As of January 2014, unemployment rate in the Philippines rose to 7.5 percent compared to 6.5 percent in the last quarter of 2013 (Philippine Statistics Authority, 2014). Despite the country’s GDP growth (Antonio, de Villa, & Esguerra, 2014), 1.2 million Filipinos remain jobless. As a result, many Filipinos have sought different means of employment and one of them is through migration. The country has had a long-standing history of Filipino immigration, which has been ingrained in the country’s social, political, cultural, and economic climate. From the first wave of immigrants during the American colonialism period up to the formal institutionalization of Marcos’ labor export policy (The Center for Migrant Advocacy, N.D.); Filipinos have created a social diaspora.

As of September 2012, an estimate of 2.2 million Filipinos are working abroad (Philippine Statistics Authority, 2013). Recent statistics show that 18 percent come from CALABARZON; 51.7 percent are male; and 24.1 percent range from 25 to 29 years old. Among the top ten receiving countries, Saudi Arabia remains to be the preferred destination of migrant workers. In 2013, 165.5 billion pesos were sent as remittances. Sources of income come from various occupational groups. Data from the recent survey published last May 2014 (Philippine Statistics Authority, 2014) show differences in percentage concentrations of work occupation. Filipinos remain to work mostly as laborers and unskilled workers at 30.8 percent, with a slight decrease from 31.1 percent in 2012. Sales or service workers increased to 16.7 percent from 16 percent of the previous year. Slight changes in concentration of occupations range from being trade and related workers, plant and machine operators, professionals, shop and market sales workers, clerks, and officials of government and special interest organizations. Figure 1 shows the distribution of Filipinos among occupations from 2011 to 2013 (2013 Statistical Tables on Overseas Filipino Workers (OFW), 2013; Philippine Statistics Authority, 2013).
All these occupational groups contribute to the total remittances sent to the country. The high volume of remittances reflects the increasing Filipino migrant population abroad. Meanwhile, another occupational group serves its home country more than just its remittances. These migrants, better known as Filipino migrant entrepreneurs, sought to engage in business ventures as a means of generating not only income, but as well as maintaining relational ties with their homeland.

There has been a growing interest in migrant entrepreneurship among Filipinos. However, only limited documentation of migrants’ experiences have been studied. This paper aims to focus on migrant entrepreneurs, by answering the following questions:

1. What are the reasons migrants engage in entrepreneurship?
2. What does it mean to be a migrant entrepreneur?
3. What is transnational entrepreneurship?
4. What are motivational and success factors for engaging in transnational entrepreneurship?

**Setting the Stage for Migration**

Remittances from overseas workers abroad have been a key ingredient to the country’s national development. It has increased the country’s net dollar receipts, raised domestic living standards, and favorably impacted the country’s macro-fundamentals (Sicat, 2012). As President Benigno Aquino III stated in his
inaugural address (Aquino, 2010), “Our goal is to create jobs at home so that there will be no need to look for employment abroad” (par. 26). Despite this ambition, many Filipinos still look to migration as a forced option rather than a choice. Economic and employment opportunities remain to be a challenge to many individuals. Thus, the migration movement continues to persist and will still be in the coming futures.

Push and pull factors of Filipino migration can either be personal, familial, financial, economical, and opportunistic (Opiniano, Ang, Lacsina, Ladon, Lizardo, and Valencia, 2012). Conditions in the home country serve as the main motivations in sacrificing time spent in one’s comfort zones to strive for greener pastures elsewhere. Wage differentials often become the deciding factor to migrate (Lucas, 2007). Among the various factors at play, migration is mainly driven by the desire to change and rise above. Certainly, there are corresponding gains and costs when it comes to migration. Because it is both a risk as well as a form of investment, migrants continue to find ways to grow their income outside employment. Thus, this sets the grounds for entrepreneurship.

Entrepreneurial Ventures

According to Bagasao, Lopez, and Piccio (2005), engaging in business activities is one way of maximizing funds. There have been limited studies on Filipino migrants’ experience of running a business in their host country. Filipinos who engage in entrepreneurship has been an underrepresented occupational group in migration. This may be due to the Filipinos’ predominant nature of being risk-avoidant. Histories of subordination (Maas, 2005) as well as cultural backgrounds show that Filipinos lack the skills and experiences to gain economic independence through entrepreneurship (Ribas-Mateos et al., 2001; Maas, 2011). Yamaguchi (2010) stated that Filipinos had a small likelihood of being self-employed mainly due to their English proficiency and educational attainment that acquired employment.

According to Littunen (2000), factors such as life situation as well as experiences and changes play a central role in determining entrepreneurial activities. Saffu (2003) stated that demographic patterns, such as gender, marital status, work experiences, and education characterize entrepreneurs. In addition, achievement motivation, high internal locus of control, risk-taking propensity, and participation in social networks are attributed to entrepreneurs (Nijkamp, Rietdijk, & Sahin, 2009). In Shae’s (2003) study, she mentioned that in entrepreneurship, there is a correlation between opportunity and demographic factors such as education, age, and career experience.

Chrysostome and Xiaohua (2010) discussed that immigrant entrepreneurship is “at the intersection of the social (immigration) and business (entrepreneurship) arenas.” Migrants who engage in entrepreneurship contribute to economic development though job creation from business ventures and wealth creation. They also mentioned that it also affects the social dimension through the “development of vibrant ethnic communities (Zhou & Kim, 2006); social integration and recognition of immigrants, a nurturing entrepreneurial spirit, and providing role models for immigrants.”

Baycan-Levent, Masurel, and Nijkamp (2003) conducted a study on entrepreneurship diversities. Findings showed how natives differed from migrant entrepreneurs’ personal characteristics, informal experience with entrepreneurship, sector preferences and fields of interest, enterprises’ features, less-formal business networks, management styles, and
training. Migrant entrepreneurship differs from the other in its orientation towards products, market, and business strategies (Nijkamp et al., 2009). Aldrich et al. (1984), as cited in Maas (2011), discussed that the difference with businesses run by migrants succeeded from the immigrants’ distinct ethnic-cultural backgrounds. Asian entrepreneurs, according to Fairlie and Robb (2009), are distinct from others because of their ethnic networks.

**Why Migrants Choose Entrepreneurship**

Kloosterman and Rath (2000), Raijman and Tienda (2000), and Rath (2000) have contributed to the extensive body of literature of ethnic migrant entrepreneurship and reasons for the propensity of self-employment. Jenkins (1984), as cited in Baycan-Levent et al. (2003) identified models to explain ethnic involvement in business. First is the economic opportunity model, which relies on the market for its success; the culture model, which assumes some cultures’ predisposition towards success of entrepreneurial goals; and the reaction model, which assumes that self-employment is a means of reaction to blocked social mobility, discrimination, and negative experiences in the host country.

Maas (2011) discussed that there are two approaches in understanding individuals’ business involvement. On the one hand, the supply side or the cultural approach assumes that ethnic-cultural resources and preferences. Meanwhile the demand side or structural approach focuses on the politico-institutional framework. External factors in the host country may either constrain or encourage business activity. Thus, entrepreneurial activity is a response to the influences of factors beyond one’s control. Global restructuring and technological procession are also contextual conditions that foster or discourage business pursuits (Maas, 2011). Migrant entrepreneurship cannot be justified by a single approach alone. Hence, interplay between both approaches account for engaging in business activity among immigrants.

A study conducted by Maas (2011) on Filipino entrepreneurs in the Netherlands found different meanings of what it is to be an entrepreneur. Her findings showed that being an entrepreneur means being able to develop one’s identity and self-representation; connect families in the host countries with their families back home; address the homing desires of migrants abroad; and empower themselves as well as their co-migrants in the ability to rise above their circumstances.

**Transnational Entrepreneurship**

The following section discusses transnational entrepreneurship and its definition and classification. It will also discuss factors that motivate engagement in business activities as well as factors needed in order to succeed.

**Definitions.** Transnational entrepreneurship illustrates the outcomes of globalized economies (Guam, Lin, & Nicholson, 2008; Portes, Guarnizo, & Haller, 2002). Transnational entrepreneurship has been defined by Portes et al. (2002) as:

An exceptional mode of economic adaptation, but one that is neither marginal nor associated with poverty or recency of arrival. On the contrary, it is the better qualified, more experienced, and more secure immigrants who are overrepresented in these economic activities. (p.202)

Wong and Ng (2002) contributed to this definition by stating it as:

A business in the ethnic economy which entails separate operational components of the enterprise being located in different countries and the transmigration of the owners in order to operate it (2002, p. 514).
Transnational entrepreneurship is culturally oriented, culturally derived, and reliant on specific community and relationship of embeddedness. Those who engage in immigrant entrepreneurial activities are described as being self-employed, have frequent travel abroad, and dependent on networks especially in their home country (Portes et al., 2002). According to Drori, Honig, and Ginsberg (2006) and Portes et al. (2002), what makes these entrepreneurs unique is their social embeddedness both in their host and home countries. This allows frequent and convenient access to networks and resources, which assist in opportunity recognition and initiation of business ventures. Leung (2004) stated that immigrant engage in transnational embeddedness, involving cross-border relations and practices. These immigrants also create transnational spaces that serve as “points of anchorage” for their social networks to engage in movement, capital, and information. Immigrants need not be physically present in these spaces in order to perform business in both the host and home countries. Maas (2011) stated that transnational entrepreneurship is a repetitive process of exchange-based circulation of goods, social relations, and information between the host and home countries. The interplay of social, economic, and institutional contexts are crucial in the development of business activity among migrants (Kloosterman & Rath, 2000).

Classifications. Bozorgmehr and Min (2003) and Kloosterman and Rath (2000) assumed that immigrant firms are found at the bottom of the market, characteristic of being small and inconsequential (Dana & Morris, 2007), having less financial capital, and informal knowledge on entrepreneurship. However, this cannot be generalized for all immigrant businesses (Bozorgmehr & Min, 2003; Wong & Ng, 2002). Landolt (1999), as cited in Sequeira Carr, and Rasheed (2009) discussed five kinds of business enterprises, namely, circuit, cultural, ethnic, return immigrant, and elite expansion. Circuit enterprises are businesses where resources flow across the home and host countries. Cultural enterprises are associated with the entrepreneur’s national identity. Ethnic enterprises involve the migrant’s community and people of the same ethnic background. Return migrant enterprises are businesses set up by migrants who have returned back to their home countries. Elite expansion enterprises are established home country businesses that tap the global market and set up businesses abroad.

For Filipinos, most business can be found in wholesale trade, business services, food sectors, and retail sectors (Freznoza-Flot & Picoud, 2007; Maas, 2011). Business activities are predominantly service-oriented less towards production (Maas, 2011; Spaan, Nieling, & van Naerssen, 2001).

Motivations. As mentioned earlier, transnational embeddedness is a key element in the interaction between the supply and demand sides of business initiation of migrant entrepreneurs. This embeddedness involves social networks, socio-economic, and politico-institutional settings (Kloosterman, 2003). Migrants have different motivations for engaging in entrepreneurship. Here we discuss some of the factors that account for entrepreneurial aspirations as well as the interplay of combined factors.

Personal factors. Demographic traits, socio-economic features, and migration status such as duration of stay abroad, legal status and adaptation characteristics, and future plans (Maas, 2005) shape migrants’ inclination to venture into business. In addition, attitudes and intentions (Shane, 2000) influence migrants’ decisions in entrepreneurship. A quest for social mobility was found to be a main motivation for individuals whose found difficulty in job match and prestige in their home countries (Freznoza-Flot & Picoud, 2007). Maas’ 2005 study on Filipino migrant entrepreneurs in the Netherlands
showed that individuals engage in business activity as a means of increasing job satisfaction, self-fulfillment, and social commitment or social responsibility back home. Further, Filipinos engaged in business activity as an economic pursuit to develop a social life (Maas, 2011).

**Modernization.** Today, transnational activities are considered to be resilient, stable, and consistent because of technological developments in cross-border communication and transportation (Maas, 2005; Robinson, 2005; Shane, 2000).

**Economic mobility.** Engaging in entrepreneurship is an economically inspired choice. Migrants’ motives are economic in order to retain their cultural and social ties with their home country (Light, Zhou, & Kim, 2002). The structure of host countries provides the opportunities for entrepreneurship. Its labor market disadvantages and lack of economic alternatives provides immigrants motivation to pursue business ventures (Bozorgmehr & Min, 2003; Rath, 2000; Rettab, 2001). Other factors include means of survival, capital accumulation, increased earnings (Freznoza-Flot & Picoud, 2007) and job satisfaction (Maas, 2011). Findings of Drori et al. (2006) showed that migrants are driven by reactive transnationalism or the challenge of overcoming negative factors, such as discrimination, negative experiences, dissatisfaction with their lives, social status or occupational careers, and negative perceptions of their host country.

Studies show that migrants prefer the autonomy or independence they gain from running their own business (Nijkamp et al., 2009; Fresnoza-Flot & Picoud, 2007; Maas, 2004, 2005, 2011). Venturing in entrepreneurial activities provide migrants with hopes of raising their income and climb the social ladder (Nijkamp et al., 2009). Engaging in business was a means to generate more income apart from the salary earned from employment. It was also driven by a desire to be one’s own boss.

**Social capital.** Human capital has played a significant role in the emergence of migrant entrepreneurship (Portes et al., 2002). Family and ethnic networks are said to be crucial in entrepreneurial success among immigrants (Delft, Gorter, and Nijkamp, 2000; Flap, Kumku, and Bulder, 2000; Portes et al., 2002). The extent and diversity of social networks influence the extent of business activity (Yamaguchi, 2010). Immigrants’ tendencies for transnational entrepreneurship are dependent on their domestic and international social capital (Light et al., 2002). Thus, transnational ties encourage business activity in migrants’ host countries. Studies of Freznoza-Flot and Picoud (2007), Maas (2011), and Yamaguchi (2010) examined that social, cultural, and family resources contribute to the likelihood of entrepreneurship among immigrants in Paris, The Netherlands, and Hawaii, respectively. A study made by Sequiera et al. (2009) identified that transnational activities are characterized by personal, cross-border network, and sociopolitical connections provide information, resources, support, and structure. In addition, religious groups and a large population of co-ethnic communities promote transnational entrepreneurship (Freznoza-Flot & Picoud, 2007).

**Contextual factors.** Culture plays a powerful role in Filipino migrant entrepreneurship, such as being family-oriented and having moral obligations. Freznoza-Flot and Picoud (2007) suggested that time and duration in the host country, saturation of the environment, ethnic population, migrant’s resources, and experiences prompt their decision to engage in business activity.

**Success factors.** Chrysostome and Xiaohua (2010) suggested that ethno-cultural, financial, managerial, psycho-behavioral, and institutional factors are necessary for migrant entrepreneurs’ success. Fairlie and Robb (2009) conducted a study on determinants of business success. Findings showed that Asian enterprises are more
successful compared to native owners in terms of likelihood to close, high profit earnings, and annual sales.

Critical success factors for good business performance include personality, work discipline, and business ambition (Nijkamp et al., 2009). Common personality traits include need for achievement, internal locus of control, and propensity to take risks. Other work attitudes include ambitiousness, patience, tenacity, and self-confidence. Higher levels of self-efficacy, personal perseverance, human and social capital, and superior social skills play a role in venture success (Markman & Baron, 2003). On another note, their findings showed that social networks showed no influence on business performance. Fairlie and Robb (2009) added that high levels of education and high levels of start-up capital contribute to migrant entrepreneurs’ success. In addition, institutional policies of host countries may either encourage or obstruct business activity.

CONCLUSION

The literatures reviewed provided a background on the status of immigration in the Philippines. It focused on transnational entrepreneurship as a novel means of empowering migrant Filipinos to pursue different ventures of income generation and livelihood development. The studies presented reasons for engaging in entrepreneurship. It went on to discuss transnational entrepreneurship and the motivations that push and pull Filipinos to engage in business activities. Motivations for transnational entrepreneurship include personal, technological, economic, social, and contextual factors. Success of migrant entrepreneurs’ business activity may be attributed to personal, attitudinal factors, and institutional regulations of host countries.

In order to address gaps in research, further studies on the sustainability of businesses abroad may be reviewed. Return migrant enterprises are also another form of business venture that Filipinos engage in. Different kinds of business ideas, target market, financial management, capacity building, and social networks may also be studied in relation to transnational entrepreneurship.

Entrepreneurship is slowly becoming a potential occupational group among migrants. With hopes of stronger empowerment, motivation, and will, perhaps migration in the near future will merely become an unnecessary option and more Filipinos can fully exercise their freedom to choose where to work and how to achieve financial inclusion.

REFERENCES


