

Handbook of Research on Internationalization of Entrepreneurial Innovation in the Global Economy

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A volume in the Advances in Human Resources
Management and Organizational Development
(AHRMOD) Book Series



An Imprint of IGI Global

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Published in the United States of America by
Business Science Reference (an imprint of IGI Global)
701 E. Chocolate Avenue
Hershey PA, USA 17033
Tel: 717-533-8845
Fax: 717-533-8661
E-mail: cust@igi-global.com
Web site: <http://www.igi-global.com>

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Library of Congress Cataloging-in-Publication Data

Handbook of research on internationalization of entrepreneurial innovation in the global economy / Luisa Cagica Carvalho, editor.

pages cm

Includes bibliographical references and index.

ISBN 978-1-4666-8216-0 (hardcover : alk. paper) -- ISBN 978-1-4666-8217-7 (ebook) 1. International business enterprises--Technological innovations--Management. 2. Small business--Management--Case studies. 3. International cooperation. I. Carvalho, Luisa Cagica, 1970- editor.

HD62.4.H3667 2015
338'.04--dc23

2015003114

This book is published in the IGI Global book series Advances in Human Resources Management and Organizational Development (AHRMOD) (ISSN: 2327-3372; eISSN: 2327-3380)

British Cataloguing in Publication Data

A Cataloguing in Publication record for this book is available from the British Library.

All work contributed to this book is new, previously-unpublished material. The views expressed in this book are those of the authors, but not necessarily of the publisher.

For electronic access to this publication, please contact: eresources@igi-global.com.

Chapter 5

Obstacles to Portuguese Immigrant Entrepreneurship in Andorra

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ABSTRACT

Nowadays the world is in constant and successive changes and to follow these changes one necessarily has to be prepared to act throughout life with initiative, innovation and value creation. However, obstacles to entrepreneurship are numerous, and those who seek these challenges in foreign countries have to face even greater problems. In order to understand the difficulties found by Portuguese emigrant entrepreneurs in Andorra, the authors conducted a survey in 2012 with 51 Portuguese entrepreneurs residing in that country. The results are described in this chapter. It was found that the main obstacles to setting up a business are mostly bureaucratic in nature, due to legislation not adjusted to reality, suggesting, first and foremost, the urgency of an intense work yet to be done in this field, both by governmental bodies and by other institutions directly related with these entrepreneurs.

INTRODUCTION

The World is in constant and successive movement. Therefore, to follow these changes we necessarily have to prepare ourselves to act throughout life, with initiative, innovation and value creation. In this sense, entrepreneurship is currently the subject

of considerable interest from academics, business-people and even the Government, who sees this concept as the key to the overall competitiveness of the economy.

We know that interest in this issue dates back to the 18th century. Several experts on this subject are unanimous in their opinion that it was

DOI: 10.4018/978-1-4666-8216-0.ch005

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the economist Richard Cantillon who addressed this concept for the first time, giving it a connotation very close to the current one (Druker, 1986; Sarkar, 2007; Dornelas, 2008), describing an entrepreneur as “a person who pays a certain price for a product to resell it at an uncertain price, thereby making decisions about obtaining and using the resources while consequently admitting the risk of enterprise” (Cantillon, 1755, quoted by Sarkar, 2007, p. 43). Hence, even in the 18th century, there was already an association of entrepreneurship/entrepreneur to risk, innovation and profit (Drucker, 1986).

We know that the obstacles to entrepreneurship are numerous, and those facing these challenges in countries abroad have to deal with even more problems, so it becomes important to study this issue also in the context of emigration, a phenomenon which in the early twenty-first century regained importance in Portugal, due to the economic crisis that is taking place since 2008.

Thus, framed in a broader research project on the Portuguese Emigrant Entrepreneurship in Andorra, London, Nice and Monaco (an international project being developed by the Centre for Population, Economics and Society Studies, University of Porto, Portugal), this study focuses its attention only on the Principality of Andorra, a country with one of the highest percentages of total population of Portuguese nationality in the world, around 15% (Observatório da Emigração, 2012). The study carries the objective of understanding the outlines of the departure of Portuguese entrepreneurs to other countries and figuring out what kind of support and obstacles they encounter in the country of arrival, which help or hinder an action that the official discourse is permanently announcing as the only path to the Portuguese economic sustainability.

Following these objectives, a questionnaire was presented to 51 Portuguese entrepreneurs residing in Andorra, resulting from a convenience sample (Ferreira & Carmo, 1998). This survey consists of 65 questions using the Likert scale (1-5) to measure

the opinions of the respondents. Divided into 5 groups, the survey addresses socio-demographic characterization; professional characterization before emigration; professional characterization after emigration; characterization of the current enterprise in the country of destination; and the migratory path of the respondents.

The analysis of the survey with SPSS (Statistical Package for Social Sciences) shows that 74.5% of respondents came from the northern region of Portugal; 51% are female; most are between 34 and 49 years of age; most only have the 2nd cycle of basic education without additional training; and 94% still maintain solely Portuguese nationality.

In the Principality of Andorra, the main obstacles imposed on Portuguese emigrant entrepreneurship are of a bureaucratic/institutional nature, particularly in regard to a legislation not adjusted to the real world. With less impact, we have what we may call individual obstacles. For instance, the knowledge of the local language, which, contrary to what other studies show, is not considered by entrepreneurs as a barrier to their business success.

After being aware of the existing difficulties, it becomes easier to find solutions. And, for these respondents, among the many possible initiatives to promote and support entrepreneurship, there arises the urgent need for the Government to reduce taxes; to attract more tourism; and to improve the social conditions of the population itself.

This study thus allows the deepening of knowledge in this area and opening a path for dialogue and teamwork, as only in this way it is possible to change attitudes, focusing on initiative and supporting entrepreneurs.

The current chapter is divided in five sections. Section one focuses on literature review, beginning with the origins of the concept of entrepreneurship, following its evolution and facing it as a way to ensure the sustainability of the economy. Section two approaches the obstacles of emigrant entrepreneurship (e.g. cultural, educational, political, institutional), while in section three we discuss

the methods used for the current research, looking at the survey and characteristics of the sample collected in Andorra. In section four we present and discuss the results achieved. The chapter ends with some of our conclusions.

BACKGROUND

The Origins of Entrepreneurship: Definition

When it comes to entrepreneurship, it sometimes feels as if we are talking about a very recent concept without which current economies would not be able to maintain their competitiveness. But the truth is that scholars are unanimous in considering that it was the economist Richard Cantillon who first addressed this concept, giving it a connotation very close to the current one (Druker, 1986; Sarkar, 2007; Dornelas, 2008). Cantillon, in his essay *Essai sur la nature du commerce général*, in 1755, describes an entrepreneur as “a person who pays a certain price for a product and resells it at an uncertain price, making decisions about obtaining and using the resources while consequently admitting the risk of enterprise” (Cantillon, 1755, quoted by Sarkar, 2007). Observing traders, farmers and other individual owners, Cantillon described the entrepreneur as a person who bought raw materials, processed them and sold them to someone else as a finished product.

Economist Adam Smith, in his work *Wealth of Nations* (1776), refers to entrepreneurs as people who react to changes in the economy, working as economic agents that transform supply and demand (Sarkar, 2007). There was therefore, already in the 18th century, an association of entrepreneurship/entrepreneur to risk, innovation and profit (Drucker, 1986).

Later, in the early twentieth century, many economists defined entrepreneurship in a narrower fashion, linking it to innovation and economic

development. For this relationship, Schumpeter (1982) plays a key role in defining the entrepreneur as the one who applies innovation from an economic perspective, functioning as an impulse that drives and keeps the capitalist engine in motion – a process called ‘creative destruction’.

Among the most recent definitions, we find that of Hisrich, Peters and Shepherd (2009, p. 30), which, in general, define entrepreneurship as “the process of creating something new with value, devoting the necessary time and effort, assuming the consequent financial, psychological and social risks, and receiving the resulting rewards of satisfaction and personal and financial independence”. In a more operational approach, in the attempt of making the concept more concrete and objective, the definition of Carton, Hofer and Meeks (1998, cited by Sarkar, 2007, p. 46) describes entrepreneurship as “the pursuit of discontinued opportunity involving the creation of an organization (or sub-organization) with the expectation of value creation”.

The truth is that the global financial and economic crisis has contributed to an increased attention over entrepreneurship (OECD, 2013). Entrepreneurship and entrepreneurs have been recognized as important sources of innovation and also of growth and employment.

For GEM (Global Entrepreneurship Monitor¹), entrepreneurship is any attempt to create a new business or a new initiative, such as self-employment, a new business organization or the expansion of an existing business, by an individual, a team of individuals or an established business (GEM, 2010). Hence, this definition also focuses on the ability to create something new while assuming both risks and rewards.

For the United Nations (UN, 2012) entrepreneurship (the act of being an entrepreneur) implies the ability and willingness to undertake the conception, organization and management of a new productive enterprise. It also implies the acceptance of all risks that may occur and the pursuit of profit as a reward.

More recently, the OECD (2013) pointed out that entrepreneurship should be seen as a phenomenon connected “with entrepreneurial activity, which is the enterprising human action in pursuit of the generation of value through the creation or expansion of economic activity by identifying and exploiting new products, processes or markets” (OECD, 2013, p. 12). Thus, entrepreneurship should be seen as a phenomenon that manifests itself through economy in many forms and with different outcomes. But these outcomes are not always related to the creation of financial wealth (OECD, 2013).

From the above, we may conclude that the definition of entrepreneurship was never consensual, not even today. The truth is that the state of the art allows us to identify a wide range of perspectives on entrepreneurship. Economists, psychologists, sociologists, managers and many other researchers on this theme have formulated different methodologies, all of them driven by the meaning given to this concept. Thus, it is important that we also adopt a definition that parameterizes the scope of the analysis we intend to follow. We consider the definition of Sarkar to be the most accurate. Imbued by the theories of Schumpeter and the economic school, he defines entrepreneurship as the process of creating and/or expanding businesses that are innovative or that arise from identified opportunities (Sarkar, 2007).

In this perspective, we find the importance we want to highlight: entrepreneurship as a key element for investment and economic development, and that for this reason it is currently the subject of considerable interest from academics, entrepreneurs and State administration itself.

Entrepreneurship as a Way to Ensure the Sustainability of the Economy

The entrepreneurial process is unique, dynamic, holistic and very sensitive to external influences, which are the key for individuals to become en-

trepreneurs. There is no doubt that even in the development of small entrepreneurial initiatives one must consider the weight of regional and national culture and also the internal culture of the business environment itself, which may or may not encourage the development of entrepreneurship. Domínguez (2002) and Chiavenato (2007), for example, highlight the State’s ability to impose itself on enterprises, directly influencing all their dynamics.

In the past century, competitiveness of economies resulted from increased investment and economic policies that allowed increased productivity. Today, in a knowledge-based economy, there are no barriers and enterprises are subject to international competition. So more than running current activities, businesses have to anticipate them, writing in history what Schumpeter advocated over 50 years ago.

For authors such as Gaspar (2001) and Sequeira (2009), interest in this subject lies precisely in the ability of entrepreneurship to create jobs, innovate and create wealth. According to the European Commission (2008), for example, in 2005 micro and small enterprises represented 99.8% of all European companies and were responsible for 67.1% of jobs in the private sector.

In a time when Europe is constantly facing high unemployment rates, coupled with a limited economic growth, it becomes even more necessary that the political leaders of the European Union pay even more attention to entrepreneurship and self-employment, as a way to foster economic progress and reduce unemployment. Indeed, since the 1980s a profound change has been observed in the emphasis of public policies at a microeconomic level in developed countries (Ferrão, Conceição, & Baptista, 2005). Beginning in the US and UK, this change began with increasing deregulation and privatization, and has led to a political agenda concerned with promoting the creation of new businesses and the growth of SMEs able to naturally restructure markets by means of innovation and competition,

thereby reducing the importance of controlling the market power of large firms as a vector of State intervention in the economy (Piore & Sabel, 1984; Carlsson, 1989; Christensen & Rosenbloom, 1995).

Therefore, several initiatives have emerged with this purpose, such as funding for researchers and innovators with projects based on cutting edge projects focused on major economic and social challenges able to improve society and living conditions (Pinto, 2010); projects that support good business ideas and promote entrepreneurship. But figures speak for themselves and, as Sarkar (2007) mentioned, although there may be some areas where levels of entrepreneurship and innovation are similar to those of most developed countries, the truth is that, overall, our country and Europe in general continue to present insufficient levels to properly face the Asian giants and the U.S.

For this to happen, it becomes necessary that more innovative firms arise in our country, capable of creating, performing and making a difference. Obviously, entrepreneurs emerge as a central element in this value creation process (as the key to development), as Nobel Prize winner Hayek said in 1974. They are responsible for developing innovation, with the individual initiative to detect opportunities, who are not afraid to risk (and often to lose), and with ambition to operate on a large scale, changing the business model itself.

This boldness and ambition ends up being acknowledged by the various political and economic institutions that see in innovative SMEs the way for consolidating a new economic model (Relvas, 2013). For Escária and Madruga (2012, p. 6), for example, “entrepreneurship, as a privileged means of introducing significant innovations in the economy and instigating market restructuring processes, is particularly important in generating economic growth and employment by leveraging the economic usage of business opportunities”.

OBSTACLES TO MIGRANT ENTREPRENEURSHIP

The Decision to Create a Business

Entrepreneurship is a key factor in achieving dynamism and competition in today’s knowledge-based economy (Gorji & Rahimian, 2011). The decision to create a company should always be well planned, and although there is no prescription for the most appropriate way for people to demonstrate their entrepreneurial, leadership and competitive skills, we know that the entrepreneurial process:

1. Is initiated by an act of human will;
2. Occurs at the level of the individual enterprise;
3. Involves a change of state;
4. Involves a discontinuity;
5. Is a holistic process;
6. Is a dynamic process;
7. Is unique;
8. Involves many precedent variables; and
9. Its results are very sensitive to the initial conditions of these variables (Bygrave & Hofer, 1991).

Therefore, it is agreed that the entrepreneur should start by promoting self-knowledge, which will serve as a reference for all his or hers decisions (Drucker, 1954; Porter, 1990; Dornelas, 2008).

In this sense, Chiavenato (2007, p. 13) presents some questions whose answers can serve as a lever for anyone considering creating a business: What is my need for achievement? What is my level of self-confidence? What kind of entrepreneur am I? What kind of business do I want to have? What is my willingness to risk and come across setbacks? For this author, a good business is one that fits the entrepreneur, his or hers personal characteristics, otherwise entrepreneurs risk embracing a totally inadequate commitment, in which nothing corresponds to initial expectations.

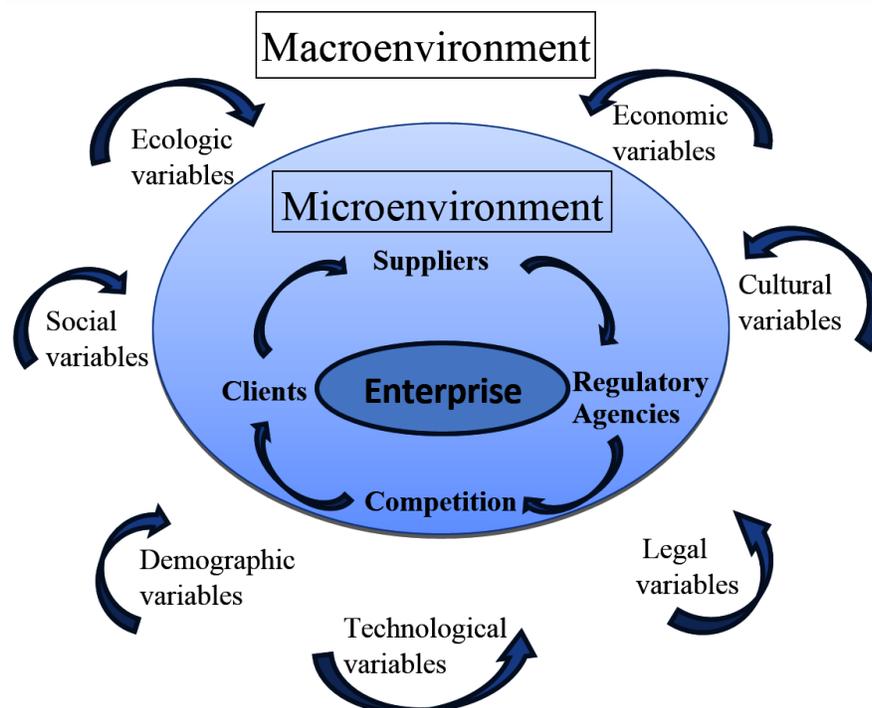
Obstacles to Portuguese Immigrant Entrepreneurship in Andorra

After self-knowledge is achieved, it is necessary that the entrepreneur also meets businesses' dynamic environment, since as Chiavenato (2007) defends, companies are neither absolute entities nor living isolated from the world. Before moving on to any type of business, it is essential to understand if such investment is really opportune, through an analysis of the environment, or in other words, to all that is external to the company (Domínguez, 2002). In this more integrated vision of entrepreneurship we can also find other arguments, raised by Jack and Anderson, who based on the theory of structuration by Giddens (1989) developed their own conception of entrepreneurship as an embedded socio-economic process in which the entrepreneur is seen as an agent and context as a structure, which allows the entrepreneur to use the different resources offered by the environment (Jack & Anderson, 2002).

Because the environment is very complex, it is necessary to separate it into two different layers. As can be seen in Figure 1, the major layer is the macroenvironment or external environment. The minor layer is the microenvironment or internal environment. The entrepreneur should analyze the two layers, in order to better meet the general conditions of the market and understand the capabilities of the company itself, thus to be able to face the challenges posed by the microenvironment.

At the macro-environment of businesses, "we find a multitude of variables that interact dynamically with each other, such as economic, social, technological, cultural, legal, demographic and ecological variables, [causing] a profound impact on all companies, without discrimination" (Chiavenato, 2007, p. 30). Businesses' micro-environment is the place where resource inputs and products and services outputs take place. Here we find Suppliers, Competitors, Customers and

Figure 1. The business environment: macro and microenvironments
Source: Adapted from Chiavenato, 2007.



Regulatory/Intermediate Agencies (Chiavenato, 2007, p. 32). Therefore, the entrepreneur must know well all these elements that directly interfere in each other's activities, so that he is able to devise a plan of action, a well-defined process for the development of opportunities essential for enterprises to be successful and to reduce the likelihood of business failure.

Cultural Obstacles

Are people born as entrepreneurs or they become entrepreneurs? Sarkar (2007) mentions that there is a percentage of the population that was born entrepreneur, but there also exists a very significant percentage of the population that, influenced by extrinsic factors (environmental factors, according to Gorji & Rahimian, 2011), become entrepreneur. This perspective is strengthened by the arguments of the integrated vision of entrepreneurship, which more than an economic process, consider it a process that takes advantage of the social context that shapes and creates the results of entrepreneurial action (Jack & Anderson, 2002).

According to Gorji & Rahimian (2011), when approaching the socio-cultural obstacles one should not forget that beliefs, attitudes and values of the society towards the subject of entrepreneurship are known as the entrepreneurial culture of that society. The type of behaviors, values and norms determines the culture of a society and, in turn, this culture can lead to development and innovation.

Results of several studies on entrepreneurship (by AGEPE – Agency for Entrepreneurship, by Eurobarometer, and also by GEM – Global Entrepreneurship Monitor) show that a significant part of the population wants to be self-employed. The European Commission (2013), for example, reveals that 37% of Europeans would like to work on their own, but in practice, if we consider the number of people actually taking this initiative, we find that the value is much lower (Figure 2).

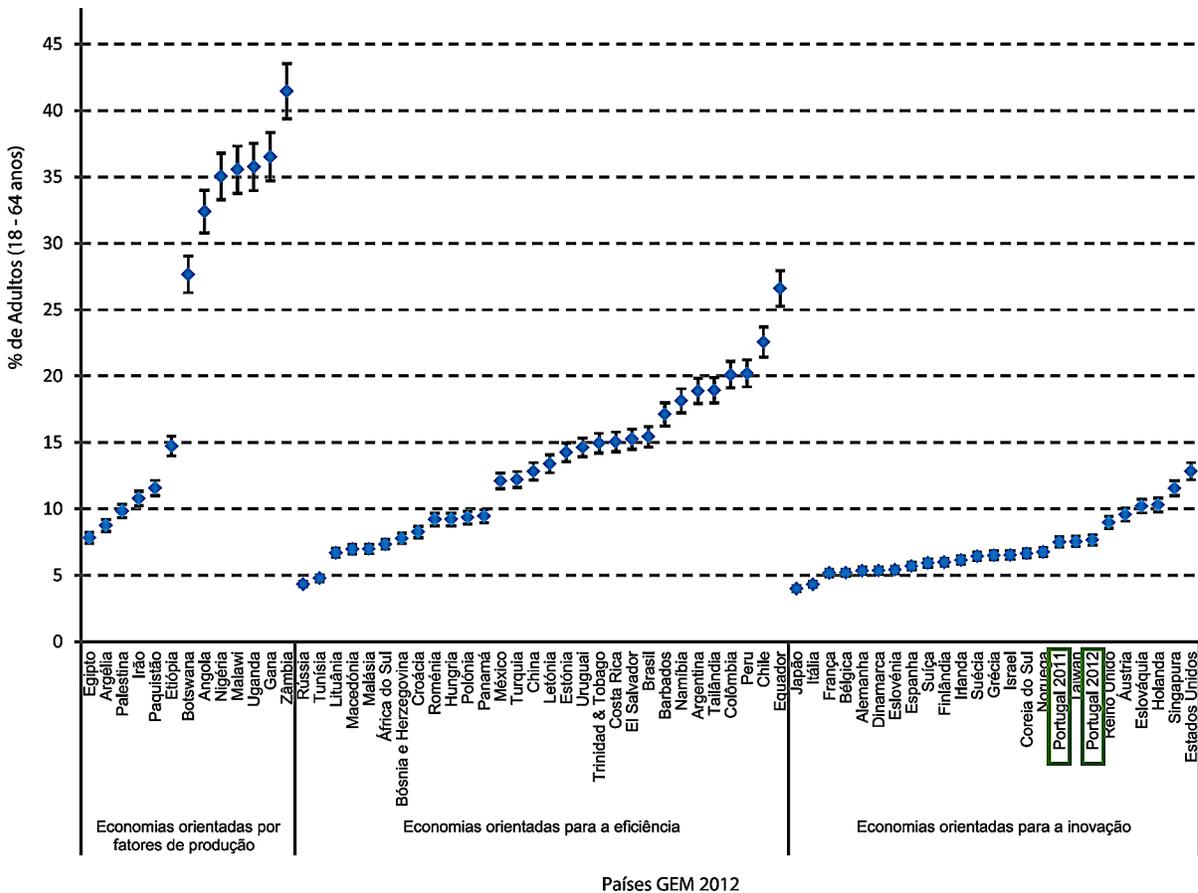
This weak entrepreneurial spirit of the Portuguese is greatly due to cultural reasons, pessimism, aversion to risk, preference for stable employment by working for others, lack of training and education of its population and the still weak financial supports (Eurobarometer, 2004; Ferrão et al., 2005; Neves, 2010; GEM, 2012). On this issue, Gibb (1987) supports the results of research that have come to show that external influences are fundamental for individuals to become entrepreneurs, even pointing out the five steps where one can gain such influences (in childhood, adolescence, adulthood, middle age and in old age). To the author, these influences are felt from a very early age, through education and example that families give their children, and ends only in old age with influences more related to job satisfaction and income.

To Batista, Teixeira and Portela (2008) there is also no doubt that, even in the development of small entrepreneurial initiatives, there is a weight of regional and national culture and even the internal culture of the business environment itself, which may or may not encourage the development of entrepreneurship. For these authors, an environment that does not condemn the possibility of failure is, in turn, an environment that promotes risk, experience and innovative projects. And as mentioned by Robert A. Cooper (cited by Sarkar, 2007, p. 81), “the important thing is not to manage failure, but to manage the cost of failure”, also mentioning that one can take risks and make mistakes at a low cost, as long as they are made in the first stages of the process. A policy, in fact, followed by multiple successful companies like Google and 3M, where we often find managers who seek to create and develop an entrepreneurial culture within their organizations, where creativity, innovation, autonomy and reduced risk aversion are stimulated.

In order to better explain what is meant by entrepreneurial culture, Gibb (1987) presents five different ways of how it can be developed, namely:

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Figure 2. GEM: Total entrepreneurial activity (TEA) by country - 2012



- Existence of independent and successful businesses serving as positive references;
- Existence of the opportunity to practice one's entrepreneurial attributes, reinforced by the culture of the society during the educational years;
- Existence/availability of knowledge, formal and informal, for the process of running a business;
- Existence of contact networks that provide opportunities to enter the market;
- Existence of familiarization, during youth, with tasks associated with small businesses.

Thus, we can conclude that in an entrepreneurial culture, intelligent people are encouraged towards entrepreneurship. However, taking into account the levels of entrepreneurship in different countries, the metaphor of the egg of Columbus serves to depict the current culture in Portugal. A culture that condemns error, devalues initiative and innovation and instead gives space to the envy and laziness of those who do not possess this bold and enterprising spirit.

Educational Obstacles

In the group of individual obstacles we must consider, besides the family, the educational level (Gorji & Rahimian, 2011).

The path to turn youngsters into future successful entrepreneurs is long and it starts, as we have seen, in the family, through its example, with the specific work situation in the family, with its influence on the choice of educational and vocational preferences and the greater or lesser ability to instill in children the will to win, along with responsibility, autonomy and ambition for innovative projects.

For a long time it has been known that people become entrepreneurs through learning, a process that should also include school, for it is school that leads young people to knowledge and skills training that will follow them throughout life (Druker, 1986; Dornelas, 2001). And it is in this sense that Lipper (1987) believes that analytical and critical thinking should be taught immediately as soon as the child enters the school system and not just in universities. These, in turn, should promote a learning approach to the business world, encouraging students to think about how to make money, changing the subjects of their classes, which mostly favor theories on how to run a business instead on how to create it (Boal, 2001; White, 2001).

Already in 1973, Piaget argued that knowledge not only needs to be learned, but also to be discovered or reconstructed by the student. More recently, other authors (Pappert, 1991; Gil, 2001; Ramiro, Heitor & Dinis, 2004) emphasized the importance of “learning by doing and discovering” for the development of skills and attitudes. In this sense, many of the European countries, establishing a relation between education, training, work and employment, introduced in the education system the principle of “learning by doing” encouraging early on the entrepreneurial spirit.

Also, the European Commission, during the design of its Green Paper “Entrepreneurship in Europe”, highlighted “the crucial role of education in supporting the development of skills and attitudes, and also the need to change mentalities to create a more entrepreneurial society” (European Commission, 2003, p. 16), focusing on three

main areas: direct exposure to entrepreneurship and the business world, promoting entrepreneurial attitudes and skills, and lastly, teacher education. More recently, and with the intention of promoting entrepreneurship, the European Commission began granting European Enterprise Promotion Awards (EEPA), where in addition to the usual categories (Promoting the entrepreneurial spirit; Investing in entrepreneurial skills; Improving the business environment; Supporting the internationalization of business; Responsible and inclusive entrepreneurship) also added a category on Supporting the development of green markets and resource efficiency (European Commission, 2013).

However, in Portugal and according to Ferrão et al. (2005, p. 27), curricular options have undermined the existence of a commitment between project activities and the search for objectively oriented educational activities, able to stimulate entrepreneurial skills and the attitude to risk by new graduates, in close collaboration with society, and with the economic structure in particular. For the same author (Ferrão et al., 2005) in Portugal, the public funding model itself has acted as a force of homogenization and not of diversity of higher education, and despite the recognized university excellence in many fields of knowledge, there are still many constraints to the reformation of higher education institutions, such as the lack of mobility of professors and the existence of a very high percentage of “inbreeding” (process through which universities hire their own graduates and PhDs) that hinders structural change and the diffusion of new forms of organization and knowledge.

In several countries, experiences of “learning by doing” are gaining more and more importance. In Europe, as highlighted by Sarkar (2007), there are several initiatives in countries like the Czech Republic, Estonia, Latvia, Lithuania, Hungary and Poland, aiming at the establishment of partnerships between elementary schools and enterprises, that allow an early approach to the business world, which ultimately drives the change in education

policies and the awareness of the need to foster entrepreneurship and business creation at the university level. The same happens in other countries outside the European Union, as in Brazil or the U.S., which have multiplied their university courses in entrepreneurship and business incubation centers. The justification for these partnerships is simple: on the one hand it is necessary to improve the skills of the work force; on the other hand it is necessary to form job creators.

However, as shown by the European Commission report “Student Mini-Companies in Secondary Education” (European Commission, 2005), there are still many obstacles to these partnerships, such as the limited flexibility of schools, weak funding, the need to introduce new working methods to teachers and students, the legal and administrative obstacles and the weak support from authorities and public institutions. So despite the fact that the role of schools in the education and development of entrepreneurial culture is undisputed, it is also unquestionable that it is necessary to evolve, together with other institutions, towards support incentives able to stimulate interest in entrepreneurship.

Political and Institutional Obstacles

The State carries out the most relevant role in regard to establishing synergies, integrating the different policy elements, regulating entrepreneurial activity and assessing its impact, since it's the State that, when defining public policies, should support the processes of cultural change and the projects implemented by the various credible partners. As has been shown by several authors (Domínguez, 2002; Jack & Anderson, 2002; Chiavenato, 2007), States impose themselves on enterprises, both in the external environment, through laws and rules that regulate business activities, as in the internal environment by means of several regulatory bodies and agencies that oversee and monitor all activities developed by businesses, eventually directly influencing their dynamics. Porter

(1990) even defends that successful companies can be explained by the economic environment, institutions and governmental policies.

However, despite the fact that it was already demonstrated that “entrepreneurship is the engine of innovation, competitiveness, job creation and growth” (European Commission, 2003, p. 3), recent data indicates that Europe does not take advantage of its business potential. For the European Commission itself (2013), millions of new businesses could be added to the 20.8 million small and medium enterprises (SMEs) existing at that time in the EU, if it knew how to benefit from the fact that 45% of people between 15 and 24 years of age considered self-employment as a realistic career option, recognizing, therefore, the need for a radical transformation of the economy and public policies, which should be based, on the one hand, in the knowledge of the factors that determine professional decisions and that makes people choose to become entrepreneurs; and on the other hand, in the knowledge of forms of State intervention that may help entrepreneurs to overcome the business selection process faced by any new enterprise.

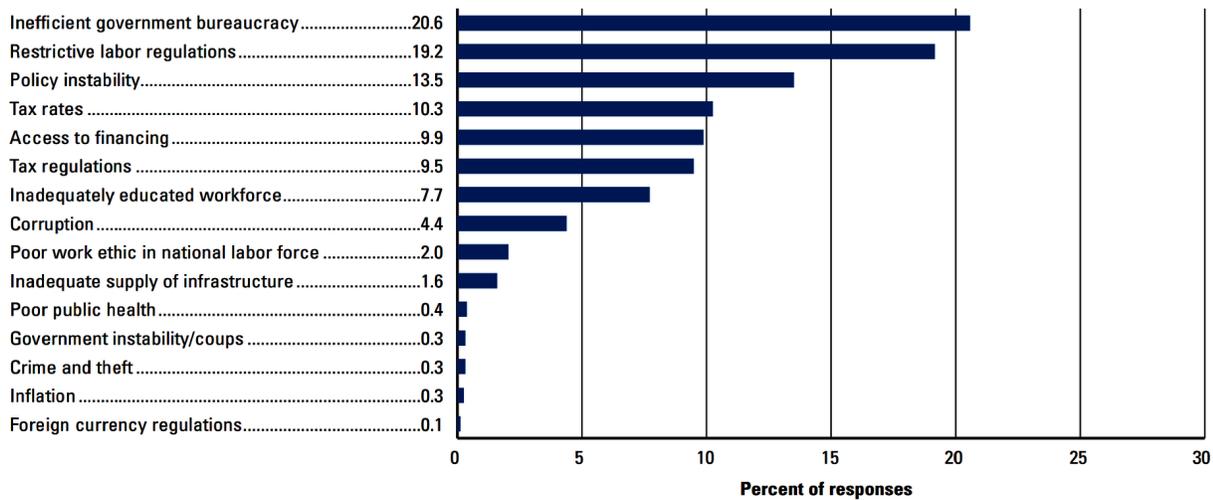
If we analyze the Global Competitiveness Report 2010-2011 we realize that most of the factors that limit entrepreneurship are precisely political and institutional in their nature, and in Portugal, as we can see in Figure 3, the two major obstacles are the excessive inefficient bureaucracy and the labor laws which are too restrictive (Schwab, 2010).

In this sense, Lisbon's European Council adopted in 2000 the European Charter for Small Enterprises, which encouraged Member States and the Commission to take action in support of small businesses, arguing that if policies are more focused on entrepreneurship it may increase the number of entrepreneurs and the growth of more companies.

Among other issues, the summary report of the Green Paper “Entrepreneurship in Europe”, prepared by the European Commission and released for public consultation in 2003, points out, among other issues, the need for the State to:

Figure 3. Greatest obstacles to entrepreneurship in Portugal (%)

Source: Schwab, K. (2010, p. 278).



- Reduce administrative burdens affecting mainly SMEs, which cannot afford to hire specialized staff to deal with complex rules and procedures;
- Facilitate access to funding at different stages of business development;
- Promote an improvement in the labor market, easing labor laws that do not allow companies to adapt to changing situations;
- Promote education and support able to ensure the necessary knowledge and skills, especially among new entrepreneurs;
- Change several aspects on social protection, which tend to be more generous to employees than to independent business owners, making an entrepreneurial career less attractive (European Commission, 2003).

Following these objectives, the European Commission also adopted a Community Program that took supporting entrepreneurship and business innovation as a core objective, named CIP – Competitiveness and Innovation Program 2007-2013 (CIRIUS – Centre for Urban and Regional Research, 2012).

At this time, the guiding element of all EU policy is known as the Europe 2020 Strategy, and in this context, “with a view to promoting growth and job creation, priorities are assumed to improve the access of SMEs to the single market and develop entrepreneurship, particularly by simplifying business legislation and taking initiatives allowing entrepreneurs to restart their activity after a bankruptcy (CIRIUS – Centre for Urban and Regional Research, 2012, p. 9).

In this way, and if the lack of support for entrepreneurship means an additional struggle to overcome the fear of risk, it is urgent to assign in the first instance the responsibility of the State, through its public policies, to reduce barriers to the development and growth of businesses, by providing support structures for entrepreneurship that should begin by the structures of school programs, and also via the establishment of investment funds for the creation of enterprises, not forgetting to improve the social protection of the entrepreneur. Only then will it be possible that more people become interested in being entrepreneurs, granting them the necessary conditions to do it with success and sustainability.

Obstacles to Emigrant Entrepreneurship: Destination Andorra

Currently, together with the crisis installed in Europe and the need to revitalize the economy, for which the participation of enterprises/entrepreneurs is key to international competitiveness, the question is also in debate regarding emigration of thousands of people looking abroad to find one opportunity to work or to meet their professional achievement, which would be impossible in their countries of origin. In this sense, it is common to find entrepreneurial initiatives by emigrants, who by necessity or opportunity find their means of support via a pro-active strategy.

Previous studies explain emigrant entrepreneurship as a survival strategy in the face of exclusion and disadvantage in the labor market (Lazaridiz & Koumandranki, 2003). Another perspective sees emigrant entrepreneurship as a broader form of integration, which allows families to improve their living conditions, their autonomy and self-realization (Serdedakis, Tsiolis, Tzanakis, & Papaioannou, 2003), also ending up being crucial for stabilizing their legal status, for their familiarity with the host country and their continuation in that country, and also for the development of migrant communities (Portes, 1999; Hatziprokopiou, 2008). For Coutinho, Oliveira, Soares, and Sanchez (2008), the benefits of these initiatives are not only present in the host country. For the countries of origin, emigrant entrepreneurship promotes the development and internationalization of their businesses and strengthens networks of production and trade. In hosting countries, emigrant entrepreneurship, as well as improving the level of integration, brings new ideas to the business community, creates jobs and is an excellent solution to unemployment.

However, despite these advantages, immigrant populations meet several obstacles in pursuit of their entrepreneurial initiatives that requires greater efforts from them. Among the most

frequent constraints, several studies point to the legal and institutional barriers arising from legal immigration statutes; the difficulty of access to credit; ignorance of the law and of the world of businesses already present at the host country; difficulty of access to information; difficulty in recognizing their skills; and even the ignorance of the local language (Oliveira, 2005; Peixoto, 2008; Coutinho et al., 2008; Hisrich et al., 2009).

In Andorra, legal and institutional barriers have undergone major changes, with the bilateral agreement signed between Andorra and Portugal on the Entry, Circulation, Stay and Establishment of their Nationals, which came into force on September 1, 2008 (Diário da República, 2008). However, the European Commission acknowledged in 2010 that the relations the EU maintains with Andorra remain fragmented, “given that there are still obstacles to the free movement of people, goods and services in and out of the EU” (European Commission, 2013 p. 4), leading to some practical difficulties both for people and businesses.

Legal barriers still limit the ability of holders of residence permits or work visas to develop business activity. “The Portuguese nationals able to prove, in accordance with Andorran legislation, their effective and continuous residence in Andorra for a minimum period of 10 years, can exercise any self-employed professional activity, make capital contributions to the Andorran mercantile societies and occupy positions of management or representation of these societies in the same conditions as the Andorran nationals” (Diário da República, 2008, p. 4479). This reality, coupled with the difficulty of the foreigner to acquire dual citizenship, eventually leads to the use of subterfuges to circumvent legal obstacles, namely situations in which foreigners establish agreements with Andorrans, through which the latter, in exchange for a money contribution, are presented as majority owners (the *presta nome*, literally “name lenders”), though the foreign citizens were the real owners and the providers of the services or the commercial activity (Malheiros, 2002).

Even though these barriers were reduced, others persist that hamper business activity led by Portuguese emigrants in Andorra. Like all Andorran entrepreneurs, the Portuguese are necessarily subject to the taxes in force in the Principality, including the Tax on the Incomes of Economic Activities (IAE), the General Indirect Tax (IGI) and the Tax on Companies (IS).

Appeals to end double taxation, starting in 2008, are still being made, and the shutting down of the Embassy of Portugal in Andorra in November 2011 contributed nothing to the work of negotiating an agreement between the two Governments (Observatório da Emigração, 2013). Moreover, the fact that the Portuguese diplomatic mission was transferred to the embassy in Madrid and the Portuguese community in Andorra is now served by an honorary consulate makes it even more difficult for the resolution of bureaucratic-administrative issues involving emigrants (Malheiros, 2002; Carvalho, 2007).

Furthermore, and as mentioned Malheiros, “being a country that does not belong to the European Union (although it has a preferential status), Portuguese workers do not benefit, of course, from the prerogatives that are associated with their presence in Member States” (Malheiros, 2002, p. 252). And in this sense, Portuguese entrepreneurs, demand among other things for the updating of the agreement on social security between the two countries, which after changes in Andorran legislation, present some difficulties for Portuguese pensioners in the Principality (Observatório da Emigração, 2013).

To Peixoto (2008), other relevant obstacles for emigrant entrepreneurs lie in the area of access to credit due to the difficulty of satisfying all requirements demanded by the banking system, the difficulty in offering real and personal guarantees for credit, and the lack of knowledge of the laws and the world of business in force in the host country. However, with regard to the latter question, we must mention the role of the Portuguese Entrepreneurs Club of Andorra (CEPA), founded

in 2006 and that, since then, has become an important support for Portuguese entrepreneurs, both in terms of legal and fiscal advice (particularly in relation to the problems of double taxation, registrations and tax payments) and in terms of information/monitoring of migration policies that affect all Portuguese entrepreneurs established in the Principality (Carvalho, 2007).

Last but not least, the limited existing literature that refers to this issue in the Andorran context also highlights obstacles related to the knowledge of the local language. According to Matias (2008), the Andorran society is highly segmented, first of all because of the Catalan language. For the author, although there are many Portuguese immigrants who are unaware of the Catalan language, the biggest problem lies in the tones and singularities of that language, which cause many immigrants to not distinguish Catalan from Castilian. However, they are “aware of the importance of its use and the social prestige that it may lead to” (Matias, 2008, p. 332). In the several statements gathered by the author, beyond the acknowledged relation between the domain of the Catalan language and the placement in better professional sectors, its importance is also clear in dealing with the various institutions, in this case hindering all the bureaucratic processes that involve foreign persons.

However, the obstacle of ignorance of the language associated with the seasonality condition (deep-rooted in the Principality, due to the usual practice of granting temporary work visas valid for very short periods) and the existing political and legal issues in the territory raises yet another obstacle: a poor integration.

Among the cases of successful integration of the Portuguese community within the Andorran community, the work done by the different Portuguese associations in place is noteworthy, which, by their characteristics and scope of action, are able to get the recognition and appreciation of the Portuguese population with regard to their ability to integrate the Portuguese in Andorran society.

Obstacles to Portuguese Immigrant Entrepreneurship in Andorra

In this Principality, we are able to find the Association of Portuguese Residents in Andorra “House of Portugal” (founded in May 1995); the Folklore Group of the House of Portugal (founded in May 1996), the Cultural Association of the Residents from Alto Minho (approved in November 1996); the Confraternity of Our Lady of Fatima (created in November 1997); the Club Benfica Football Association, best known as House of Benfica (founded in September 1997); the Lusitanian Football Club (founded in 1999); the House of Portugal Sports Club (created in July 2001); the Portuguese Association of Pas de la Casa (founded in May 1994); and also the Portuguese Entrepreneurs Club of Andorra – CEPA (founded in April 2006) (Carvalho, 2007).

The ongoing work of these institutions, in addition to preserving and promoting the Portuguese culture, language and traditions, which is essential for the integration of the Portuguese community as well as for its integrative ability, plays a very important role in terms of social networking, information exchange and as a support for the creation and maintenance of businesses.

METHODOLOGY

Techniques Used

Porter’s claim (1990) that the economic crisis has been a major concern in Europe for some time continues to be valid, and the fact is that gradually companies and not countries compete in international terms. In this sense, entrepreneurship emerges as key to the development of countries with their ability to create jobs, innovate and create wealth (Gaspar, 2001).

Also, due to the economic crisis, Portugal assists to the departure of thousands of people looking in other countries for better opportunities and better living conditions, eventually investing their full potential in those countries, including their entrepreneurial ability. According to the

latest data, in 2012 alone 69.460 individuals left Portugal temporarily, and 51.958 individuals left for a period of at least one year (INE, 2013).

There is also a consensus that emigrant entrepreneurship brings many benefits for both countries of origin and of destination (Coutinho et al., 2008). However, the difficulties in this practice are felt (to a greater or lesser extent) by all those who, by necessity or opportunity, opt for entrepreneurship as a means of living.

It was on that basis that the main purpose of the research underlying this chapter arose, which was to identify the main obstacles to Portuguese immigrant entrepreneurship in Andorra.

The interest of this research is that, regardless of laws, institutional support and information already being indicators, in general terms, of some of the barriers to immigrant entrepreneurship, our study focuses particularly on its main agents: the entrepreneurs. It focuses, first, on their own perception of the difficulties experienced in the entire process of creating and managing a company and, secondly, in the relation between life course, personal characteristics and social networks for the definition of the obstacles encountered.

In any process of scientific research, it also becomes necessary to have controlled empirical procedures that allow analyzing uniform situations and significant variations. In this sense, it was decided to choose the quantitative method, to the extent that it allows an analytical and descriptive analysis. Descriptive, in the sense that we can determine the facts, and analytical because it enables testing hypotheses, establishing relationships between variables and developing models while increasing the ability of the conclusions of the study to be acknowledged (Moreira, 1994, p. 149).

The survey questionnaire and the information collected are the result of a work that is being developed under the international project *Portuguese Immigrant Entrepreneurship in Andorra, London, Nice and Monaco*, mentioned earlier in this chapter.

The survey, with 65 questions, was mainly composed of closed questions, in order to facilitate the annotation in the act of inquiring, the verification of results and a greater comparability of data, and some open questions that provide answers with greater depth (Silva & Pinto, 1986). To measure the opinions of respondents, a five-point Likert scale was used.

It is organized into five groups, each consisting of questions related to them. The first group (A) refers to the socio-demographic characterization of respondents (questions 1-12). The second group (B) is intended for the professional characterization of respondents before they emigrated (questions 13-16). The third group (C) aims to enable the professional characterization of respondents after emigrating (question 17-20). The fourth group (D) consists of questions that aim to characterize the current enterprise in the destination country (questions 21-50). And the last group (E) consists of questions (51-65) related to the migratory path of the respondents.

The questionnaire was presented in digital form for the purpose of hastening the creation of the data base. As a way to ensure that all questionnaires were validated, we chose an indirect administration, where although the respondent was able to visually follow the inquiry, the tasks of formulating questions and recording answers were under the responsibility of the inquirer. Moreover, as a way of focusing the attention of the respondents, the application of surveys was previously scheduled with them.

Sample

Due to legal issues that prevent Portuguese immigrants residing in Andorra from constituting businesses on their own before attaining 10 years of residence, it was more difficult to identify the total population that could take part in the study, together with the definition of our sample. Thus, we selected a convenience sampling technique, selecting an available group of individuals or a

group of volunteers (Ferreira & Carmo, 1998), resulting in a set of fifty-one (N = 51) Portuguese entrepreneurs available to assist us in this work.

Of the total respondents, 51% were female (N = 26) and 49% were male (N = 25). In terms of age, we found that the youngest entrepreneur was only 19 years old and the oldest 61 years, and the average age was 42.73. We dealt mainly with married individuals (60.8%) and in terms of nationality, we found that the overwhelming majority (94.1%) is of Portuguese nationality.

From Table 1, we can also see that almost half of respondents (49%) had only the 2nd cycle of basic education, and the higher levels of education are those with lower percentages. Furthermore, we found that only about 30% of respondents had any form of additional training.

The vast majority of respondents (80.4%) lived in northern Portugal before immigrating to Andorra, highlighting the region of Minho-Lima, with 35.3% of respondents.

Most of these entrepreneurs (62.8%) are already in the Principality for over 20 years, with a drastic decrease of more recent migrants; for instance, only 9.8% of the respondents arrived in the Principality less than 10 years ago.

About 84% of the respondents that compose our sample never had a previous experience of emigration and most respondents decided to emigrate to Andorra in search for better living conditions (24.6%) and because they already had family and friends living there (22.5%).

RESULTS

To follow the objective of this work, it was necessary to proceed to the empirical verification and, therefore, all information collected was treated with SPSS (Statistical Package for Social Sciences) software, version 20 for Windows.

From Table 2 we see that the most significant percentage (58.8%) of Portuguese entrepreneurs undertook the business in the field of “Accom-

Obstacles to Portuguese Immigrant Entrepreneurship in Andorra

Table 1. Characterization of the sample

Gender	%	Educational Level	%
Female	51	1st Cycle Basic Education	11.8
Male	49	2nd Cycle Basic Education	49
Marital Status	%	3rd Cycle Basic Education	23.5
Single	15.7	Secondary Education	9.8
Married	60.8	Baccalaureate	2
Divorced/Separated	23.5	University degree	3.9
Age	%	Additional Training	%
Average	42.73	Yes	31.4
Minimum	19	No	68.6
Maximum	61	How Long the Respondent Left Portugal	%
Nationality	%	From 5 to 10 years	9.8
Portuguese	94.1	From 11 to 20 years	27.5
Double nationality	5.9	From 21 to 30 years	41.2
Residence Before Emigration NUT II	%	Over 30 years	21.6
North	80.4	Residence in Another Country Before Emigrating to Andorra	%
Centre	11.8	No	84.3
Lisbon	3.9	Yes	15.7
Alentejo	2	Motivations for Emigrating to Andorra	%
Total	98	Knowledge of the language	0.7
N/R	2	Had relatives/friends in this country	22.5
Residence Before Emigration NUT III	%	More/better opportunities in the labor market	13.4
Minho-Lima	35.3	Already had a job offer	11.3
Cávado	11.8	Better living conditions	24.6
Ave	3.9	Easier to create a business	4.9
Grande Porto	5.9	Development level of the country	4.9
Tâmega	11.8	Favorable political conditions	0.7
Douro	3.9	Accompany spouse/family	9.9
Alto Trás-os-Montes	7.8	Adventure	4.9
Baixo Vouga	3.9	Health issues	0.7
Baixo Mondego	2	Do not know	1.4
Pinhal Interior Sul	2		
Dão-Lafões	3.9		
Grande Lisboa	2		
Península de Setúbal	2		

modation and food service activities”, closely followed by the “Wholesale and retail sale and repair of motor vehicles” (23.5%).

Going through some theories about the process of creating an enterprise, it is agreed that the entrepreneur should start with self-knowledge to serve

Obstacles to Portuguese Immigrant Entrepreneurship in Andorra

Table 2. Area of activity of the enterprise

	N	%
Manufacturing industries	2	3.9
Electricity, gas, steam, hot and cold water and cold air	1	2.0
Wholesale and retail trade; repair of motor vehicles	12	23.5
Accommodation and food service activities	30	58.8
Administrative activities and support services	1	2.0
Other service activities	5	9.8

Source: Survey conducted by questionnaire to Portuguese entrepreneurs in March 2013.

as a reference for all his/hers decisions (Drucker, 1954; Porter, 1990; Dornelas, 2008). Being 1 the main reason for carrying out the activity and 6 the least important, we see that the surveyed entrepreneurs decided to implement a certain type of business primarily based on self-knowledge (experience - average of 1.96, and liking the activity - average of 2.51 - Table 3); then, they've based their decision on market conditions (good market

prospects - average of 3.41; or simply because the opportunity arose - average of 3.67); and finally, based on the knowledge and existence of social networks that facilitated the process (average of 4.61). For these entrepreneurs, the reason that contributed the least to the choice of the business was the facility to implement the business from a financial standpoint, with an average of 4.78.

However, experience in the area, the most cited reason for opting for a certain business, was received in the condition of employee and not as an owner. In fact, as we can see at Table 4, among the 51 respondents, only 3.9% had a business in Portugal before immigrating to Andorra and only 9.8% have more than one enterprise, contradicting in this way some studies that point to the importance of a previous experience of entrepreneurship in the country of origin to run the current business (Coutinho et al., 2008).

After having seen that the vast majority of respondents had no previous experience as entrepreneurs, we realize that all emigrated without the specific goal of creating a business. Indeed, the vast majority (70.6% - Table 5) waited more than 6 years to make that decision.

Table 3. Reasons for emigrants to undertake a specific business

	Average	Mode	Minimum ^b	Maximum ^b
Previous experience in the activity	1.96	1	1	6
Liked the activity	2.51	2	1	6
Good market prospects	3.41	3	1	6
Knowing people already working in the area	4.61	4	2	6
Means to easily finance the activity implementation	4.78	6	1	6
An opportunity arose	3.67	1 ^a	1	6

Source: Survey conducted by questionnaire to Portuguese entrepreneurs in March 2013.

^aMultiple categories within the mode. ^bScale from 1 (had no problems) to 5 (had many problems).

Table 4. Previous experience as a business owner

Founded an Enterprise in Portugal		Owner/Partner of More than One Company	
No	96.1%	No	90.2%
Yes	3.9%	Yes	9.8%

Source: Survey conducted by questionnaire to Portuguese entrepreneurs in March 2013.

Obstacles to Portuguese Immigrant Entrepreneurship in Andorra

Table 5. Time elapsed until starting a business

Decided to Go to Andorra to Create a Business	%
Less than 1 year	7,8
From 1 to 3 years	7,8
From 4 to 6 years	13,7
Over six years	70,6

Source: Survey conducted by questionnaire to Portuguese entrepreneurs in March 2013.

But in regard to this issue, it is necessary to take into account the legal and institutional barriers resulting from legal immigration statutes that for Peixoto (2008) until very recently were the most important obstacles to immigrant entrepreneurship. In Andorra, despite legislation underwent a major change in 2008, it still imposes serious barriers to Portuguese residents. Currently, Portuguese immigrants who want to start a business must have at least 10 years of residence in the country (instead of the stipulated 20 years before 2008).

In order to establish whether the entrepreneurs who immigrated to Andorra more recently took less time to set up a business, we used appropriate statistical tests, and after verifying that the variable “Time elapsed until starting a business” does not follow a normal distribution, we chose to use the Kruskal-Wallis test for nonparametric samples. From

the analysis of Table 6, we concluded that there are significant differences between groups ($p = 0.007$), meaning therefore that depending on the time when the emigrants arrived in Andorra, it took them more or less time to decide to implement a business.

In this case, and complementing the analysis of the median (Table 7), we can effectively verify that, in a progressive manner, immigrants who arrived in Andorra more recently, also took less time to decide to implement their businesses.

Often we find entrepreneurial initiatives by emigrants who, by necessity or opportunity, find their source of revenue through pro-activity.

Previous studies explain immigrant entrepreneurship as a survival strategy in the face of exclusion and disadvantage in the labor market (Lazaridiz & Koumandranki, 2003). However, the presented results, while not excluding the disadvantages in the labor market, emphasize the ability of emigrants to find opportunities through entrepreneurial initiatives. When asked about the job situation before deciding to create the business, the vast majority of respondents (94.1%) said they were professionally active (Table 8).

But although we are facing small businesses, we also realize (through Tables 9 and 10) that the vast majority (70.6%) of the entrepreneurs has no expectations of business expansion, though they

Table 6. Kruskal-Wallis test

How Long Has Arrived to Andorra		N	Median
Time elapsed until starting a business	From 5 to 10 years	5	13.30
	From 11 to 20 years	14	21.00
	From 21 to 30 years	21	29.45
	For over 30 years	11	31.55
	Total	51	
Statistical test ^{a,b}	Time elapsed until making the decision of starting a business		
Chi-square	12.242		
N	3		
Significance	.007		

Source: Survey conducted by questionnaire to Portuguese entrepreneurs in March 2013.

^aKruskal-Wallis Test. ^bVariable Group: how long has arrived to Andorra.

Obstacles to Portuguese Immigrant Entrepreneurship in Andorra

Table 7. Relation of the time elapsed until starting a business with the period of residence in Andorra

		How Long Has Arrived to Andorra			
		5 to 10 Years	11 to 20 Years	21 to 30 Years	Over 30 Years
Time elapsed until starting a business	Less than 1 year	20.0%	14.3%	4.8%	0.0%
	1 to 3 years	20.0%	7.1%	9.5%	0.0%
	4 to 6 years	40.0%	28.6%	0.0%	9.1%
	Over 6 years	20.0%	50.0%	85.7%	90.9%

Source: Survey conducted by questionnaire to Portuguese entrepreneurs in March 2013.

Table 8. Job situation when the respondent decided to create his/hers business

	N	%	% (Cumulative)
Working for their own account with employees	2	3.9	3.9
Working for their own account without employees	1	2.0	5.9
Working as an employed person	45	88.2	94.1
Working unwaged in a family enterprise	1	2.0	96.1
Student	1	2.0	98.0
Unemployed	1	2.0	100.0

Source: Survey conducted by questionnaire to Portuguese entrepreneurs in March 2013.

acknowledge as their only weak point access to credit, with an average of 1.47 (where 1 corresponds to the weaker point and 5 to the stronger point).

On the other hand, as strengths, aspects related to the environment experienced in the organization, skills of the team/human resources, quality of the product/service and industry experience are more evident (with averages above 4.5).

For the analysis of barriers to entrepreneurship, and following authors such as Batista, Teixeira, and Portela (2008), we sought to include questions ranging from the external environment to more individual issues, seeking thereby to understand the impact of the following types of obstacles:

- **Individual Obstacles:** Language, flexibility and adaptability, entrepreneurial ability.
- **Financial Obstacles:** Access to funding; heavy tax burden.
- **Bureaucratic/Legislative Obstacles:** Lack of flexibility of labor laws, legislation not adequate to reality, high level of bureaucracy, limited access to social and business services.

- **Market Conditions:** Lack of certain skills in the labor market; little articulation between public services, suppliers, amount of market/customers and level of competition.
- **Cultural Obstacles:** Lack of information and support to new entrepreneurs; culture unfavorable to entrepreneurship.

Thus, as we can see in Table 11, bureaucratic conditions emerge as the main obstacles to business success (average 2.27), as opposed to individual

Table 9. Existence of plans for the expansion of economic/business activity to Portugal

	N	%
No	11	21.6
Yes	4	7.8
Total	15	29.4
No intention of expanding business	36	70.6

Source: Survey conducted by questionnaire to Portuguese entrepreneurs in March 2013.

Obstacles to Portuguese Immigrant Entrepreneurship in Andorra

Table 10. Evaluation of the business' strengths

	N	Minimum	Maximum	Average
Environment experienced in the organization	5 1	3	5	4.84
Quality of product / service	5 1	3	5	4.76
Experience in the sector	5 1	1	5	4.65
Team Skills / Human Resources	5 1	2	5	4.61
Organizational resources (infrastructure, equipment)	5 1	1	5	4.27
Competitive prices	5 1	1	5	4.24
Business location	5 1	1	5	4.12
Knowledge domain	5 1	1	5	4.10
Commercial skills / trading / making new businesses	5 1	2	5	4.00
Ability to change / adaptability	5 1	1	5	3.86
Innovation	5 1	2	5	3.78
Problem solving	5 1	1	5	3.71
Relationship between entrepreneurs and public bodies	5 1	1	5	3.69
Communication	5 1	1	5	3.47
Relationship between partners if applied	5 1	1	5	3.10
Access to credit	5 1	1	5	1.47
Valid cases	5 1			

Source: Survey conducted by questionnaire to Portuguese entrepreneurs in March 2013.

obstacles (1.28) which rarely arise as a problem to the success of business. About the latter, the average rating comes very close to 1 (“had no problems”), and only the lack of “business capacity” is mentioned by entrepreneurs as a source of many problems.

Among bureaucratic obstacles, the most frequently reported are related to “legislation inadequate to reality”, which presents the highest average of all categories (2.92). Under this cat-

egory, the most positive evaluation was given to “Limited access to social and business services”, where respondents admitted not having big problems regarding this issue (1.75).

Next we found cultural obstacles, where respondents recognize essentially “Little information and support to new entrepreneurs” exists, which incidentally, has the second highest average of all categories (2.55).

Obstacles to Portuguese Immigrant Entrepreneurship in Andorra

Table 11. Obstacles found along business activity

Obstacles	Indicators	Minimum	Maximum	Average	Group Average
Bureaucratic	Legislation inadequate to reality	1	5	2.92	2.27
	High level of bureaucracy	1	5	2.39	
	Little flexibility of labor laws	1	5	2.02	
	Limited access to social and business services	1	5	1.75	
Cultural	Little information and support to new entrepreneurs	1	5	2.55	2.20
	Culture unfavorable to entrepreneurship	1	5	1.84	
Financial	Heavy tax burden	1	5	2.51	1.83
	Access to funding	1	5	1.16	
Market conditions	Level of competition	1	5	2.41	1.79
	Little articulation between public services	1	5	1.86	
	Amount of market/customers	1	4	1.86	
	Lack of certain skills in the labor market	1	5	1.55	
	Suppliers	1	5	1.27	
Individual	Entrepreneurial skills (management, leadership, business sense)	1	5	1.45	1.28
	Language	1	3	1.27	
	Flexibility and adaptability	1	3	1.12	

Source: Survey conducted by questionnaire to Portuguese entrepreneurs in March 2013.
Scale from 1 (did not have problems) to 5 (had many problems).

In turn, obstacles related to market conditions ended up having little impact on the assessment of respondents. Within these, only the “Level of competition” comes up with an average of more than 2 (“I had a few problems”).

Financial obstacles present a very low average (1.83), therefore showing no major barriers at this level, being access to funding the most

important factor contributing to this perception, with an average of 1.16, clearly indicating that respondents had no problems in regard to funding over the course of their business.

In this sense, it is important to understand what forms of business funding respondents most frequently used. If we look at Table 12, we are able to identify personal savings (44.8%) and bank loans (41.4%) as the most frequent funding means. With fewer references, we find loans from family or friends (8.6%) and investment by partners (5.2%).

Interestingly, and as we saw earlier, access to credit is the only weak point for the businesses in study (average 1.47), meaning that, although they do not have the best conditions of bank credit, entrepreneurs also do not see it as a determining factor to the success of their businesses.

Table 12. Financial resources

	N	%
Bank loans	24	41.4%
Loans from family or friends	5	8.6%
Personal savings	26	44.8%
Investment by partner	3	5.2%

Source: Survey conducted by questionnaire to Portuguese entrepreneurs in March 2013.

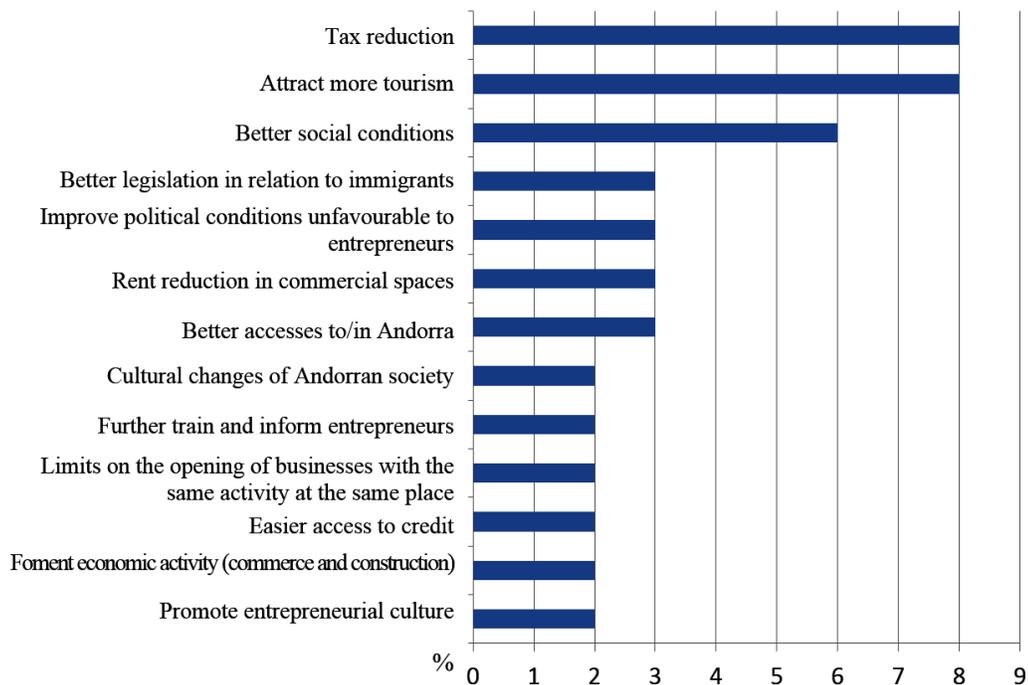
Obstacles to Portuguese Immigrant Entrepreneurship in Andorra

At the same time, when we asked respondents to mention three measures that could facilitate entrepreneurship in Andorra (Figure 4), better conditions of access to credit are far from belonging to the group of the three most mentioned measures. As we can see, Portuguese entrepreneurs in Andorra are concerned over issues related to the reduction of taxes; increasing/improving the promotion of Andorran tourism, mentioning, for example, the possibility of investing in the mountains as a tourist resource both during winter and summer; the improvement of Andorra's social conditions, where unemployment is increasing significantly without being accompanied by measures that support families, such as unemployment benefits. Also within social issues, Portuguese entrepreneurs make reference to the high cost of living that should be accompanied by an increase in wages.

Then with less references, questions arise relating to legislation, which could match Portuguese to the Andorran when they want to start a business; political conditions that could benefit all entrepreneurs in general; the high costs associated with the rental of commercial spaces, which could be corrected with financial support or tax reductions; and also the improvement of access to and within Andorra, promoting, for example, more connections with other countries and within Andorra, and the creation of more parking areas along commercial areas.

Next, although with less references, we find issues related to the Andorran culture and the Portuguese community, which could have a greater entrepreneurial spirit; the need to educate and inform entrepreneurs; the need to increase credit access to businesses; and the need to further promote economic activity.

Figure 4. Measures to facilitate entrepreneurship in Andorra



This way, according to Portuguese entrepreneurs, the right path for the promotion of entrepreneurship would be set.

CONCLUSION AND FUTURE RESEARCH DIRECTIONS

It is undeniable that entrepreneurship is fundamental for social and economic development, and even though the concept may have changed over time, it involves, in essence, the good use of human potential and the possibility of change. However, starting a new enterprise means not just undertaking the business itself, creating jobs or making the economy grow. In personal terms, it also means being prepared to take risks, make critical decisions and accept any missteps, mistakes or failures. Therefore, and given that the Portuguese communities should be understood as a continuation of our country, we tried to trace the path of emigrant entrepreneurs and to identify the obstacles they find along their entrepreneurial journey.

In this sense, and given the scarce literature about the existing obstacles for immigrant entrepreneurship in Andorra, it was not possible for us to advance the understanding of the particularities of this problem, focusing our study instead on the identification of more general questions, made possible by means of the development of a methodology consisting of the analytical and descriptive analysis of a questionnaire, composed of wider issues.

Considering the stated objectives, it was concluded that we are dealing with a population with no previous experience of emigration, but that decided to immigrate to Andorra in search of better living conditions. Most have migrated over 20 years ago; they maintain their Portuguese nationality and returning to Portugal is one of their objectives.

The most frequent area of business is hotels and restaurants, and the reason for choosing the business lies in the first place in their previous

experience in the area. Businesses are mostly family run, and results show that about 70% of entrepreneurs do not intend to expand their businesses.

The results obtained also allowed us to verify that no surveyed emigrant left Portugal with expectations of creating a business in Andorra and, interestingly, the majority of respondents, when making the decision to leave the country, were professionally active, becoming, in this case, as Global Entrepreneurship Monitor mentions, entrepreneurs by opportunity. Also on this issue, we found that the longer the time of emigration in the Principality, the longer the time it took to decide to set up a business.

We also verified that, in the Principality of Andorra, the main obstacles imposed on the Portuguese immigrant entrepreneurship are bureaucratic in nature, with a legislation not adjusted to reality arising as one of the greatest obstacles. In this aspect, we also note that, in Andorra, the Portuguese could only create a business in their own name after 10 years of residence in the Principality, so many of them, as mentioned by Malheiros (2002) circumvent this issue with illegal subterfuges.

With less impact, we found individual obstacles, with very similar results in individuals with different levels of education, which shows that knowing the language, contrary to what other studies state, is not considered by entrepreneurs as an obstacle to business success. Likewise, though there are financial constraints, access to credit, despite being considered a negative aspect for businesses, is not seen by entrepreneurs as an obstacle to business development.

After knowing the difficulties, it becomes easier to find solutions. And for these respondents, among the many possible initiatives to promote and support entrepreneurship, is the urgent need for the Government to reduce taxes, to attract more tourism and to improve the social conditions of the population itself.

These results point to other interests of analysis, particularly to the importance of addressing the relationship that measures regarding structural development and measures directly related to entrepreneurship have in their effective growth.

This study thus allows us to deepen the knowledge in this area and to open a path for dialogue and teamwork, as only this way is it possible to change attitudes, focusing on the initiative and support of entrepreneurs. It is therefore critical that this subject goes from theory to practice, into culture and into the policies adopted by different countries, making training, support and creation of an entrepreneurial culture strategic objectives for the competitiveness of a region or a country.

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KEY TERMS AND DEFINITIONS

Development: Progress that seeks to meet the needs of the present population without jeopardizing the future of coming generations.

Economics: Science that deals with the production, distribution and consumption of wealth of a nation. Ability to administer assets or income.

Emigration: Group of people leaving their country or region to settle in another one.

Entrepreneurship: Attitude of whom, on his own initiative, performs actions or idealizes new methods in order to develop and streamline services, products or any activity of organization and administration.

Innovation: To renew; to invent; to create.

Obstacles: Everything that stops or impedes; hindrance; impediment.

Sustainability: Ability of a system or a process model to persist over time.

ENDNOTES

- ¹ Research program that includes annual assessments of entrepreneurial activity levels. It was released by Babson College and London Business School. It began in 1999 in 10 countries, and in 2011 GEM had over 85 national teams, spread around the world, who collaborated in these researches.