8. Strategies of Development of Polish Immigrant Entrepreneurs in the USA

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Abstract

Objective: The main goal of the entire project was to examine entrepreneurial activity of Polish immigrants in the USA. This article addresses one of research questions formulated in the project, i.e: what are the major strategies of development applied by Polish immigrant entrepreneurs. Additionally, selected factors shaping development strategies will be pointed out. The population of US citizens with Polish roots is significant: 9.5 millions (3% of population) of Americans reveal their Polish origin (U.S.CB, 2010); moreover, 3.3% of American business owners declare Polish ancestry. Polish immigrants in the USA has been studied by researchers before, but their entrepreneurial activity did not attract sufficient attention.

Research Design & Methods: As the field is not well described, qualitative methodology was employed to study entrepreneurial activity of Polish immigrants in the USA. Ethnographic study, conducted in 2011 – 2012, consisted of over 40 interviews with immigrants (1st and 2nd generation) operating in different industries and in different parts of the USA. Additionally, observations, analysis of documents, analysis of immigrant press as well as analysis of survey data were used. Grounded theory approach was used to analyze collected data.

Findings: The strategies of development of different groups of Polish immigrant entrepreneurs, as well as factors influencing them were presented in a text. Co-existence of different business models and different approaches to development is discussed. Some trends in entrepreneurial activity of immigrants has been identified.

Contribution & Added Value: The article offers an in-depth analysis of immigrant business development strategies that goes beyond the stereotypical images of immigrants as grocery store or ethnic restaurant owners. The deeper understanding of diversified entrepreneurial activity of the population of Polish immigrants is offered that may have both theoretical (e.g. knowledge about immigrant entrepreneurship, base for further research

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and international comparisons) and practical significance (e.g. policy design, stimulating economic cooperation with immigrants).

**Key words:** entrepreneurship, immigrant entrepreneurship, entrepreneurial strategies

**JEL classification:** L26, M13, Z1

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### 8.1. INTRODUCTION

This article presents a part of results of a research project conducted to examine entrepreneurial activity of Polish immigrants in the USA\(^2\). The following text\(^3\) addresses one of research questions formulated in the project, i.e.: what are the major strategies of development applied by Polish immigrant entrepreneurs. Moreover, selected factors shaping development strategies will be pointed out.

Immigrant entrepreneurship is a topic attracting growing interest of researchers due to its scale and importance to economies and societies. According to UN data, there are more than 210 million international migrants today worldwide, and the long-term trend indicates that this number should grow within the next decades (in 2000 there were about 160 million migrants) (Vorderwulbecke, 2013). For over a century the United States of America had been a major destination of Polish migrants. At present, especially after accession of Poland to EU, the USA lost most of its attractiveness as a migration destination. Still, the population of US citizens with Polish roots is quite huge: 9,5 millions (3% of population) of Americans reveal their Polish origin (U.S.CB, 2010). This group has a significant economic power and influences (not only) American economy; 3,3% of American business owners declare Polish ancestry.

The population of Polish immigrant entrepreneurs – not only in the US – was seldom analyzed and described from the point of view of economics or management science. Many stereotypes exist in that field: usually when we think about Polish immigrants, all we can imagine are very simple, traditional businesses (for some empirical evidence see: Glinka, 2013). The reality is much more complex: different types of immigrant ventures, with different strategies of development coexist on the market.

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### 8.2 LITERATURE REVIEW

**Immigrant Entrepreneurship**

International migration is one of the most important challenges of our times: from political, economic and social perspectives (of both – host and home countries). Immi-

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\(^3\) I would like to thank my anonymous reviewers for valuable insights and comments on the first version of this article.
grants establish families, participate in a political life, create networks, work or create jobs for others (Castles and Miller, 2011). In some countries, like the USA, they constitute a significant part of a total population. Also, as recent discussion about immigrants in UK has shown, they may cause some controversies and social tensions. For all the reasons mentioned above more research and knowledge about the nature, and social and economic significance of immigrants is needed.

Entrepreneurship of immigrants is one of the important aspects of migration, a topic that attracts growing attention of scholars from around the world. The number of publications on immigrant entrepreneurs in scientific journals is growing; in 2013 Global Entrepreneurship Monitor consortium in their 2012 GEM report made immigrant entrepreneurship a topic of a special report (Xavier et al., 2013).

Immigrant entrepreneurship is usually defined as the process of new venture creation by immigrants, i.e. individuals who were born abroad, or at least one of their parents was born outside of the host country. Examples of migrant – founded or co-founded companies are widely known, and include hundreds of well recognized enterprises around the world, like Google, Ebay or Marks&Spencer (as a much earlier example).

Researches on immigrant entrepreneurship include a vast variety of areas, where the following may be considered to be crucial:

– motives of migration and migration strategies,
– factors influencing a creation of a new venture in a host country, and finally
– forms of entrepreneurial activity and strategies of venture development.

These key areas are illustrated on Figure 1.

The main goal of this paper is to show one dimension of immigrant entrepreneurship: development strategies constructed by entrepreneurs in host countries. The problem of forms of activity and development strategies of immigrant entrepreneurship seems to be interesting due to many reasons. Being an immigrant adds another dimension to entrepreneurial activity. This process always includes a form of internationalization practices (creating an enterprise abroad), and also reflects the important role of culture: the interplay of home and host values, beliefs and social norms. Entrepreneurial actions of immigrants are highly influenced by cultural heritage, which is likely to be different in their homelands (Sahin et al., 2007, Vorderwulbecke, 2013). At the same time host country context plays a very important role. Immigrants are embedded in the economic, social, institutional and cultural environment of host countries, which influences their entrepreneurial propensity as well as the way of realization of entrepreneurial opportunities and intentions (Kloosterman and Rath, 2001). Values and beliefs connected with life in general, and business in particular not only differ (in host and home countries), but sometimes can provide opposite criteria for creating and developing new ventures. This can be a source of both threats and opportunities, and definitely makes an entrepreneurial process a distinct from the one performed by entrepreneurs in their home countries.
Entrepreneurs are raised in their home countries often in a way that doesn’t match the host country, and provide different normative guidelines and social institutions (Scott, 2008). Moreover, the perception and acceptance of entrepreneurs activities may also differ, and it influences models of individual behavior. As Bruton, Ahlstrom and Li (2010) claim, this problem is increasingly important to entrepreneurship research.

In contemporary immigrant entrepreneurship studies 4 different issues (or postulates) constitute the present state (Glinka, 2013). First, despite of growing body of knowledge there are still numerous gaps to be filled by qualitative and quantitative studies. In Poland the field is still in its initial stage of development. Second, there is a growing need for comparative studies. Most of existing comparative studies are based on basic data and surveys only. Third, multi- and interdisciplinary researches are needed to fully understand the field. Fourth, as Volery claims (2007) a traditional “shop on the corner” approach is not enough to explain the complexity and diversity of entrepreneurial activities of immigrants nowadays.

In the article I try to cope with some of these challenges: to fill gaps by using interdisciplinary approach to describe complexity of development strategies used by immigrants.
Strategies of Development Used by Immigrant Entrepreneurs

As described in section 2, forms and strategies of entrepreneurial activity constitute an important area of research. Oliveira (2007) suggests that strategies applied by entrepreneurs are created as a result of an interaction of 3 major elements: characteristics of an entrepreneur, opportunities connected with being a member of an ethnic group, and opportunities connected with functioning within a local community. Waldinger et al. (1990) presents a similar approach and points out 4 major determinants of ethnic strategies: market conditions, access to ownership, access to resources and individual characteristics. Ethnic strategies may refer to personal life and social relations, as well as to the process of new venture creation and its development. Both dimensions: professional and personal, are strongly interconnected and result from general migration strategy (e.g. permanent versus temporary migration).

Researchers dedicate their special attention to entrepreneurs’ choice of the type of business. According to them (see e.g. Castles and Miller, 2011) the main dilemma refers to the choice between ethnic and non-ethnic market. Most of the publications describe this first choice: creating ethnic businesses for own ethnic groups. As Waldinger claims (Waldinger et al., 1990) ethnic businesses such as restaurants, grocery stores, or stores with traditional clothing, books in a language of a home country are the first to be created within ethnic communities. When the immigrant community is big enough, entrepreneurs tend to differentiate their business activity, but still offer products and services for their ethnic group. This strategy is safe, but creates some serious limitations to development. To overcome the limitations immigrants may start to serve also different groups of customers (Waldinger et al., 1990).

Many researches stress the fact that immigrants, when creating and developing their ventures, look for areas with low entrance barriers, where they can benefit from their competencies when competing with other enterprises (Bonacich, 1993, Morokvasic, 1993, Waldinger et al., 1990).

Kloosterman and Rath expanded Waldinger’s model by introducing the concept of mixed embeddedness (Kloosterman and Rath, 2001, Kloosterman, 2010). Apart from individual and social factors (networks), market and opportunities play crucial roles in designing strategies of development. According to them immigrant entrepreneurs may act like Schumpeterian creative destructors and create their opportunities by questioning the rules, or introduce innovations on a small, local scale. Kloosterman and Rath (2001) claim that two dimensions of market opportunities are essential: availability and growth potential. On the markets with low availability and low growth potential, it is impossible to build a development strategy that will lead to accomplishment of ambitious goals. Entrepreneurs willing to develop should thus look for different options.

Concluding, the choice of business and development strategy depends on various factors connected with entrepreneur, home country, immigrant community and host country. Ethnic businesses are the most natural choice for a start. When the ethnic community becomes less concentrated, economic assimilation becomes more likely (see tab.1).

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4 Defined as a market that allows capable individuals to start; in fact it refers to high or low entry barriers.
Table 1. Patterns of immigrant business creation and development

<table>
<thead>
<tr>
<th>Business specialization</th>
<th>Ethnic community concentration</th>
</tr>
</thead>
<tbody>
<tr>
<td>high</td>
<td>Ethnic niche</td>
</tr>
<tr>
<td></td>
<td>Middleman minorities</td>
</tr>
<tr>
<td>low</td>
<td>Business unwanted by local entrepreneurs</td>
</tr>
</tbody>
</table>

Source: (Waldinger et al., 1990)

Some interesting research has been conducted on entrepreneurial strategies (including strategies of development) of different immigrant groups. Chinatown – an ethnic enclave in New York attracts special attention. Zhou (1992, 2009) points out the changing character of his enclave. Around 1920, laundries constituted around 38% of all the businesses in Chinatown (Zhou, 2009). Since that time different types of services have been introduced: restaurants, clothing companies, grocery stores and import-export companies. More recently services like banking, insurance or healthcare has been created. At present Chinatown ethnic economy consists of two systems: lower with basic services and low scale production, offering low wages and unstable job and higher – composed of highly professional services (that require high qualifications) and offering high wages.

Ong (1992) analyzed a group called Hong Kong money elite. The group consists of rich immigrants from Hong Kong, who moved to North California. As Hong Kong money elite wanted to be not only money, but also social elite, its members paid great attention to education as well as building their status by using fashionable goods/services. Ong points out that despite these activities, stereotypes about Chinese migrants are so strong, that even money elite is perceived as laundry or restaurant owners – the types of ethnic businesses they are not interested to run. This kind of social “glass ceiling” hinders their participation in “the mainstream” of economic activity. Building networks and activities towards changing stereotypical images are Money elite’s way to escape from „ethnic business” trap.

8.3. MATERIAL AND METHODS

The paper is based on a qualitative, ethnographic project. The field under investigation is not well described in the literature, and the body of knowledge does not constitute a sufficient base for building valid and interesting hypothesis. In that case, more explorative and open research methods can bring valuable results. Moreover, since I perceive immigrant entrepreneurs’ actions as grounded in culture, the decision of application qualitative methods of data collection and analysis was natural. As many researchers suggest, the utilization of methods other than quantitative can lead to a better understanding of the phenomenon of entrepreneurship (Rae, 2002, Warren, 2004, Jennings et al., 2005, Hjorth and Steyaert, 2004 ). The main goal of the entire project was to examine entrepreneurial activity of Polish immigrants in the USA. In this text a part of results of an empirical study is presented to address one of research questions formu-
lated in the project, i.e: what are the major strategies of development applied by Polish immigrant entrepreneurs.

Over 40 interviews had been conducted between October 2011 and July 2012. The shortest lasted ½ hour, the longest – 5 hours. Most of them were conducted in the USA, mainly in the regions with the highest number of Polish immigrants (Chicago and Illinois, New York and New Jersey), but also in Florida, Wisconsin, California, Washington DC and Virginia. All interviews were recorded and later transcribed (around 800 pages of transcribed text were analyzed). Most of interviewees were 1st generation immigrants that spoke Polish fluently. Interviews were combined with observations and visits in entrepreneurs’ companies. Additionally, analysis of documents, analysis of immigrant press as well as analysis of survey data were used.

Procedures of grounded theory (Hensel and Glinka, 2012, Glaser and Strauss, 1967, Charmaz, 2006) were used to analyze the collected material: open coding and *in vivo* coding (Charmaz, 2006). The procedures of interview analysis were conducted twice, with the help of IT tools (Atlas TI software); after coding central categories were created.

### 8.4. RESULTS AND DISCUSSION

**Strategies of Development of Immigrant Entrepreneurs**

Major forms of entrepreneurial activity described by immigrant entrepreneurship theories (middleman minorities, ethnic businesses, transmigrant activity) were also visible in my research. As patterns of migration and economic activity of migrants change, also Polish immigrants and their entrepreneurial endeavors are evolving. On one hand Polish immigrants have a lot in common. They share some kind of sentiment and affection to their old country\(^5\), share experience of migration, common traditions, symbols and values, religion, rituals, language, and something they call cleverness and ability to manage their lives.

On the other hand, they are a very differentiated group, in various dimensions: social, political and economic. That last dimension is the most interesting from this paper’s perspective. Couple of major waves of migration can be identified (e.g. early migrations, postwar migrations, migrations of late communism era), with different motives behind the decision to leave the home country (political, economic or the combination of both). Those waves can be considered as one of the most important factors influencing the diversity of Polish immigrants in the USA.

When referring to cultural and institutional environment, Polish entrepreneurs stressed, that the context in the USA promotes entrepreneurship. They often compared it to Poland and claimed, that it was much easier to run a business in the USA\(^6\), because

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\(^5\) Even if their image of Poland come from different periods in history, or are rooted deeply and far in the past.

\(^6\) Some interviewees based on their memories and stereotypes, but the bigger group based on own business experience in Poland, or experiences of their Polish relatives.
of bureaucratic as well as cultural reasons. Many entrepreneurs claimed, that coming from a country like Poland, where being resourceful was a must, made it easier to survive in a more favorable context of US economy.

For most of my interviewees defining strategy was a crucial issue. As one of entrepreneurs summarizes it:

Now we are one of the largest players on this market [...] But I designed it 20 years ago [...] I had a clear plan much earlier. [R6]

Strategies, business models and plans for future development were designed differently by different groups of migrants. One of the most important factors differentiating entrepreneurs was their attitude towards own ethnic group, which determined the choice of employees, business partners and customers.

As far as employees were concerned, most of entrepreneurs liked to hire Polish workers, sometimes preferred, and favored them.

130 – 140 people works for me. [...] almost all of them are Polish [R12]

Here in America, a Pole will hire a Pole [R8]

Such attitude is usually concerned as one of typical characteristics of so called ethnic economy: working with your own ethnic group members to serve your ethnic group. The reality, however, is not so clear and simple. First of all, most of entrepreneurs have also local workers, or workers from different migrant groups (Asian, Latin American etc.). Second, and probably most important thing is that ethnic employment does not always imply cooperation with Polish companies, or serving ethnic markets. In general, four major strategies can be distinguished:

- building **ethnic enterprises**, preferably in ethnic enclaves; this is the most traditional strategy that used to prevail in XX century (not only in the Polish group); shop on the corner, located in a Polish district, offering Polish products, Polish-speaking staff, serving almost exclusively Poles used to be an important part of immigration landscape; but is this business model still so popular? Research shows, that this mode of action is popular, but it is being slowly substituted by other models.

- Yes, I serve mainly Polonia. (...) I know Polish mentality [R10]

- I will follow Poles, frankly speaking, and my next store will be in New York city. Or somewhere close to Polonia. [R8]

- [T]hey must try to merge with a local market. (...) Nobody will run a business now that is concentrated only on Polish group, it won’t work. [R34]

- **ethnic-centred companies offering Polish products** (e.g. food) or typical services (e.g. cleaning, construction) for Polish migrants as well as for local, American customers; Polish products and services are usually only a part of the offer.

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7 All quotations translated by the author. Numbers are randomly assigned to interviewees.
but a very important part: these products are introduced as traditional and high quality and constitute a competitive advantage; paraphrasing Comaroff and Comaroff (2011), those businesses may be called “Poland, Inc.”. Sometimes it is a logical continuation of a traditional ethnic business model.

My customers are 50 – 50 now. We have a significant group of Americans [R23]

- companies operating on a local market; they were created on a basis of owner competencies or resources – law firms, food processing, IT services, cosmetic companies, SPAs, hotels that do not promote “a Polish character”, are “normal businesses” on local markets for any local customers, individual and institutional.

Polish stores are not my target. [R28]

We do not have Polish customers. In bigger companies there are Poles on managerial positions, but in most cases they are not the owners. [R21]

- US based companies with international ambitions, serving international customers; those companies usually operate in areas that are not traditionally connected with immigrant entrepreneurship: IT, high-tech, financial services etc. Some of them decide to operate as virtual companies, some decide to open branches abroad. Business owners do not emphasize their Polish origin and usually hire international staff.

These are entrepreneurs successful on a global arena, not only in the US, or Poland, or in that corridor between Poland and the US. Just globally. [R32]

The pathways of future development are different for these groups (see table 1.). In general, ethnic businesses’ owners usually do not plan to grow. There are some exceptions (like shop owners who plan to open new stores in typical Polonia locations), but as a rule these businesses are intended to survive and serve their current markets.

Entrepreneurs who are more open as far as business partners and customers are concerned, i.e. that serve Americans or international customers, usually plan to grow or develop in many dimensions: open new branches, diversify, export, find bigger customers, and enter more profitable markets or new market niches.
**Table 1. Pathways and strategies of development of Polish immigrant entrepreneurs**

<table>
<thead>
<tr>
<th>Type of a business</th>
<th>Ethnic enterprises</th>
<th>Ethnic-centered companies for different customers</th>
<th>Local enterprises</th>
<th>US based companies with international ambitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pathways of development</td>
<td>- survival as a main goal, - cooperation with other Polish-origin enterprises or with firms located in Poland, - in most cases: no plans for growth, - adjusting offer (more differentiated Polish products or services), - in some cases: expansion via following Polish groups (i.e. opening new shops, travel agencies etc. in new ethnic enclaves), - in some cases – evolving towards ethnic-centered companies.</td>
<td>- serving different groups of customers as a main goal, - very often: plans of growth, - building advantage on Polish products’ reputation (e.g. food, alcohol), - very often: plans of expansion (entering new geographical markets – different districts, or different cities), - in some cases – ambitions to become a national-level player.</td>
<td>- similar to non-immigrants enterprises, - no stress on Polish character, - usually have plans for development, - development understood in different ways: not always equals to growth, - in some cases: plans of international expansion and evolving towards companies with international ambitions model.</td>
<td>- international expansion as a main goal, - development as essential for future operations, - very often: transnational companies or &quot;born internationals&quot;, - in most cases: plans of grow and opening new branches in different countries (or at least – serving international customers).</td>
</tr>
</tbody>
</table>

Source: own research

There are couple of **factors influencing strategies of development** applied by Polish immigrants. Those factors relate both to individual predispositions and competencies, and to external context. Two of them were mentioned before: different waves of migration, and migrants’ attitude towards own ethnic group. The strategies and plans of future development are also influenced by changing migration patterns. First of all, America is not as popular target for Polish migrants as it used to be in the XX century (or earlier). The in-flow of new Polish migrants is lower, and the seasonal migration to the US is not in fashion. It means that Polish entrepreneurs do not have a stable supply of temporary or permanent Polish workers, and almost no new ethnic customers. Secondly, the characteristics and competencies of Polish immigrants in the USA are also changing: more and more often migrants are educated in the USA, they have their own networks, speak English fluently and know local markets. Moreover, typical Polish districts are slowly disappearing from cities like New York (Greenpoint) or Chicago (Jackowo), as people move to suburbs or to more prestigious locations within cities. This supports Waldinger’s argument that lower concentration of an ethnic community may lead to economic assimilation (Waldinger et al., 1990).

All these tendencies influence Polish businesses, and make ethnic strategies less profitable. As one of my interviewees claimed:

*There is still room for ethnic businesses, but no bright future ahead of them. 100%! [R24]*
Apart from grocery stores, construction companies, restaurants, and cleaning services, more and more IT companies, financial services, or companies operating in high tech industries are created that serve ethnic, local, and international markets.

8.5. CONCLUSIONS

Final Remarks and Implications

There is no simple answer to the question about Polish immigrant strategies of development. They are changing and definitely go far beyond traditional stereotypes. At a first glance, Polish immigrants seem to follow some typical patterns. Researchers (see e.g. Castles and Miller, 2011) stress that the main dilemma of entrepreneurs refers to the choice between ethnic and non-ethnic market. Polish immigrants in the USA face that dilemma as well. There are, however, some interesting aspects of Polish immigrants’ entrepreneurship and their strategies of development.

My research reveals interesting aspects about immigrant entrepreneurship and its multidimensional, differentiated character. Huge diversification of entrepreneurial strategies must be stressed: from ethnic to global, from food stores to high tech, from survival to rapid growth. All these ventures coexist on American market and, in different ways, build the position and economic power of Polish immigrants. The American dream is composed of stories of entrepreneurial survival, persistence and success – in many fields and industries.

Of course, different motives and personal competencies are responsible for entrepreneurial successes achieved by immigrants, but those successes may also constitute a good example for building a competitive advantage through unique combination of home and host country context specific factors. The interplay of different values and elements of an institutional context in home and host country require some effort and may create both limitations and opportunities. Some entrepreneurs decide to apply traditional business models and remain in an ethnic comfort zone. For others, different contexts interplay may create a powerful springboard for economic success and innovative business models. Mixed embeddedness (Kloosterman and Rath, 2001, Kloosterman, 2010) of Polish immigrants is clearly visible: apart from individual and social factors (networks), market and opportunities play crucial roles in designing their strategies of development. As immigrant communities become dispersed, they do not constitute as valuable source of business opportunities as they used to. An ethnic comfort zone is shrinking and that stimulates the quest for new territories. For many entrepreneurs it means that their American dream may come true, or as one of the interviewees puts it: “now sky is the limit”.

Two major systems, or bloodstreams coexist among Polish immigrants: traditional, and more differentiated. This resembles the situation of high and low economic system in Chinatown described by Zhou (2009), however a major difference can be identified. In Zhou’s research both systems, higher and lower, exist within an ethnic economy (enclave). In the case of Polish immigrants, the higher system never fully formed within ethnic enclaves/economies. Services like banking or insurance within ethnic commu-
nity were usually operating on a low scale, or serving as middlemen for well known (international) enterprises. The higher, differentiated bloodstream evolved mainly outside ethnic communities.

**Limitations and Further Researches**

Described research project has several limitations; one is connected with the very nature of qualitative inquiry, that do not allow for statistical generalizations. However, qualitative methods are suited to the exploration of dynamic processes and allow for a depiction of processes and generalization per analogy (Czarniawska-Joerges, 1992). Another limitation is connected with a fact, that the population of Polish immigrants is changing quite rapidly, and that change is clearly visible in the field of entrepreneurial activity. All that factors can lead to a conclusion that further, longitudinal research projects are needed in order to gain deeper knowledge about entrepreneurial practices and development strategies of immigrants. Further researches on factors influencing development are also needed. In the research project described in this article I focused mainly on 1st generation of immigrants; comparisons of 1st and 2nd generation immigrants could bring valuable insights. Also, more in-depth international comparisons would contribute to full understanding of the phenomenon of immigrant entrepreneurship.

**REFERENCES**


8. Strategies of Development of Polish Immigrant Entrepreneurs in the USA


