ABSTRACT
The study of migrant entrepreneurship in Russia is a relatively recent and complex social phenomenon. Its uniqueness stems from the surge in international migration, primarily from former regions of the Soviet Union, coinciding with significant socio-economic transformations, specifically the shift from the Soviet centrally planned economy to a market economy. This context partly explains the limited empirical research and the absence of a comprehensive theoretical foundation for such studies in Russian social science. Seeking to fill this gap, this article provides a brief overview of migrant entrepreneurship approaches, methods, empirical evidence, and findings. The research compares the data on migrants from Azerbaijan and Kyrgyzstan who started their businesses since the 1990s. The study includes 58 in-depth semi-structured interviews conducted between 2017 and 2019, supplemented by a questionnaire survey of Kyrgyz entrepreneurs (a sample of 200 persons), and an analysis of the Kyrgyz business platform, Tabarman, on social networks. The comprehensive analysis of the mutual influence of structural, group, and personal characteristics of migrants reveals ideal types and developmental stages in Kyrgyz and Azerbaijani migrant entrepreneurship in Russia across different post-Soviet periods. This article enhances our understanding of the complex dynamics of migrant entrepreneurship in the evolving socio-economic landscape of post-Soviet Russia.

KEYWORDS
migrant entrepreneurship, “ethnic economy”, migrants from Kyrgyzstan, migrants from Azerbaijan.
Introduction

Over the last decades, migration issues have taken center stage in both global and national political and academic agendas, with the entrepreneurship of migrants as one of the most significant phenomena resulting from migration (Marchand & Siegel, 2015; McAuliffe & Khadria, 2019; Xavier et al., 2013, pp. 47–50). The characteristics of migrant entrepreneurship and its contribution to overall economic and business activities vary significantly across different countries and world regions (European Economic and Social Committee, 2012). This variation depends heavily on contextual factors such as opportunities and constraints, the economic and business environment, as well as the dynamics of migration processes, motivation for migration, and the composition of migrants.

International migration is one of the critical factors influencing the social and economic development of contemporary Russia. While forced migration dominated in the 1990s, primarily due to conflicts, the 2000s witnessed a noticeable shift toward labor migration. Pre-pandemic data show that there were 10.7 million temporary foreign citizens in Russia simultaneously. Over 80% of them were citizens of the Commonwealth of Independent States (CIS): 9.1 million in 2014, 8.7 million in 2015, 8.5 million in 2016, 8.2 million in 2017, and 8.4 million in 2018. Almost half of these migrants are from Central Asia, approximately 14% from the Caucasus region, and about a third from Eastern European countries (Maleva, 2019, p. 40). Additionally, there is an increase in the share of foreign citizens in the working-age population of Russia (Rosstat, 2021a).

The complexity and uniqueness of migrant entrepreneurship in Russia stem from heightened international migration coinciding with significant socio-economic transformations, in particular the transition from the Soviet centrally planned economy to a market economy. While there were isolated instances of business activity during the Soviet era, true entrepreneurship only began to flourish after the disintegration of the USSR. In essence, the surge in both large-scale migration and the emergence of new forms of employment occurred almost simultaneously. This synchronicity not only underscores the novelty and specificity of the issue, but also accounts for the scarcity of research in this area.

Since migrant entrepreneurship is a relatively recent and complex phenomenon in Russia, in this paper, we are focusing on questions about its scale in contemporary Russia, the factors driving its emergence and evolution, the similarities and differences among migrant entrepreneurs from various countries, and the role of ethnicity in migrant entrepreneurship. It is also crucial to explore the business strategies and practices employed by migrants, including leveraging the resources of ethnic and migrant communities, and this research aims to address these inquiries. The structure of the paper is as follows: first, the paper provides an overview of approaches to migrant entrepreneurship, and then it describes the methods and empirical evidence, and concludes with an analysis of the results and key findings.
Conceptual Background and Literature Review

Numerous academic papers on this topic share a common goal: they seek to investigate how migrant entrepreneurship differs from non-migrant entrepreneurship and why some migrants are more predisposed to start a business than others. It is essential, however, to begin by acknowledging the absence of a unified definition for migrant entrepreneurs and their entrepreneurship. According to the most precise definition, a migrant entrepreneur is a business owner born either abroad or in a country hosting an ethnic minority, including both first and second-generation migrants (Ahmad & Seymour, 2008; Xavier et al., 2013, p. 44).

Many studies begin by identifying the opportunities and/or constraints that influence the emergence and development of migrant entrepreneurship, often adopting a supply-and-demand perspective in examining these factors (Kloosterman, 2010; Volery, 2007). The supply side encompasses contextual and structural conditions, such as politics, laws, norms, and the economic landscape. On the other hand, the demand side considers migrant characteristics like motivation, skills, and social contacts. The interactive theory, central to our understanding of the interplay between migrant characteristics and the structure of opportunities, is at the core of this analysis (Waldinger et al., 1990). Developed within the theory of mixed embeddedness, the interactive model posits that institutional, political, and socio-economic factors or contexts are shaped by the interaction of three spatial levels: national, regional/urban, and district (Kloosterman, 2010; Kloosterman & Rath, 2001; Light, 2005). Over time, the mixed embeddedness theory has been refined, recognizing that entrepreneurs not only react to external factors but can also overcome and change them (Barberis & Solano, 2018). The analysis of opportunities and group characteristics is complemented by an examination of the personal characteristics of migrants and the entrepreneurship strategies arising from their interaction (Oliveira, 2007).

The analysis of opportunities and constraints often delves into the categories of capital and resources, special attention being given to the role and place of ethnicity (Cederberg & Villares-Varela, 2018; Galbraith et al., 2007; Ilhan-Nas et al., 2011; Volery, 2007; Wang, 2013; Zhou, 2004).

There is also a series of works comparing the roles of ethnic and class resources that constitute both social and cultural capital (Light, 1984). Initially focused on determining which resource is more critical, discussions have since shifted towards identifying their balance based on circumstances and context (Light, 2005). Migrant networks, serving as primary ethnic resources, receive significant attention. These networks, rooted in family and compatriot ties, aid migrants, even those with limited finances and skills, in gaining opportunities for social mobility and integration into the new labor market and host society (Light, 2005; Park, 1984).

Ethnicity is considered a key factor in migrant entrepreneurship, as outlined in the theory of ethnic economies (Light, 2005), enclave economy or migrant enclave (Portes & Jensen, 1987; Wilson & Portes, 1980), and the theory of middleman minorities (Bonacich, 1973). The latter is currently employed to explain the economic activity of migrants who serve as middlemen, mediating between the local society
and minorities in the modern urban cosmopolitan environment (Valenzuela-Garcia et al., 2018). Furthermore, in some cases, the same migrants can be defined both as middleman minorities and as enclave entrepreneurs (Zhou, 2004). The popularity of ethnicity as a factor in migrant entrepreneurship can be attributed to its ability to capture the specific ethno-cultural features of migrants (Pécoud, 2010). It should be noted that there is a strand in the literature on migrant economy, dating back to M. Weber and W. Sombart that focuses on the cultural and value characteristics of migrants, suggesting their potential predisposition to entrepreneurship and success in business (Portes & Zhou, 1992; Volery, 2007).

In recent years, there has been a trend to adopt a spatial perspective when analyzing structural possibilities and constraints, along with the group and individual characteristics of migrants in modern research, in contrast to the works of the Chicago School or studies on ethnic enclaves, the concept of space has evolved from a static, geographically fixed perspective to a more flexible and dynamic post-space, embracing a complex context (Valenzuela-Garcia et al., 2018). This implies a concurrent consideration of the opportunity structure and the relations between social, cultural, political, and institutional forces at different spatial levels (Wang, 2013). The new understanding of space has supplemented and broadened the mixed embeddedness theory with the concept of positioning and spatial scales (Barberis & Solano, 2018); the emplacement concept (Glick Schiller & Çağlar, 2013, p. 496); and the transnational prospect concept (Bagwell, 2015; Levitt & Glick Schiller, 2004).

The dissolution of the Soviet Union and the entire socialist camp in the 1980s and 1990s brought about global political and socio-economic transformations. It also created new research problems and opportunities to test well-developed theories and research perspectives on entrepreneurship in the United States and Western Europe in a completely new post-socialist context (Chepurenko, 2017; Kshetri, 2009; Ovaska & Sobel, 2005; Runst, 2011). Multiple studies seek to conceptualize entrepreneurship development within a national and economic context marked by a rather sparse record of start-ups and entrepreneurship in general. Researchers from various disciplines have been examining the impact of post-Soviet and post-socialist migration as a new factor in post-socialist reality, studying the relationship between migration and entrepreneurship and how immigrant entrepreneurship has emerged (Ageev et al., 1995; Matricano & Sorrentino, 2014; Nikolko & Carment, 2017; Tepavcevic, 2017, 2020; Židonis, 2015).

In Russian social sciences, the study of migrant entrepreneurship has been limited, primarily due to the novelty of the phenomenon. Several main areas of research can be distinguished. Firstly, there are studies examining the “ethnic labor division” (Dmitriev & Pyadukhov, 2005; Kuznetsov & Mukome, 2007). Secondly, there is a focus on entrepreneurship as a form of socio-economic adaptation for migrants (Radaev, 1995; Ryazantsev, 2000). Other works examine the actual practices of ethnic entrepreneurship by looking at the peculiarities of entrepreneurial activity in individual ethnic and migrant communities in Russia (Dzhanyzakova, 2021; Gadzhigasanova, 2013; Snisarenko, n.d.). In other words, most works treat migrants as a single homogeneous social group, emphasizing “ethnic” entrepreneurship
as a characteristic of all migrants (Ryzhova, 2008). An exception is the study by Brednikova and Panchenkov (2002) that recognizes the situational nature of migrant ethnicity within the concept of the “ethnic economy.”

To summarize this brief overview, the most productive approach to studying migrant entrepreneurship is based on considering different combinations of interactions between three key factors: personal characteristics of migrants, group characteristics and resources, and the structure of opportunities and constraints, primarily related to the host and then the sending society. Although ethnicity has a significant role to play in migrant entrepreneurship, it can be considered a primordial feature of any migration, serving as a group and individual resource relevant in a specific context. Therefore, the entrepreneurship of migrants in modern Russia should be comprehensively viewed, taking into account socio-economic and historical conditions, capabilities and constraints, as well as the characteristics of migrants, including the place and role of ethnicity at different levels.

Data, Method, and Its Justification

This research is grounded in a comparative analysis of the entrepreneurial activities of migrants from Azerbaijan and Kyrgyzstan who established their businesses since the 1990s. The selection of migrants from these countries is driven by several factors. First, as mentioned earlier, international migrants in Russia are predominantly ex-Soviet Union citizens. According to 2021 statistics, 92% of migration growth corresponds to international migration from CIS countries. Central Asian countries (Tajikistan, Uzbekistan, Kyrgyzstan, and Kazakhstan) contribute to half of the total migration growth (52%), including CIS countries (56%), and comprise the majority of foreign labor migrants. Approximately the same proportions include migrants from Ukraine (15%), Armenia, and Azerbaijan (16%) (Rosstat, 2021a, 2022).

Second, migration from Azerbaijan and Kyrgyzstan to Russia has distinct histories, scales, and dynamics. Active migration from Azerbaijan commenced in the early 1990s, while migration from Kyrgyzstan began around the mid-2000s. According to population censuses, in the early 2000s, around 621 thousand Azerbaijanis and about 32 thousand Kyrgyz people with Russian citizenship resided in Russia. Ten years later, the figures were around 603 thousand and 103 thousand, respectively. As of August 1, 2019, there were approximately 710 thousand Azerbaijanis migrants (Maleva, 2019, p. 40). Therefore, we can assume that at least 1.5 million Azerbaijanis, both citizens and non-citizens of Russia, currently reside in the country, with some expert estimates suggesting even up to 33.5 million. As for migrants from Kyrgyzstan, there are at least 1.1 million currently living in Russia, with more than 700 thousand citizens of Kyrgyzstan and approximately 350 thousand citizens of Russia (Maleva, 2019, p. 40).

Third, Azerbaijan and Kyrgyzstan are among the top CIS countries that receive money transfers from Russia. From 2011 to 2019, approximately three-quarters of personal money transfers from Russia were sent by migrants to Uzbekistan, Tajikistan, Kyrgyzstan, and Azerbaijan. This not only indicates a large number of migrants from
these countries but also reflects their economic activity (Shcherbakova, 2020). In addition, Azerbaijan represents the Transcaucasian region, while Kyrgyzstan stands for the Central Asian region of the post-Soviet space.

Fourth, after Kyrgyzstan joined the Eurasian Economic Union in 2015, Kyrgyz citizens are no longer required to have labor patents. Consequently, the rules for staying and working in Russia for migrants from Kyrgyzstan differ from those for migrants from Azerbaijan and vice versa. Therefore, comparing migrants from these two states offers a clear example of the diversity of post-Soviet migration, encompassing socio-demographic and cultural composition, as well as features in different socio-economic periods. This comparison will allow us to explore how structural opportunities/constraints and migrant characteristics mutually influence the specificities of their entrepreneurship.

The empirical segment of the study relies on in-depth semi-structured interviews, comprising eight interviews with representatives of public organizations and journalists, and 50 interviews with migrant entrepreneurs. These interviews were conducted between 2017 and 2019 in Moscow and Moscow region. Analysis of these interviews gives us insights into how people themselves see the phenomenon, and how entrepreneurial strategies are interpreted in different situations and contexts. Complementing the interviews are the data from the questionnaire survey of entrepreneurs of Kyrgyz origin (with a sample size of 200 people). More valuable information to our dataset is added by the analysis of the Kyrgyz business platform Tabarman on social media like Instagram¹ and Facebook² in 2018.

The interview guide and questionnaire encompass various aspects: questions about the entrepreneur (age, education, work experience, reasons for migration, Russian citizenship, motivation to start a business, etc.); aspects related to entrepreneurship itself (enterprise profile, history, start-up capital, loans, legal status, partners, employees, clients, success and difficulties, place and role of ethnicity); and inquiries about external factors, opportunities, and constraints (the attitude of the host society, the impact of economic crises, political and migration changes, etc.).

**Research Results**

*Migrant Entrepreneurship: Navigating Opportunities and Constraints*

Migrant entrepreneurship is influenced by the broader business climate and economic conditions, both on the national level and on the level of specific geographical areas. When considering entrepreneurship among the Russian population or foreign migrants, we have to grapple with the lack of consistent and comparable statistics. According to the Rosstat [Federal State Statistics Service], as of the end of 2020, there were approximately 4.8 million entrepreneurs and self-employed individuals in

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¹ Instagram™ is a trademark of Instagram Inc., registered in the U.S. and other countries. По решению Роскомнадзора, социальная сеть Instagram полностью заблокирована в России как экстремистская организация.

² Facebook™ is a trademark of Facebook Inc., registered in the U.S. and other countries. По решению Роскомнадзора, социальная сеть Facebook в России признана экстремистской организацией и заблокирована.
Russia, constituting 7.2% of the total employed population (Rosstat, 2021b, pp. 11, 34). As of January 2023, the Unified Register of Small and Medium-Sized Businesses reported about 6.0 million small and medium-sized businesses (including individual entrepreneurs), employing approximately 15.2 million people. This figure represents nearly one-quarter of the country's total working population (Federal Tax Service of Russia, n.d.).

In 2020, Russia ranked 39 out of 44 countries in the National Entrepreneurship Context Index, according to the Global Entrepreneurship Monitoring (Bosma et al., 2021, p. 93). The entrepreneurial profile of Russia differs from both developed and developing countries. While Russia aligns with developed countries in terms of entrepreneurial activity levels, it leans closer to developing countries in terms of entrepreneurial aspirations. The limited appeal of entrepreneurship in Russia might be attributed not only to economic structures and job opportunities but also to people being wary of starting a business. There has been some progress, though. In the early 2000s, only one in every 20 Russian citizens was considered an early entrepreneur, but in recent years, this ratio has improved to almost one in every 10 (Verhovskaya et al., 2021, p. 21). Monitoring data indicate that migrants in Russia (24%) are less likely to enter business out of necessity compared to non-migrants (38%). Additionally, there are slightly more early entrepreneurs among migrants than non-migrants (7.4% vs. 4%, respectively) (Verhovskaya & Dorohina, 2012, pp. 38–40).

Given the inconsistency and ambiguity in the statistics on the Russian economic and entrepreneurial context, it would make sense to complement it with survey data and interviews with migrants. According to migrant entrepreneurs' interviews, several factors either contribute to or limit entrepreneurship opportunities in Russia. The overall socio-economic situation, both in the country and globally, plays a crucial role. Economic reforms in the 1990s, such as the introduction of free prices, trade liberalization, and privatization, resulted in the collapse of the socialist economy, declining Russian production, unemployment, and a decrease in living standards. Entrepreneurs of Azerbaijani origin, who migrated actively during this period, found it challenging to secure employment, even with higher education and professional experience, but many trade niches, especially resale, were available. Following a similar logic, entrepreneurs from Azerbaijan were particularly affected by the crises of 2008 and 2014, leading to a decrease in the purchasing power of the Russian population, as they were often engaged in trading essential commodities. In contrast, active migration from Kyrgyzstan started in the 2000s after the stabilization of the market system and an increase in economic well-being, creating a demand for hired labor in construction and services. Consequently, most entrepreneurs of Kyrgyz origin entered the Russian market as employees.

External factors also include changes in the socio-economic and political landscape of the sending country. Economic stabilization in Azerbaijan in the mid-2000s led to a decline in both overall migration and migrant entrepreneurship. Kyrgyzstan's accession to the Eurasian Economic Union in 2015 resulted in the abolition of labor patents, simplified customs procedures, and intensified trade relations, fostering confidence among Kyrgyz migrants and contributing to the development of
entrepreneurship, including transnational ventures. The planned economy’s focus on specific sectors in Soviet-era Kyrgyzstan, particularly agriculture and the garment industry played a crucial role. The contemporary history of Kyrgyzstan’s clothing industry commences with the resale of clothing, primarily sourced from China, in wholesale and small wholesale markets, including those in Russia and Kazakhstan.

Geographical proximity to China had a significant impact, as products were initially brought to Kyrgyzstan before reaching Russia. With the improving economic situation in Russia and Kyrgyzstan and the growing experience of Kyrgyz migrants in clothing trade, garment production has flourished. The process started with cottage sewing production, often involving only a few sewing machines, and later expanded to include small sewing workshops. This led to a rise in “self-tailoring,” particularly in Kyrgyzstan. It is estimated that there is a thousand of small and cottage garment factories in Bishkek, and since 2011–2012, production in Russia has been established based on some closed clothing factories. Kyrgyzstan’s entry into the Eurasian Customs Union further stimulated the development of this industry. This example illustrates how the interplay of specific structural economic conditions in Russia and Kyrgyzstan, along with the group resources of Kyrgyz labor migrants, influenced the evolution of clothing production and trade.

Another structural factor influencing entrepreneurship involves conditions directly shaping businesses. The inaccessibility of bank loans, high taxes, and stringent regulation are cited as the primary constraints by entrepreneurs. Market conditions, including fluctuating product values regulated by supply and demand, also pose challenges. Entrepreneurs of Azerbaijani origin specifically point out changes in trade regulations, the expansion of federal retail chains, and the constant changes in rules for the placement of retail outlets in Moscow and Moscow region as specific limiting conditions. These factors contribute to increased market competition and business closures.

Some entrepreneurs consider Russian citizenship significant but not obligatory for business creation, especially since foreign citizens can register entrepreneurial activities in Russia, while proficiency in the Russian language is cited as a crucial resource. Language proficiency surpasses the importance of citizenship, particularly for Kyrgyz migrants, who attribute their success in the Russian labor market to superior language skills compared to migrants from Uzbekistan and Tajikistan. This aligns with broader observations on language proficiency as a key resource determining opportunities in the host country and specific advantages in business creation (Cederberg & Villares-Varela, 2018). Additionally, Kyrgyzstan’s entry into the Eurasian Customs Union equated migrants, citizens of Kyrgyzstan, in labor rights with citizens of the Russian Federation. Although Russian citizenship becomes almost mandatory for further business development, including the choice of optimal taxation, the analysis of responses indicates that a high level of proficiency in the Russian language continues to be seen as more important for success.

Additionally, the opportunities and constraints are noted to demonstrate generational differences. According to one expert, many migrants from Azerbaijan who established businesses in the early 2000s had a weak language proficiency
and minimal startup capital. Consequently, they adapted in the new country with the support of accessible and understandable ties, primarily through kinship and compatriot relations. Entrepreneurs of the subsequent decade, as a rule, are more educated, possess greater material resources, and consequently, have the ability to interact not only with compatriots but also with the local communities.

A key determinant for the success of a business, at any stage of its existence, is the availability of capital, encompassing not only financial resources but also other forms such as skills, knowledge, migration experience, and support from loved ones. Throughout the post-Soviet era, the socio-economic landscape in Russia underwent multiple changes, resulting in corresponding shifts in structural conditions that influenced the formation of capital, particularly the initial capital of migrant entrepreneurs.

In the 1990s, the characteristics of the Russian market, such as barter and “for consignment” trading, could explain why the early entrepreneurs, especially those from Azerbaijan, established their businesses with minimal start-up capital. Although the overall development of the banking system remained largely unchanged, a different obstacle emerged: most novice entrepreneurs from Azerbaijan and Kyrgyzstan lacked access to bank loans due to factors such as the absence of Russian citizenship or high interest rates. Consequently, some migrants from Kyrgyzstan turned to microcredit organizations, typically established by their compatriots or migrants from other Central Asian countries. The State Bank of Azerbaijan opened a Russian branch with a specialized Azerbaijani department, aiming to provide “support for Azerbaijani business” (man, an entrepreneur of Azerbaijan origin).

Nevertheless, it remains a common practice for entrepreneurs from both Kyrgyzstan and Azerbaijan to seek support from their “fellows,” namely relatives and compatriots.

The development of entrepreneurship is intricately linked to the composition and density of kinship and compatriot ties among migrants, extending not only within the country of migration but also across borders, forming crucial components of economic transnational connections between Russia and Kyrgyzstan, as well as Russia and Azerbaijan. A notable portion of migrant businesses relies heavily on this resource, such as passenger and cargo transportation between countries or the sale of products originating from Kyrgyzstan or Azerbaijan. These connections, possessing both institutional and informal characteristics, gain prominence in various situations.

The practice of goods exchange (barter) based on informal connections was distinctive to the Russian economy in the 1990s. Although the significance of barter practices declined as trade networks evolved and expanded, their remnants continue to exist in various forms, often incorporating monetary transactions. For instance, a young entrepreneur of Azerbaijani origin, born in Tbilisi, organized the delivery of food from Georgia to Moscow using a similar principle: “Some acquaintances send us the goods; we accept them here, sell and give them the money that they rely on, and take the rest for ourselves.”

The popularity of multi-level marketing among Kyrgyz migrants with minimal startup capital can be largely attributed to close connections with family and
compatriots. Internet technologies and social networks further help entrepreneurs maintain and expand these interconnections, elevating them to a transnational level. As one Kyrgyz entrepreneur put it,

in Odnoklassniki,⁹ we have 360 thousand people in one group called “Kyrgyz humor.” Those in Kyrgyzstan share some information; in any case, they will have friends among their contacts who are in Moscow. This generally fits in with the Kyrgyz style. (man, a Kyrgyz entrepreneur)

An active segment of entrepreneurs’ networks, rooted in compatriot ties, also includes ethnic and migrant non-profit public organizations. These organizations engage in activities aimed at representing interests and providing various forms of assistance to compatriots, especially recent migrants. Leveraging the institutional resources of these organizations, the most active entrepreneurs serve as hubs for new networks of compatriots. Emerging entrepreneurs seek legal and informational assistance from these organizations, leading to the rise in the number of various business coaches, primarily of Kyrgyz origin. One notable project in this domain is the Tabarman business platform, initiated by the organization “All-Russian Kyrgyz Congress” and several Kyrgyz entrepreneurs. Tabarman serves as the foundation for business forums and training sessions catering to some migrants from Kyrgyzstan. What sets this platform apart is its goal not only to unite “all entrepreneurs who came to Moscow and would like to realize themselves as entrepreneurs, as businessmen,” but also to fulfill a mission of

increasing the number of entrepreneurs among our target audience, among representatives of our community, improving their professional skills. Instead of a workforce of hired employees, our compatriots will become entrepreneurs, benefiting not only the economy of Russia but also that of Kyrgyzstan as a whole. (Facebook⁴ post of June 11, 2018)

The majority of our informants believe that ethnicity does not inherently act as a factor influencing the opportunities or constraints for entrepreneurial development. Nevertheless, almost every migrant entrepreneur has a personal narrative illustrating that ethnicity can play either a negative or a positive role depending on the circumstances, impacting both daily life and entrepreneurial endeavors. One of the most challenging impacts of ethnicity in migration is discrimination or, at the very least, prejudice from ordinary individuals as well as regulatory authorities. On the positive side, perceptions of the advantageous role of ethnicity stem from the unique national character and traditions that, according to our informants, set migrant entrepreneurs apart from non-migrants and individuals of other ethnic

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⁹ Odnoklassniki is a Russian social network owned by VK. [https://ok.ru](https://ok.ru)

⁴ Facebook™ is a trademark of Facebook Inc., registered in the U.S. and other countries. По решению Роскомнадзора, социальная сеть Facebook в России признана экстремистской организацией и заблокирована.
backgrounds, fostering active business development. For instance, Azerbaijanis
are characterized by a predisposition toward trade, attributed to cultural and
historical factors and an inherent quality termed the “trade spirit.” Entrepreneurs of
Kyrgyz origin believe that the Kyrgyz characteristic of solidarity, primarily expressed
through mutual support and oversight, is particularly significant in migration, offering
both financial and psychological benefits. The business activity of migrants from
Kyrgyzstan is further justified by such national qualities as resilience, diligence,
patience, determination: “even in Africa, we will do something together somewhere”
(woman, an entrepreneur of Kyrgyz origin), and a sense of domesticity: “when we
do something, there must be a return, support from me to parents and relatives”
(man, an entrepreneur of Kyrgyz origin).

Characteristics of Migrant Entrepreneurship
The essential components of any business include partners, staff, and the target
audience. In the sphere of migrant entrepreneurship from Kyrgyzstan and Azerbaijan,
a significant portion can be described as a familial affair as many migrant entrepreneurs,
particularly from Kyrgyzstan and Azerbaijan, involve close or distant relatives as
partners, and often as employees. This network extends to fellow countrymen, both
personal acquaintances from the country of origin and those encountered during
migration. According to our survey, a third of Kyrgyz entrepreneurs collaborate with
close or distant relatives as partners, with one in five engaging friends or fellow
countrymen. Approximately a third of them reported having a mixed composition of
personnel, including both “fellow countrymen” and migrants from CIS countries and
Russian regions. Entrepreneurs of Azerbaijani origin, along with their compatriots,
have a larger proportion of personnel, including migrants from Central Asia and other
Russian regions compared to Kyrgyz entrepreneurs.

Informants explain this choice with a combination of rational economic and
emotional considerations. The first reason is cost minimization; relatives or fellow
countrymen may accept lower pay and are often more understanding in case of
delayed wage payments. The primary goal of fellow countrymen, typically newcomers,
is to earn money, making them more responsible and less demanding than local hires.
This symbiotic relationship benefits both parties, as employees of migrant firms also
express the sentiment that “it is better to work for your own fellow people, even if your
wage can be less, but you’ll definitely get it” (man, an expert in the field, journalist).
Second, the focus on cost-effective money-making and shared language fosters
better understanding, eases communication, and consequently makes interaction
more psychologically comfortable. In sectors like rental, catering, education, and
intermediary services targeting Kyrgyz migrants, hiring fellow countrymen as staff
aligns with the business profile. Third, the preference for fellow countrymen as
partners and staff is rooted in the habit of “trusting people only from your village” (man,
an entrepreneur of Azerbaijani origin). This habit, rooted not only in ethnic affinity
but also in the rational principle of mutual control through family and compatriot
networks, is exemplified by the following Azerbaijani entrepreneur’s statement: “They
trust each other; this is a community. If a stranger comes to the country, he cannot
work with strangers, he does not know them.” However, relying predominantly on fellow countrymen also has its downsides. High mobility and resultant staff turnover can harm the business. Collaborating with friends and acquaintances is not always conducive to effective business management, as it can be more challenging to assert authority among one's own community. Lastly, this practice can negatively impact business promotion. Yet, as their business experience increases, entrepreneurs gain confidence and are more inclined, when selecting partners, to look beyond relatives or fellow countrymen. When specialized and qualified work is required, the emphasis shifts to recruiting employees with the necessary competencies.

The profile and success of entrepreneurship hinge on the target audience, shaped significantly by two complementary economic factors: supply and demand. While many partners and employees of migrant entrepreneurs are relatives and fellow countrymen, their clientele appears to be more diverse. Depending on the customer profile, we can generally identify three types of migrants’ businesses. Entrepreneurs of the first type work mainly with their fellow countrymen. This type is especially characteristic of businesses such as catering services (cafes and specialized grocery stores), freight and passenger transportation between Russia and departure countries, real estate and entertainment services, mediation, and educational services. Some businesses tailored for fellow countrymen, like intermediary and medical services, also find demand among other immigrants, particularly from Central Asia. This form of entrepreneurship aligns with migrant-oriented infrastructure, vital for any migration (Park, 1984; Sigona et al., 2021; Xiang & Lindquist, 2014). The 2010s witnessed a surge in such entrepreneurship among migrants from Kyrgyzstan due to mass labor migration and the accumulation of group and personal resources. Entrepreneurs of Azerbaijani origin likely established businesses of this kind in the 1990s, but they are presently scarce. Some individuals might opt for entrepreneurship focused mainly on fellow countrymen due to constraints such as limited financial or symbolic capital, or restricted sources for capital formation.

The second type involves services catering to both “fellow citizens” and other consumers, including ethnic cafes, medical clinics, sports clubs, shops selling Kyrgyz and Azerbaijani products, and network marketing. This type serves as a transitional phase, indicating resource accumulation by entrepreneurs, allowing them to progress to the next stage of business development.

The third type encompasses entrepreneurs focused on diverse consumers. While most of the staff may also be fellow countrymen, their industry profile enables them to meet the needs of the entire population. This strategy is evident, for example, among Kyrgyz entrepreneurs involved in the manufacturing and sale of clothing, building materials, repair and finishing work, beauty and hairdressing services. Azerbaijani entrepreneurs, rooted in diverse trade sectors historically, have expanded into such spheres as sewing, investment, and construction. Presently, their primary focus is on serving the broader population.

In a comprehensive analysis of entrepreneurship, group and individual characteristics of migrants both play vital roles. At the individual level, factors like age, gender, education, migration experience, command of the Russian language,
Russian citizenship, and motivation to start a business are significant. Motivations are shaped by personal traits and structural and group conditions. For instance, migrants from Azerbaijan were compelled to pursue self-employment due to factors like the military conflict with Armenia and global economic restructuring, leading to new economic opportunities and labor market positions. Their entrepreneurial strategies in the 1990s often involved goods-for-goods exchange. Azerbaijani entrepreneurs smoothly adapted to the new market environment, drawing on experience and skills acquired through informal economic activities during the Soviet era. The motivation shifted in the early 2000s, driven by a desire for independence and new opportunities. Some were drawn into business at the invitation of relatives or compatriots who had established businesses in the 1990s. By the 2010s, the second generation of migrants made choices influenced by the profile, size, and success of their fathers’ businesses. As per one Azerbaijani expert, a son of a small businessman tends to seek employment, while a son of a major one is inclined to continue his father’s business.

When analyzing the fundamental characteristics of migrant entrepreneurship at both individual and group levels, it’s essential to acknowledge the lack of strict boundaries between these levels in practical terms. They are interconnected and influenced by each other, as well as shaped by the economic and socio-historical context. For instance, the wave of migration from Kyrgyzstan to Russia, distinct from that of Azerbaijan, started in the 2000s amid the transition to a market economic system, economic growth, improved well-being, and the ensuing demand for wage labor. Business interest among Kyrgyz migrants typically arises after fulfilling the essential daily needs of their families in their home country, often prompting the decision to engage in labor migration.

In practical terms, Kyrgyz entrepreneurs embarked on their journey by adapting to the Russian labor market, accumulating experience in specific fields, and acquiring a nuanced understanding of the “rules, players, competition, and business specifics.” This transition was emphasized in the following way: “… guys have crossed a certain threshold … at first they came at that time as janitors, then they received citizenship, afterwards they worked for someone, looked around” (man, a Kyrgyz expert in the field and journalist). As the number of Kyrgyz migrants was growing in Russia, they gathered both money and influence, which enabled them to move from wage labor to entrepreneurship, shifting from basic trade to production. This transformation, however, occurred about a decade later compared to migrants from Azerbaijan. Unlike entrepreneurs of Azerbaijani origin, Kyrgyz migrants did not solely rely on family and compatriot ties as their primary source. Our observations align with previous studies, emphasizing that the market occupied by migrant entrepreneurs typically features low entry barriers in terms of capital and education, high labor intensity, and low value added (Volery, 2007, pp. 30–41).

Stages of Migrant Entrepreneurship
A comprehensive analysis of the interplay between structural, group, and individual characteristics helps us identify the key stages in the development of migrant entrepreneurship in Russia. Even though this is a categorization of ideal
types, it effectively highlights the main features of Kyrgyz and Azerbaijani migrant entrepreneurs, revealing both similarities and differences between their businesses. One shared feature is the impact of a complex set of structural opportunities and constraints, shaping diverse contexts for entrepreneurship across various stages of Russia’s socio-economic and political development. Another common feature is the pivotal role of networks of relatives, fellow countrymen, and compatriots as a key resource in initiating and advancing migrant business activities, particularly in the early stages of business formation. Along with these commonalities, there are also unique entrepreneurial strategies and characteristics resulting from the mutual influence of individual factors such as migration history, socio-demographic traits, and specific socio-economic contexts.

The development of Kyrgyz migrant entrepreneurship in Russia unfolds in three distinct stages. Kyrgyz migrant entrepreneurship emerged in the mid-1990s to early 2000s. Some entrepreneurs from this period were former Soviet Union citizens, which means that they were not migrants in the strict sense of this word, while others were the first wave of labor migrants. The absence of market relations in the socialist system meant that the early Kyrgyz entrepreneurs, like many former Soviet citizens, lacked business experience and primarily engaged in small and wholesale trade. For those with higher education and work experience from the Soviet era, venturing into entrepreneurship was often a compelled step: “Everyone became a businessman … because we didn’t have money, we didn’t have anything, everyone was searching for something outside, went to work at markets, did as best as they could” (man, an entrepreneur of Kyrgyz origin).

The second stage started approximately at the turn of the millennium, but it reached its peak in the mid-2000s when labor migration from Kyrgyzstan acquired extensive proportions. During this period, Kyrgyz migrants accumulated material and symbolic resources, and the number of entrepreneurs was growing along with the appearance of individual entrepreneurs and small firms involved not only in trade but also in small-scale production. First cottage sewing factories that also appeared during this period in Kyrgyzstan started supplying their products instead of Chinese ones to the Moscow markets to be sold by Kyrgyz migrants. But, as a whole, at that time they adhered to the strategy of spending the money they earned on the family needs in the home country rather than in the development of their business.

The third stage started in 2010, witnessing a significant surge in the personal and group resources of Kyrgyz migrants, leading to an entrepreneurial boom. During this period, enterprises founded by Kyrgyz entrepreneurs, catering primarily to Kyrgyz and other migrants from Central Asia, emerged. The key strategies included venturing into the same economic sector where migrants had been employed, broadening the range of services for both compatriots and the general population, i.e., education, healthcare, transportation, logistics, cosmetology, and hairdressing services, as well as transitioning from services to manufacturing, e.g., garment production or construction materials. Presently, the specialization of Kyrgyz-owned enterprises can be outlined as follows: production for all consumers (garments and certain construction materials) and the service sector, which can be targeted either at compatriots or the entire
population. As Kyrgyz entrepreneurs make progress, they find it necessary to revise their strategies, leading to a shift towards a broader consumer audience or an expanded range of services. For instance, they may open grocery stores, engage in wholesale supplies of fruits and vegetables, or diversify their offerings. Some entrepreneurs, facing challenges in developing businesses focused solely on compatriots, expand their reach to include the broader population of Moscow (beauty parlors, hair salons, etc.). Expert estimates suggest that the maximum share of Kyrgyz entrepreneurs does not exceed 10% of all Kyrgyz nationals working in Russia. The concept of an “ethnic economy” aptly describes the ideal type of migrant entrepreneurship from Kyrgyzstan.

The development of Azerbaijani migrant entrepreneurship unfolds across four stages. The zero stage corresponds to the late socialist era, specifically the late 1970s and the 1980s (Sahadeo, 2019), marked by shadow capitalists (tsekhoviks), resellers, and profit-seeking individuals (Romanov & Suvorova, 2003). Moreover, during the 1960s–1980s, a substantial and conspicuous group of immigrants from the Caucasus, including Azerbaijan, engaged in the delivery and resale of fruit, vegetables, and flowers at Soviet bazaars (Dyatlov, 2017, p. 102). The experience and connections formed during this period facilitated the seamless integration of some Azerbaijani entrepreneurs into Russia’s free market after the collapse of the USSR. Notably, this period marked the beginning of the business careers of certain contemporary large entrepreneurs, including owners of significant shopping centers, according to expert assessments.

The first stage spans a considerable period, from the entire 1990s until potentially the early or mid-2000s. This era witnessed the most significant migration from Azerbaijan. During this prolonged period, migrants developed their business skills and entrepreneurial acumen concurrently with the emergence of the modern economic system and the expansion of the labor market. They primarily occupied the niche that was most accessible at the time in terms of entry, that is retail and wholesale trade. Migrants from across the Soviet Union, particularly from Azerbaijan, played a crucial role in the activities and structure of the so-called ethnic markets. These markets, in turn, influenced the economic development of Russia and the economic and social adaptation of migrants (Dyatlov, 2017, p. 110). “Ethnic” businesses also emerged during this phase, predominantly in catering, intermediary services, and transportation.

The second stage spans from the mid-2000s to the early 2010s and was marked by the stabilization of Russia’s political, socio-economic, and legislative landscape, encompassing trade and the labor market. At the same time, with an upswing in the well-being and purchasing power of the population, many Azerbaijani entrepreneurs used the group and personal resources accumulated in the preceding period to diversify their economic activities. Rather than merely selling goods at markets, they transitioned to opening shops, investing in real estate, engaging in general trading and intermediary activities, exploring new economic niches, and establishing manufacturing facilities.

The third stage started in the first half of the 2010s, aligning with the establishment of the modern tax system and the implementation of state regulations and support measures for small and medium-sized businesses. This period sees the modernization
and further development of businesses among some entrepreneurs of Azerbaijani origin. Simultaneously, the financial crisis of 2014–2015 and the expansion of federal retail chains inflicted significant damage on small and medium-sized enterprises dealing in essential goods, where Azerbaijani entrepreneurs held a substantial share since the 1990s. Despite the diverse range of professions in various economic activities among Azerbaijanis, including migrants and former migrants, as noted by Azerbaijani entrepreneurs and experts in our research, the majority (approximately 70–80%) are entrepreneurs primarily involved in trade. Consequently, the concept of “middlemen minorities” aptly characterizes the ideal type of Azerbaijani migrants’ entrepreneurship.

Discussion and Conclusion

This study sought to provide a comprehensive examination of migrant entrepreneurship in Russia, considering both the socio-economic and historical context, as well as the characteristics of migrants that shape the opportunities and constraints for specific entrepreneurial strategies. The complexity and uniqueness of studying migrant entrepreneurship in Russia stem from the fact that it is a relatively new social phenomenon. Large-scale labor migration and the emergence of a new economic system and employment forms began to take shape almost simultaneously after the disintegration of the USSR.

One significant challenge in studying entrepreneurship among Russian citizens, let alone that of foreign migrants, is the lack of uniform and comparable statistical information. Furthermore, over the post-Soviet history, the socio-economic context has undergone multiple changes, leading to alterations in the structural conditions that determine the characteristics of migrant entrepreneurship.

An analysis of statistical data and interviews with migrant entrepreneurs highlights the most pertinent opportunities and constraints imposed by the context of the countries involved in migration, primarily Russia and the sending societies. This includes the general socio-economic and political situation in the stakeholder countries and the world at large. Additionally, it encompasses factors that fundamentally influence entrepreneurship, such as market conditions, supply and demand, norms, and rules governing a specific country’s market. Furthermore, a distinct category of such opportunities and constraints as Russian citizenship and proficiency in the Russian language is also of a certain importance. Among other things, these opportunities and constraints exhibit generational differences.

Analysis of entrepreneurship characteristics of migrants from Kyrgyzstan and Azerbaijan, encompassing business partners, staff, and target audience profiles, reveals distinctive features of migrant business activities in Russia. First a considerable portion can be classified as family-run businesses, where partners and employees are close or distant relatives. This inclination is rooted in cost reduction opportunities and the tradition of trusting “fellow people.” The diversity in the customer profile of migrant entrepreneurs has led to differentiated business profiles and entrepreneurial strategies based on the target audience focus. Three main types of businesses regarding the consumers they target have been identified: the first type of businesses
cater to their fellow countrymen, contributing to a migrant-oriented infrastructure; the second type comprises those offering services to both fellow citizens and other consumers; and the third, those targeting all consumers.

Understanding the nuances of migrant entrepreneurship involves considering personal characteristics such as migration experience, age, gender, education, knowledge of the Russian language, Russian citizenship, and motivation for business. While it is important to analytically separate individual and group characteristics, in practice, there are no strict boundaries; they are interconnected and mutually influenced by economic and socio-historical contexts.

The development of Kyrgyz and Azerbaijani businesses is influenced by the following common factors: (a) the impact of a complex of structural opportunities and constraints, creating varied entrepreneurial contexts in different stages of Russia’s socio-economic and political development; (b) the pivotal role of family, fellow countrymen, and compatriot networks as key resources in initiating and advancing business activities; and (c) the main entrepreneurial strategies based on the primary consumer focus. The unique features of entrepreneurship emerge at the intersection of these common factors and individual characteristics such as migration history and socio-demographic traits.

While the presented results contribute to current research on migrant entrepreneurship, there are certain limitations that need to be mentioned. Spatial dimensions were not extensively explored, and a comparative analysis with migrants from other countries could provide valuable insights. Nevertheless, this research holds scholarly importance by expanding theoretical, methodological, and empirical research in migration and sociology, contributing new knowledge to the field of migrant entrepreneurship.

References


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