características idiomáticas y culturales también parecen ser una condición importante para la integración en las redes andorranas. Las redes de este estudio muestran una mayor o menor proporción de andorranos dependiendo de la proximidad cultural e idiomática entre los emprendedores inmigrantes y los andorranos. Así pues, los catalanes y españoles tienen más nativos andorranos en sus redes, mientras que los franceses, portugueses e indios tienen más compatriotas brindando soporte en sus negocios de Andorra.

## **8.4. Fortalezas y limitaciones**

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En esta sección se destacan las fortalezas de esta investigación, así como se comentan sus limitaciones.

El primer punto fuerte que se destaca de esta tesis doctoral es su carácter empírico innovador, al aportar resultados centrados específicamente en emprendedores inmigrantes en contextos de microestado, una temática no abordada en la literatura existente. El presente estudio ha mostrado que la teoría de *mixed embeddedness*, la cual ha sido apoyada en varias ocasiones en contextos macro-estatales, no es aplicable en el contexto andorrano. En este sentido, se refuerza la idea de que la aplicabilidad de esta teoría dependen estrechamente del contexto nacional en el que las actividades económicas, así como las estructuras de relaciones que éstas implican, dependen estrechamente del contexto nacional en el que se desarrollan.

La segunda fortaleza a destacar es el diseño de la investigación. El principal objetivo de este proyecto era indagar la influencia del contexto de microestado en la estructura y composición de las redes personales de los emprendedores inmigrantes, y comprender los mecanismos subyacentes que explican el funcionamiento de las redes formales e informales en este contexto en particular.

Para este fin, se optó por un método cualitativo de selección de casos, buscando la máxima diversidad posible (cf. Small, 2008). El método cualitativo de selección de casos me permitió tener un trato cómodo y próximo con mis entrevistados, lo cual resulta esencial para debatir sobre actividades económicas informales (y a veces ilegales). Ello también me permitió adoptar un diseño emergente, adaptando mis estrategias durante la fase de selección de datos. Por ejemplo, me di cuenta de la importancia y el interés añadido que tenía el caso de los emprendedores transfronterizos durante la fase de recolección de datos, y por ello decidí incluir algunos casos en mi muestra. Esta naturaleza emergente e iterativa es uno de los puntos fuertes del método cualitativo y demostró ser muy valiosa en este caso. Los métodos cualitativos de recolección y análisis de datos, en particular la combinación de entrevistas semiestructuradas y observaciones etnográficas, me ayudaron a ver las conexiones hipotéticas entre los marcos macroeconómicos y las experiencias, decisiones y comportamientos a nivel micro, lo que hubiera sido más difícil con un enfoque puramente cuantitativo. El enfoque cualitativo toma profundidad con las experiencias individuales.

Aunque el diseño general estaba orientado a un enfoque cualitativo, también agregué un módulo cuantitativo que me permitió delinear las redes de soporte de los emprendedores y empresarios de un modo que me permitiera compararlas entre ellas. En realidad, es un hecho conocido que las redes personales constituyen el recurso de capital social más importante dentro de las relaciones empresariales (Arjona y Checa, 2006), y que los contactos personales permiten a los emprendedores descubrir nuevas oportunidades de negocio, además de facilitar su acceso a recursos instrumentales como información, capital, tecnología, etc., para asegurar el éxito de las actividades económicas (Anderson y Miller, 2003; Dubini y Aldrich, 1991; Katz y Gartner, 1988; Sane y Venkatamaran, 2000; entre otros). La literatura también muestra como la *mixed embeddedness* de las redes establecidas en distintos países permite a los emprendedores estar activos en distintos mercados más allá de las fronteras nacionales (Kloosterman y Rath, 2001; Barrett et al., 2001; Ram et al., 2008; entre otros). A menudo, las redes han sido tratadas como una metáfora en la literatura sobre empresariado inmigrante, simplemente señalando que son importantes. Sin embargo, hay pocos estudios que exploren cómo, bajo qué circunstancias y hasta qué punto las redes son importantes, basándose en medidas reticulares rigurosas, utilizando una revisión sistemática y comparando las distintas estructuras e implicaciones de las redes empresariales (Solano, 2016; Valenzuela, 2014; García-Macías, 2013; entre otros).

En este estudio se han explorado en profundidad las redes de soporte profesional, utilizando una metodología que ha permitido comprender de un modo más evidente la importancia que tiene el capital social en las actividades emprendedoras de los inmigrantes. Delineando sistemáticamente las redes de soporte de los emprendedores inmigrantes, en el proyecto se observa en qué aspectos de las actividades empresariales brindan soporte las redes (económico, legal, administrativo, emocional, etc.), dónde están establecidos los contactos que componen las redes (ámbito local o transnacional) y qué tipo de contactos suele provenir el soporte obtenido por los emprendedores (de la familia, los contactos profesionales, etc; o bien de los lazos más fuertes o de los más débiles). La medición estructurada me ha ayudado a comparar distintos grupos de entrevistados para comprender las similitudes y disimilitudes en sus redes de soporte.

Sin embargo, en el aspecto cuantitativo de esta investigación se encuentra la primera de sus limitaciones, ya que el número de casos a comparar es reducido y estadísticamente no representativo. Aunque no era un objetivo de esta investigación obtener una visión representativa de las redes empresariales en Andorra, un mayor número de casos en algunas categorías específicas hubiese permitido descubrir patrones más fácilmente; especialmente al concluir si las diferencias observadas entre los distintos grupos de emprendedores se basaban en el azar o en casos concretos o si, por el contrario, representaban diferencias reales entre los grupos de la población general.

En relación a lo anterior, se utilizaron distintas técnicas de muestreo, incluyendo la bola de nieve, para seleccionar casos de emprendedores, tanto inmigrantes como andorranos. El principal objetivo de ello era recolectar datos de emprendedores inmigrantes y tener una muestra de control de andorranos nativos. Sin embargo, se encontraron distintos patrones de emprendedores no-andorranos después de haber recolectado los datos, ya que no todos los emprendedores habían puesto en marcha sus negocios bajo la misma legislación. Ello provocó que los grupos no tuvieran un número equilibrado de casos. Esto podría implicar un sesgo en los resultados obtenidos, ya que establecer patrones en los grupos con menos casos es más complejo y las posibilidades de error son también más elevadas que en aquellos grupos con un número más alto de casos. El mismo sesgo podría afectar a la clasificación de los negocios por etapas de desarrollo, aunque este sesgo es más fácilmente asumible dado que existen pocas empresas en las fases de desarrollo IV y V si comparamos con las que existen en las tres primeras etapas.



Finalmente, la última limitación a remarcar es que la información representada en las redes sobre el soporte brindado y los lazos existentes entre los distintos contactos ha sido proporcionada unilateralmente por los emprendedores. Por lo tanto, las redes obtenidas no están basadas en un acuerdo intersubjetivo sobre las relaciones existentes entre ellos, sino más bien la percepción de la situación por parte de cada emprendedor entrevistado. En este sentido, se asume un cierto sesgo en los datos recolectados sobre las características de cada alter y las relaciones existentes dentro de la red, así como se asume que las relaciones entre ego y sus alters podrían no ser recíprocas.

Por otro lado, se permitió a los emprendedores utilizar pseudónimos o las iniciales de sus contactos, con el objetivo de mantener el anonimato de los alters (hecho que es crucial en muchos casos, especialmente en contextos pequeños y con restricciones legales). Este procedimiento no me permitió interconectar las 40 redes de soporte para crear una red social completa (agregada), ya que algunos pseudónimos como "prestombres", "testaferro", "socio" o incluso "mamá" son repetidos en un gran número de redes y podrían haber aparecido en una red completa como si hubiesen sido la misma persona. De todos modos, una red socio-céntrica de estas características hubiese sido interesante, ya que me podría haber permitido obtener una idea preliminar del acceso general a las redes en Andorra.

## **8.5. Investigación futura**

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Tal y como sugería en la sección anterior, el aspecto cuantitativo de esta tesis, que hace referencia a la medición de redes, se ha visto limitado por el número reducido de casos estudiados. Por lo tanto, mi primera sugerencia para la investigación futura es diseñar una encuesta, aplicada a una muestra más amplia, para comprobar y/o corroborar las diferencias y las similitudes observadas entre empresarios nativos e inmigrantes en Andorra. En este caso, puede ser interesante escoger también una muestra más representativa de emprendedores de origen no-europeo, ya que en el presente estudio solamente se han podido estudiar unos pocos casos.

Además, la literatura general sobre empresariado inmigrante está basada principalmente en contextos de macro- sociedades, donde el fenómeno multicultural está latente y en constante en aumento. Sin embargo, pocos estudios han estudiado el mismo fenómeno en micro- sociedades (Amstrong y Read, 2003; Jónsson y Saemundsson, 2006; Baldacchino, 1993), donde el área geográfica nacional es mucho más reducida, y donde se crean estructuras de oportunidades distintas de aquellas que son observables en contextos más grandes y que, por lo tanto, tienen una área de movilidad interna más extensa. Las migraciones en un microestado tienden a ser solamente internacionales, lo cual afecta a la estructura de oportunidades de negocio, así como a la estructura del patrón de red de los empresarios. Además, las restricciones y regulaciones legislativas de Andorra antes de 2012, que afectaban a las posibilidades de los inmigrantes de dirigir un negocio, son también una variable importante a tener en cuenta al analizar las características de la red de apoyo.

Por otro lado, en esta investigación han sido entrevistados tanto emprendedores nativos como inmigrantes, con la finalidad de comparar ambos grupos y detectar las diferencias y similitudes que existen entre ellos. Esto ha permitido ver que la *mixed embeddedness* no solamente se da entre individuos inmigrantes, sino que los nativos muestran patrones similares en sus redes. Por lo tanto, este estudio añade un caso único a la literatura internacional sobre empresariado inmigrante. Para comprender como las características del contexto y las regulaciones implementadas afectan a las redes personales de los emprendedores, es importante que los estudios sobre esta temática se lleven a cabo en múltiples contextos con características diversas.

En este sentido, es importante señalar que Andorra es solamente uno de seis microestados en Europa y que existen muchos otros pequeños estados reconocidos en todo el mundo. Todos estos pequeños países y jurisdicciones suelen tener características particulares que son similares a las del caso andorrano, aunque obviamente son distintos en algunos aspectos. Aunque los resultados obtenidos muestran la importancia de tener en cuenta las particularidades de cualquier contexto para determinar su efecto en las estructuras sociales, es necesario explorar el empresariado inmigrante y nativo de otros microestados en un futuro. Esto permitiría tener un marco comparativo que confirmaría o complementaría los resultados obtenidos en esta investigación y permitiría saber si éstos son aplicables a otros contextos o, en cualquier caso, permitiría precisar en qué modos

concretos el contexto influncia las redes de soporte de los emprendedores inmigrantes y a sus estrategias empresariales de crecimiento.

Para terminar, sería realmente interesante recoger datos específicamente sobre el fenómeno de los prestanombres o testaferros. Ello permitiría comprender un poco mejor qué es un prestanombres o testaferro y cuáles son las experiencias y motivaciones que llevan a desarrollar este rol en las redes.

## Appendix I. Detailed list of entrepreneurs in Andorra by nationality<sup>71</sup>

<b>Entrepreneurs in 2010</b>			
Holders' nationality	Number of establishments	Number of individual holders	N° of members in partnerships
<b>Andorran</b>	4384	2128	2256
<b>Spanish</b>	1951	753	1198
<b>French</b>	472	144	328
<b>Portuguese</b>	306	177	129
<b>British</b>	47	6	42
<b>Indian</b>	18	12	5
<b>Italian</b>	16	3	13
<b>German</b>	15	1	14
<b>Belgian</b>	15	5	11
<b>Dutch</b>	13	3	10
<b>Argentinian</b>	9	3	6
<b>Danish</b>	8	3	5
<b>Moroccan</b>	5	2	3
<b>Russian</b>	4	1	4
<b>Irish</b>	4		4
<b>Swiss</b>	3		3
<b>Panamanian</b>	3		3
<b>Swedish</b>	3	2	1
<b>Austrian</b>	3		3
<b>US-American</b>	3		2
<b>Czech</b>	2	1	1
<b>Brazilian</b>	2		2
<b>Luxemburg</b>	2		2
<b>Chilean</b>	2		2
<b>Cuban</b>	2	1	1

<sup>71</sup>Information provided by the Commerce Department of the Government of Andorra

Romanian	2	1	1
Algerian	2	1	1
Philippine	2	1	1
Finish	2		2
Canadian	2		2
Polish	1		1
Mexican	1	1	1
Australian	1		1
Chinese	1		1
Greek	1		1
Norwegian	1		1
New Zealander	1	1	
Korean	1	1	
Egyptian	1		1
Uruguayan	1		1
Peruvian	1		1
African	1		1
Turkish	1		1
Bulgarian	1		1
Colombian	1		1
Guinean	1		1
Japanese	1		1
South-African	1		1
Tunisian	1		1
NOT IDENTIFIED	21		21

## Entrepreneurs in 2011

Holder's nationality	Number of establishments	Number of individual holders	N° of members in partnerships
Andorran	4336	2056	2280
Spanish	1915	718	1197
French	468	144	325
Portuguese	325	194	130
British	48	6	43
Indian	16	12	4
Dutch	16	5	11
German	16	1	15
Italian	15	3	12
Belgian	15	5	10
Argentinian	9	3	6

<b>Danish</b>	8	3	5
<b>Swedish</b>	5	2	3
<b>Russian</b>	5	1	4
<b>Moroccan</b>	5	2	3
<b>Irish</b>	4		4
<b>Swiss</b>	3		3
<b>Panamanian</b>	3		3
<b>Austrian</b>	3		3
<b>US-American</b>	3		2
<b>Brazilian</b>	3		2
<b>Cuban</b>	2	1	1
<b>Luxembourg</b>	2		2
<b>Czech</b>	2	1	1
<b>Algerian</b>	2	1	1
<b>Romanian</b>	2	1	1
<b>Chilean</b>	2		2
<b>Mexican</b>	2	1	1
<b>Australian</b>	2		2
<b>Philippines</b>	2	1	1
<b>Polish</b>	1		1
<b>Colombian</b>	1		1
<b>Canadian</b>	1		1
<b>Norwegian</b>	1		1
<b>Finish</b>	1		1
<b>New- Zealander</b>	1	1	
<b>Chinese</b>	1		1
<b>Korean</b>	1	1	
<b>Egyptian</b>	1		1
<b>Greek</b>	1		1
<b>Uruguayan</b>	1		1
<b>Peruvian</b>	1		1
<b>African</b>	1		1
<b>Turkish</b>	1		1
<b>Bulgarian</b>	1		1
<b>Guinean</b>	1		1
<b>Japanese</b>	1		1
<b>Tunisian</b>	1		1
<b>NOT IDENTIFIED</b>	23		23

## Entrepreneurs in 2012

Holders' nationality	Number of establishments	Number of individual holders	N° of members in partnerships
Andorran	4227	1960	2267
Spanish	1896	721	1174
French	472	150	322
Portuguese	336	206	131
British	51	8	43
German	19	1	18
Italian	16	5	11
Indian	15	12	3
Belgian	15	5	10
Dutch	14	4	10
Argentinian	11	4	6
Danish	7	3	4
Russian	7	1	6
Swedish	5	2	3
Moroccan	4	1	3
Irish	4		4
Swiss	3		3
Panamanian	3		3
Austrian	3		3
US-American	3		3
Philippines	3	2	1
Brazilian	3		2
Luxembourg	2		2
Cuban	2	1	1
Colombian	2	1	1
Czech	2	1	1
Romanian	2	1	2
Algerian	2	1	1
Canadian	2		2
Mexican	2	1	1
Turkish	2		2
Chilean	2		2
Australian	1		1
Polish	1		1
Finish	1		1
Chinese	1		1
Korean	1	1	
Costa Rican	1		1

<b>Egyptian</b>	1		1
<b>Greek</b>	1		1
<b>Nigerian</b>	1		1
<b>Norwegian</b>	1		1
<b>Israeli</b>	1		1
<b>Uruguayan</b>	1		1
<b>Venezuelan</b>	1	1	
<b>African</b>	1		1
<b>Bulgarian</b>	1		1
<b>Guinean</b>	1		1
<b>Japanese</b>	1		1
<b>Tunisian</b>	1		1
<b>NOT IDENTIFIED</b>	23	1	22

<b>Entrepreneurs in 2013</b>			
<b>Holders' nationality</b>	<b>Number of establishments</b>	<b>Number of individual holders</b>	<b>N° of members in partnerships</b>
<b>Andorran</b>	4214	1936	2278
<b>Spanish</b>	1986	756	1230
<b>French</b>	508	147	360
<b>Portuguese</b>	364	232	133
<b>British</b>	57	12	45
<b>German</b>	25	1	24
<b>Italian</b>	21	10	11
<b>Argentinian</b>	20	14	7
<b>Belgian</b>	19	6	14
<b>Indian</b>	15	12	3
<b>Dutch</b>	15	3	12
<b>Russian</b>	14	3	12
<b>Danish</b>	8	2	6
<b>Moroccan</b>	5	1	4
<b>Romanian</b>	5	3	2
<b>Swiss</b>	5		5
<b>Irish</b>	5		5
<b>Canadian</b>	4		4
<b>Swedish</b>	4	2	2
<b>Panamanian</b>	3		3
<b>Chinese</b>	3	1	2
<b>US-American</b>	3	1	2
<b>Austrian</b>	3		3



<b>Algerian</b>	3	2	1
<b>Brazilian</b>	3	0	2
<b>Norwegian</b>	3		3
<b>Israeli</b>	3	1	2
<b>Philippines</b>	3	2	1
<b>Estonian</b>	2		2
<b>Polish</b>	2	1	1
<b>Mexican</b>	2	2	1
<b>Luxembourg</b>	2		2
<b>Colombian</b>	2	1	1
<b>Czech</b>	2	1	1
<b>Cuban</b>	2	1	1
<b>Chilean</b>	2		2
<b>Uruguayan</b>	2	1	0
<b>Venezuelan</b>	2	2	0
<b>Australian</b>	1		1
<b>Paraguayan</b>	1	1	0
<b>Lebanese</b>	1		1
<b>Dominican</b>	1	1	0
<b>Finish</b>	1		1
<b>Korean</b>	1	1	
<b>Costa Rican</b>	1		1
<b>Greek</b>	1		1
<b>Nigerian</b>	1		1
<b>Turkish</b>	1		1
<b>Tunisian</b>	1		1
<b>African</b>	1		1
<b>Bulgarian</b>	1		1
<b>Egyptian</b>	1		1
<b>Japanese</b>	1		1
<b>NOT IDENTIFIED</b>	27		27

## Entrepreneurs in 2014

Holders' nationality	Number of establishments	Number of individual holders	N° of members in partnerships
<b>Andorran</b>	4229	1942	2286
<b>Spanish</b>	2072	780	1292
<b>French</b>	537	144	393
<b>Portuguese</b>	382	241	140
<b>British</b>	59	12	48
<b>Russian</b>	26	4	22
<b>Belgian</b>	25	6	20
<b>German</b>	25		25
<b>Italian</b>	22	8	14
<b>Dutch</b>	20	3	17
<b>Argentinian</b>	19	12	7
<b>Indian</b>	14	11	3
<b>Danish</b>	9	3	6
<b>Swiss</b>	6		6
<b>Irish</b>	6	1	5
<b>Chinese</b>	6	1	5
<b>Moroccan</b>	6	3	3
<b>Swedish</b>	5	3	2
<b>Estonian</b>	4		4
<b>US-American</b>	4	1	3
<b>Brazilian</b>	4	1	3
<b>Algerian</b>	4	2	2
<b>Canadian</b>	4		4
<b>Polish</b>	4	2	2
<b>Romanian</b>	4	1	3
<b>Panamanian</b>	3		3
<b>Israeli</b>	3	1	2
<b>Philippines</b>	3	1	3
<b>Austrian</b>	3		3
<b>Venezuelan</b>	3	3	
<b>Norwegian</b>	3		3
<b>Mexican</b>	2	2	1
<b>Luxembourg</b>	2		2
<b>Colombian</b>	2	1	1
<b>Czech</b>	2	1	1
<b>Cuban</b>	2	1	1
<b>Uruguayan</b>	2	1	
<b>Australian</b>	1		1

<b>Paraguayan</b>	1	1	
<b>Lebanese</b>	1		1
<b>Dominican</b>	1	1	
<b>Chilean</b>	1		1
<b>New- Zealander</b>	1		1
<b>Korean</b>	1	1	
<b>Greek</b>	1		1
<b>Maltese</b>	1	1	
<b>Nigerian</b>	1		1
<b>Vietnamese</b>	1	1	
<b>Turkish</b>	1		1
<b>Tunisian</b>	1		1
<b>African</b>	1		1
<b>Bulgarian</b>	1		1
<b>NOT IDENTIFIED</b>	27		27

# Appendix II. The personal network questionnaire

## Questions about the respondent:

1. What year were you born? (How old are you?)
2. What is your educational level?
3. For how much time have you been living in Andorra?
4. In what country were you born?
5. In what country was your mother born?
6. In what country was your father born?
7. Do you have Andorran or a double nationality?
8. How old is your business? (In years)
9. What kind of business do you have? What is your sector?
10. How many businesses do you have? And how many establishments do you have?
11. How many employees do you have?
12. How many of these employees are your relatives?
13. The number of employees nowadays is higher, equal or lower in comparison to previous years?
14. How does the economic depression affect your business in terms of benefits? Would you please say an approximate percentage?
15. How does the economic crisis affect your business at a structural and organizational level?

To delineate the network, different name generators have been specified as follows:

## Name generators:

1. Would you please name those people who helped you economically in your business? (You are allowed to use a pseudonym which only you recognize, provided you will remind it later).
2. Would you please name those people who helped you in administrative or legal terms in your business? (You are allowed to use a pseudonym which only you recognize, provided you will remind it later).

3. Would you please name those people who have been your associates, partners or collaborators at any point of your business trajectory? Have you had a figurehead? (You are allowed to use a pseudonym which only you recognize, provided you will remind it later).

4. Would you please name those people who helped you logistically or in working terms? Also some of your employees? (You are allowed to use a pseudonym which only you recognize, provided you will remind it later).

5. Would you please name those people who have been important for your entrepreneurial experience in emotional terms? (You are allowed to use a pseudonym which only you recognize, provided you will remind it later).

6. Please name other people who have been crucial to your business and who have not been named in the previous wordings. For instance: important customers, other entrepreneurs, neighbours, etc. (You are allowed to use a pseudonym which only you recognize, provided you will remind it later).

The questions specified for each alter named in the previous name generators are:

Related questions to alter:

1. Is [AlterX] a man or a woman?
2. Where is [AlterX] from?
3. In which country does [AlterX] live nowadays?
4. In which town or city does [AlterX] live? Or which is the closest city to where he or she lives?
5. What is your relation with [AlterX]? (Romantic partner, family, friend, business partner, work colleague, acquaintance, etc.)
6. How close is [AlterX] to you? (From 1 to 4)
7. Do you still keep in touch with [AlterX]? / How often you contact/speak to [AlterX]?
8. What is [AlterX]'s job?

Finally, the question to establish relations among alters is the following:

Questions alter-alter:

Do [AlterX] and [AlterY] know each other independently of you?

- a. Yes
- b. No
- c. I am not sure

# Appendix III. Codes for the semistructured interviews (Nvivo Nodes, subnodes and number of references)

**List of Nodes and subnodes in Nvivo. Number of sources and references classified in each node.**

Node/subnodes	Sources	Number of references
<b><u>Andorran context and Evolution</u></b>	<u>2</u>	<u>3</u>
<b>Andorra in the past</b>	6	8
<b>Andorran economic market</b>	5	10
<b>Economic crisis</b>	10	10
Effects on Business	23	23
Strategies	16	20
<b>New economic opening law</b>	15	17
Advantages	6	7
Disadvantages	6	6
Doubts on its application	1	1
Limited juridic and tax- system, restrictions to go out	1	1
The border	4	4
<b>Particularities of the country</b>	5	6
Accessibility	1	1
Entorn i socio- cultural i econòmic	3	4
Particular Legal structure and Tax system	2	2
Security	1	1
<b><u>Attitudes towards migration</u></b>	<u>0</u>	<u>0</u>
<b>Criminalization</b>	0	0
<b>Integration</b>	2	2
<b>Multiculturalism</b>	1	1
<b>Rejection</b>	1	1
<b><u>Business</u></b>	<u>12</u>	<u>14</u>
<b>Aids</b>	19	32
Economic	3	3
Legal- Administrative	2	2
Logistic- technic	4	4
<b>At the beginning</b>	14	17
<b>Decision making</b>	26	32
An opportunity occurred	4	4

Had an idea	2	2
I've always wanted my own business	3	3
Needed a change in my life	3	3
Took-followed the family business	4	4
<b>Employees</b>	20	27
Gender of employees	2	3
Origin of employees	3	4
<b>Fears and sensations</b>	1	1
<b>Importance of having good contacts in Andorra</b>	13	15
<b>Social repercussion of business</b>	5	5
<b>Ways of creating a business</b>	0	0
Andorran Shareholder	2	2
Andorrans	2	2
Figurehead	0	0
Legally	1	1
New Opening Law	2	2
<b>Working of business and management</b>	18	22
<b>Family</b>	18	21
<b>Gender and family conciliation</b>	4	4
<b>Future</b>	9	10
<b>Legality</b>	8	10
<b>Figurehead</b>	10	11
I didn't pay for my figurehead	1	1
I paid for a figurehead	1	1
My figurehead is a good friend (no pay)	3	3
My figurehead used to be a work contact	2	2
To be a figurehead is a risk!	1	1
<b>Having a business in Andorra (legal aspects)</b>	9	10
It has been easy, even if you are not Andorran.	3	3
This is not important		
It is difficult even being Andorran, there are too boureaucratic steps	2	2
It is difficult if you're not Andorran	1	2
<b>Naturalisation</b>	10	12
B. Not necessary	4	5
C. I did it to improve my conditions as an entrepreneur	3	3
<b>Identity</b>	10	10
Double Nationality	2	2
I feel I am Andorran	2	2
Not Andorrans	3	3
When I'll be done here, I'll go back home	2	2
The process (what did I have to do)	1	1

<b>Preferences to Andorrans</b>	9	10
<b>Restrictions</b>	6	9
Economic Rights (out of trilateral agreement)	1	1
Economic rights (Portuguese, Spaniards and French)	2	2
Liberal professions	1	1
<b>Life in Andorra</b>	<u>3</u>	<u>4</u>
<b>Andorran society</b>	0	0
Through a cross border's lens	1	1
Through a migrant lens	7	10
Negative	4	4
Positive	3	4
Through an Andorran's lens	3	3
<b>Integration</b>	9	13
Bad	2	2
Good	2	5
<b>Migratory experience</b>	<u>1</u>	<u>2</u>
<b>Education</b>	13	13
<b>Origin</b>	14	14
<b>Reasons for migrating</b>	16	16
Came with their parents (labour opportunity)	3	3
Crisis in Portugal (Oil)	3	3
Crisis in Spain (1993- 97)	1	1
Current Economic crisis	1	1
Labour opportunities	4	4
Love in Andorra- caprice	4	4
Personal experience	4	4
<b>What did they find when they arrived</b>	6	7
<b>Why Andorra</b>	21	22
Because there was a fair number of job vacancies	2	2
Close to home	1	1
I came on vacations and I loved it, so I stayed	2	2
I knew someone here	1	1
I was offered a job there before coming	2	2
To make profit of the economic opening	1	1
<b>Work</b>	25	27
<b>Work previous to the starting up of their business</b>	6	7
<b>People from the border</b>	<u>0</u>	<u>0</u>
<b>Border identity (Pyrenées)</b>	3	3
<b>Kept being cross- borders</b>	0	0
<b>Migrated to Andorra</b>	3	3





## Appendix IV. Basic information of interviewed entrepreneurs (Ego list).

Ego ID	CLUSTER	GENDER	ORIGIN	RESIDENCE	CROSS BORDER
1	Andorran	M	Andorra	Encamp	No
30	New Opening Law	F	Portugal	Andorra la Vella	No
2	Immigrant before 2012	F	Spain	Canillo	No
3	Andorran	F	Andorra	Andorra la Vella	No
4	New Opening Law	M	France	Andorra la Vella	No
5	Immigrant before 2012	M	Spain	Andorra la Vella	No
6	Immigrant before 2012	M	Portugal	Pas de la Casa	No
7	Immigrant before 2012	F	Spain	Sant Julià de Lòria	No
8	Cross-Border	F	Spain	Sant Julià de Lòria	Yes
9	Cross-Border	M	Spain	La Seu d'Urgell	Yes
10	New Opening Law	F	Portugal	Andorra la Vella	No
11	Immigrant before 2012	F	Portugal	Andorra la Vella	No
12	New Opening Law	M	Spain	Encamp	No
15	Immigrant before 2012	M	Spain	Andorra la Vella	No
14	Immigrant before 2012	M	Spain	Sant Julià de Lòria	No
17	Immigrant before 2012	M	Spain	Andorra la Vella	No

20	Andorran	M	Andorra	Andorra la Vella	No
18	Immigrant before 2012	M	Spain	Andorra la Vella	No
19	Immigrant before 2012	M	Spain	Sant Julià de Lòria	No
21	Cross-Border	M	Spain	Girona	Yes
22	Immigrant before 2012	F	France	Pas de la Casa	No
13	Immigrant before 2012	M	Spain	Sant Julià de Lòria	No
25	Andorran	M	Andorra	Andorra la Vella	No
23	Immigrant before 2012	F	France	Andorra la Vella	No
16	Andorran	M	Andorra	Andorra la Vella	No
24	Andorran	M	Andorra	Andorra la Vella	No
26	Immigrant before 2012	M	Spain	Andorra la Vella	No
27	Immigrant before 2012	F	France	Andorra la Vella	No
28	Immigrant before 2012	M	Portugal	Andorra la Vella	No
29	Andorran	M	Andorra	Andorra la Vella	No
31	Andorran	M	Andorra	Andorra la Vella	No
32	Andorran	M	Andorra	Andorra la Vella	No
33	New Opening Law	M	Spain	Ordino	No
34	Immigrant before 2012	F	Portugal	Andorra la Vella	No
35	Immigrant before 2012	M	India	Pas de la Casa	No
36	Immigrant before 2012	F	Spain	Andorra la Vella	No
37	Immigrant before 2012	M	Portugal	Ordino	No
38	Immigrant before 2012	M	Spain	Andorra la Vella	No
39	Cross-Border	M	Spain	La Seu d'Urgell	Yes
40	Andorran	M	Andorra	Andorra la	No

				Vella	
41	Immigrant before 2012	M	India	Andorra la Vella	No
42	Immigrant before 2012	M	Portugal	Andorra la Vella	No
43	Immigrant before 2012	M	Portugal	Andorra la Vella	No

Ego ID	FAMILY BUSINESS	Business' Operation AREA	GROWTH STAGE
1	NO	Andorra	II- Survival
30	YES	Andorra	I- Existence
2	NO	Andorra	II- Survival
3	YES	Andorra	II- Survival
4	NO	Andorra	I- Existence
5	NO	Andorra	II- Survival
6	YES	Cross- Border	II- Survival
7	YES	Cross- Border	I- Existence
8	YES	Cross- Border	II- Survival
9	NO	Cross- Border	I- Existence
10	YES	Cross- Border	I- Existence
11	YES	Andorra	II- Survival
12	YES	Andorra	I- Existence
15	NO	Cross- Border	III- Success
14	NO	Andorra	II- Survival
17	NO	Andorra	IV- Take off
20	NO	Andorra	IV- Take off
18	NO	Andorra	III- Success
19	NO	Andorra	II- Survival
21	YES	Cross- Border	II- Survival
22	YES	Cross- Border	I- Existence
13	YES	Cross- Border	III- Success
25	NO	Transnational	V- Resource Maturity
23	NO	Andorra	I- Existence
16	NO	Andorra	III- Success
24	NO	Andorra	III- Success
26	NO	Cross- Border	III- Success
27	YES	Andorra	II- Survival
28	YES	Andorra	III- Success

29	YES	Andorra	II- Survival
31	NO	Transnational	V- Resource Maturity
32	NO	Andorra	I- Existence
33	NO	Andorra	I- Existence
34	YES	Andorra	I- Existence
35	YES	Andorra	I- Existence
36	NO	Andorra	I- Existence
37	YES	Andorra	II- Survival
38	YES	Transnational	IV- Take off
39	YES	Cross- Border	III- Success
40	NO	Transnational	V- Resource Maturity
41	YES	Andorra	II- Survival
42	YES	Andorra	I- Existence
43	YES	Cross-Border	II- Survival

## Appendix V. Kinds of support by geographic zone

	ECONOMIC	LEGAL/ ADMINISTRATIVE	SHAREHOLDER	FIGUREHEAD	EMPLOYEE / EX-EMPLOYEE	LOGÍSTIC	EMOTIONAL	CUSTOMER	SUPPLIER	OTHERS
Andorra	60	120	61	11	176	217	127	62	9	18
Catalonia (border)	5	14	3		21	34	14	3		
France (border)	0	0	0		0	3	2			0
Catalonia (transnational)	7	14	10		4	43	25	4	14	1
France (Midi, Provence y Roussillon)	1	1	0		2	4	3	2	1	
Spain (transnational)	0	1	0		0	4	5	2	5	0
France (transnational)	2	2	0		1	5	3			1
Portugal	3	8	0	1	2	5	14		3	0
Rest of Europe	1	1	0		1	2	1			0
India							3			
Morocco						5				
Latin America	1	0	1		0	1	0			3
North America		1				1	1			1
Others	1	1	1		0	2	2			0
Deceased	10	10	5		7	14	12	5	2	1
	<b>91</b>	<b>173</b>	<b>81</b>	<b>12</b>	<b>214</b>	<b>340</b>	<b>212</b>	<b>78</b>	<b>34</b>	<b>25</b>
									<b>137</b>	



## Appendix VI. Kinds of support by origin and settlement of contacts

### ANDORRANS

Support	ANDORRANS/CO-NATIONALS			NON- ANDORRANS		
	In Andorra	Cross-border	Transnationals	In Andorra	Cross- Border	Transnationals
Economic	6	-	-	15	1	-
Legal/administrative	23	-	-	15	2	7
Shareholder	27	-	-	6	-	5
Figurehead	-	-	-	-	-	-
Employee	11	-	-	33	-	-
Logistic	19	-	2	31	1	20
Emotional	16	-	-	18	6	5
Others	9	-	-	14	-	15

### NON- ANDORRANS (Spanish, French, Portuguese and Indian immigrants/ cross- border)

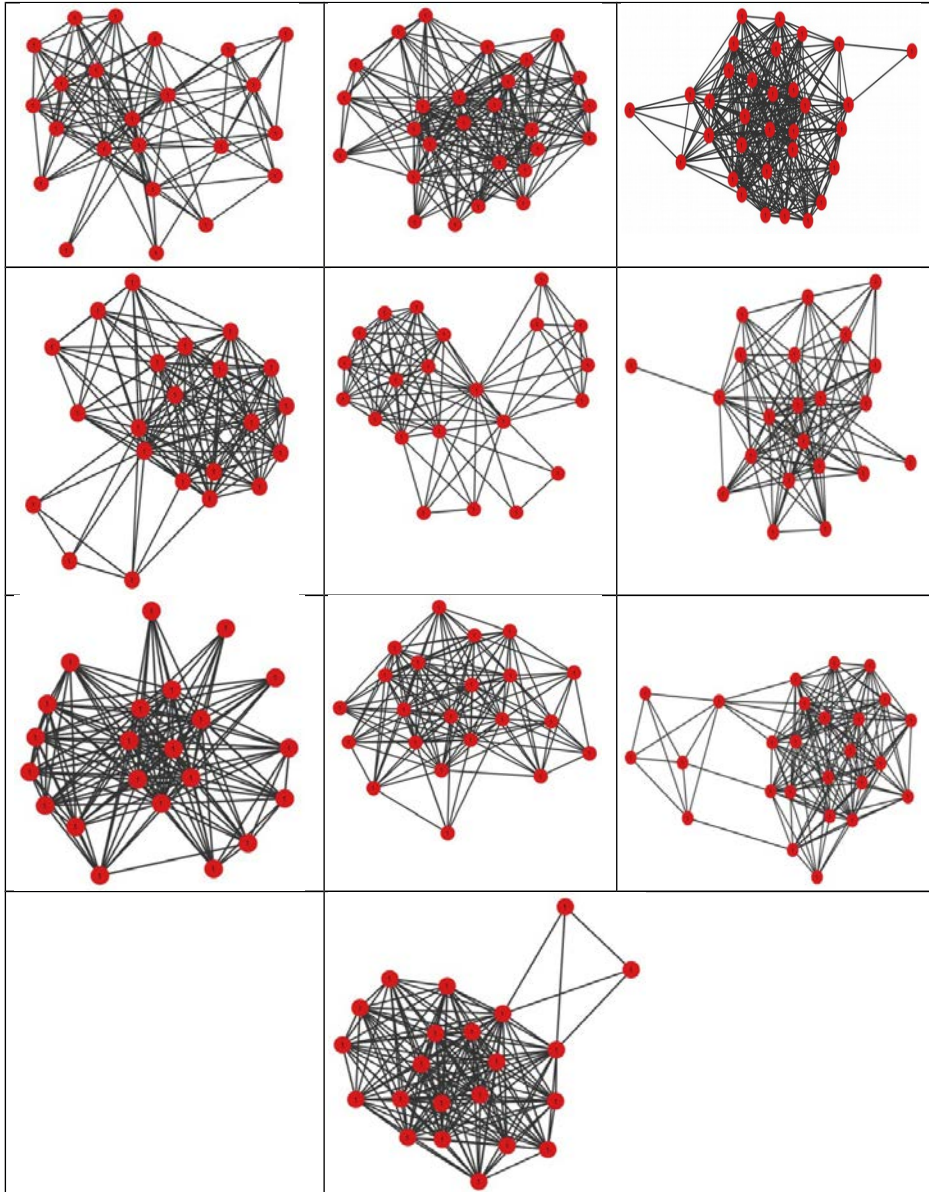
Support	ANDORRANS			CO-NATIONALS			OTHERS		
	In Andorra	Cross-border	Transnationals	In Andorra	Cross-border	Transnationals	In Andorra	Cross-border	Transnationals
Economic	14	-	3	21	4	12	4	-	1
Legal/administrative	44	-	3	32	10	19	5	2	-
Shareholder	8	1	-	18	1	6	2	1	1
Figurehead	11	-	-	1	-	-	-	-	-
Employee	27	-	2	66	17	9	39	2	-
Logistic	63	2	2	71	20	37	33	9	11
Emotional	36	-	3	45	10	48	10	-	1
Others	39	-	1	16	2	17	11	1	3



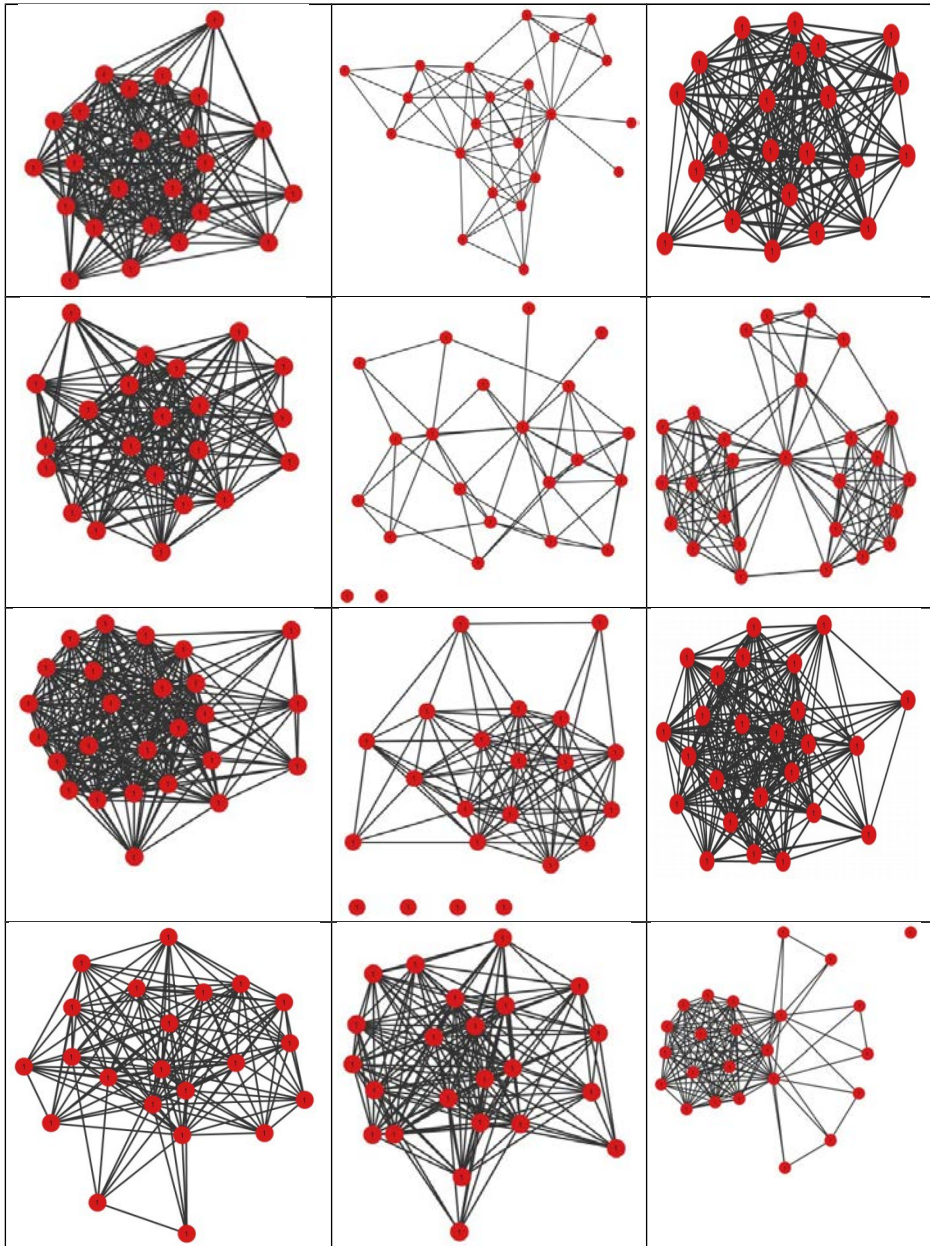


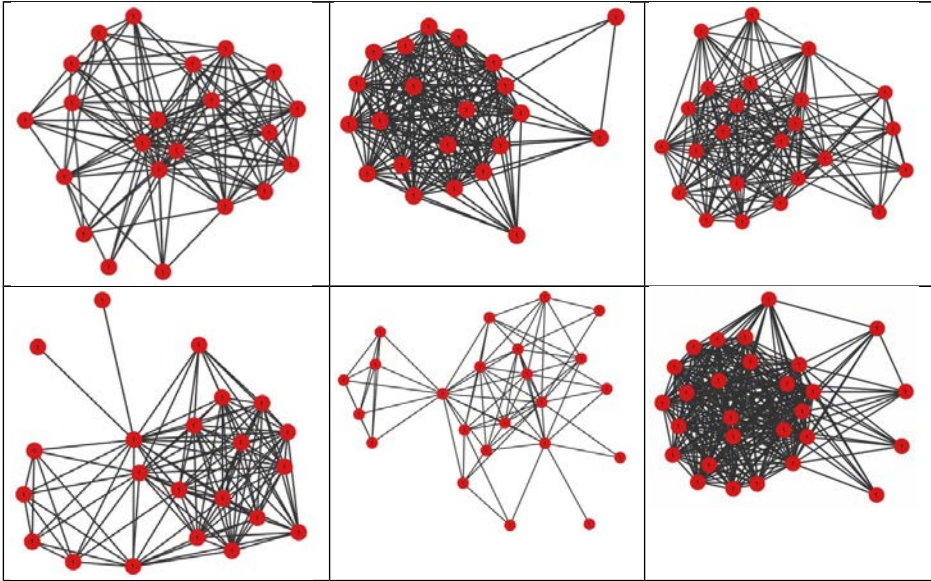
# Appendix VII. Network visualizations

## Andorrans

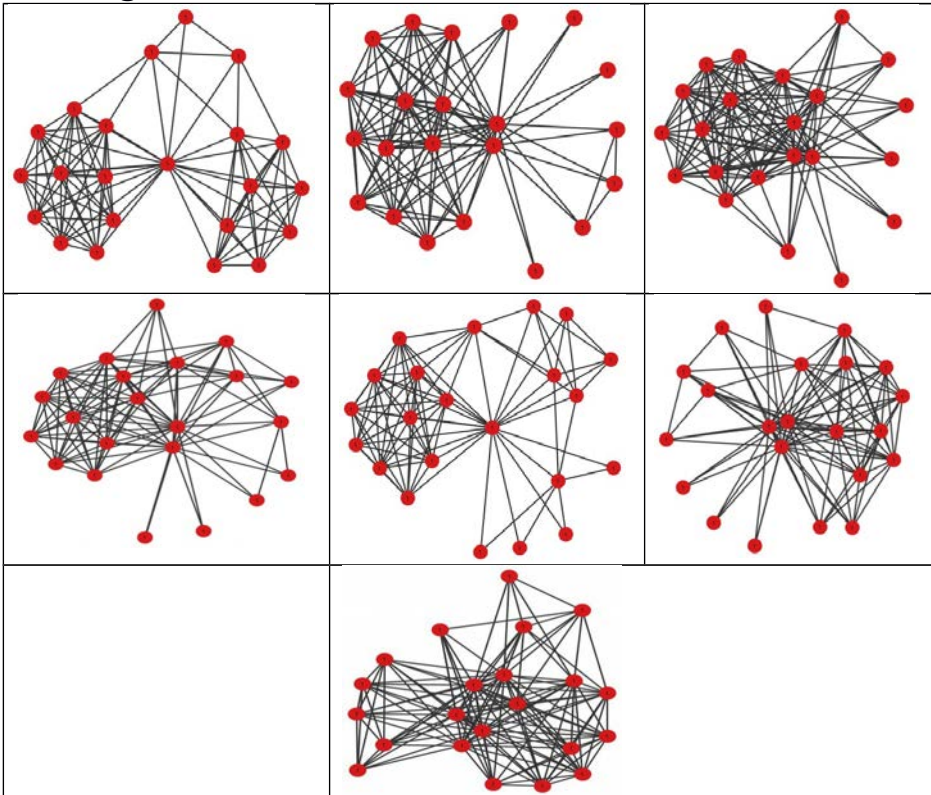


# Spaniards

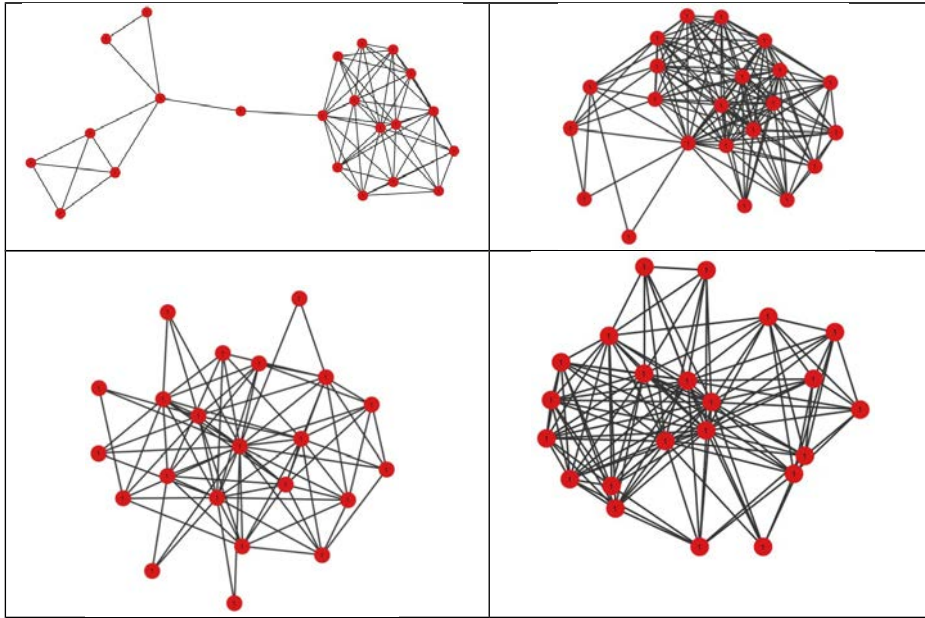




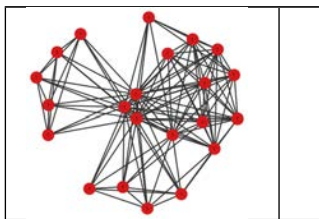
## Portuguese



## French



## Indian



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