

Achieving Success in Business: A Comparison of Somali and American-Born Entrepreneurs in Minneapolis

by Shannon Golden, Elizabeth Heger Boyle, and Yasin Jama

Photo © Steve Schneider, 2010



One important function of migrant entrepreneurship is creating solidarity within ethnic communities.

Minnesota is an emerging immigrant-receiving state, receiving notably high numbers of refugees each year. Between 1983 and 2007, Minnesota had the fourth largest number of new refugee arrivals, behind only Florida, California, and Texas. In addition to those who resettle directly in Minnesota, data from the federal Office of Refugee Resettlement indicate that Minnesota has the largest secondary in-migration of refugees in the nation.¹ A well-developed social-service industry, state-aid programs, an existing refugee

community, and the availability of unskilled jobs make Minnesota an attractive resettlement option.

Twin Cities metropolitan area is currently home to the largest community of Somali immigrants in the nation. After the collapse of Somali dictator Siad Barre's government early in 1991, factional fighting and violence displaced hundreds of thousands of Somalis. Despite many attempts, the country still lacks a stable government capable of bringing peace to the region. As a result of this instability, most Somalis who now live in Minnesota came to the United States as refugees, many directly from refugee camps. Between 1983 and 2007, Minnesota had the largest number of new Somali immigrants in

the United States (Figure 1). Estimates of the size of the Somali community in the Twin Cities vary, ranging from the State Demographic Center's 2004 estimate of 25,000² to substantially higher estimates (around 40,000) made by nonprofits and Somali community organizations.³

Some Somalis in Minnesota have established businesses quite successfully.⁴

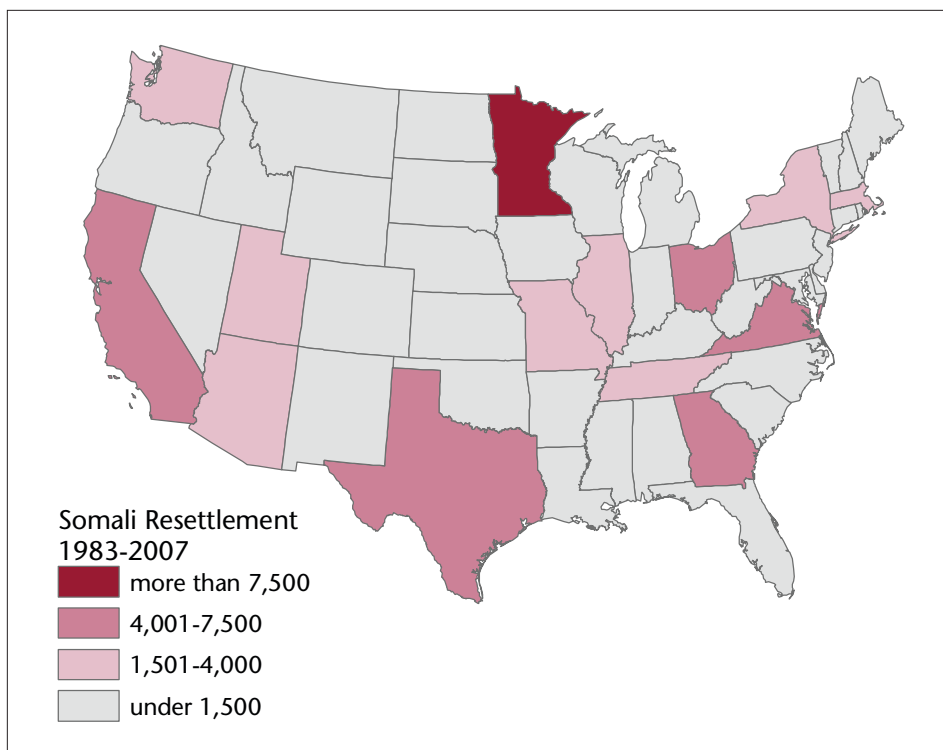
² B.J. Ronningen, "Estimates of Selected Immigrant Populations in Minnesota: 2004," Minnesota State Demographic Center, 2004, www.demography.state.mn.us/PopNotes/EvaluatingEstimates.pdf.

³ Online at the Confederation of Somali Community in Minnesota, www.cscmn.org/about.html.

⁴ H.M. Samatar, "Experiences of Somali Entrepreneurs in the Twin Cities," *Bildhaan: An International Journal of Somali Studies* 4 (2004): 78-91.

¹ U.S. Department of Health and Human Services, "Office of Refugee Resettlement Report to Congress," 2007, www.acf.hhs.gov/programs/orr/data/ORR_2007_report.pdf.

Figure 1. Refugee Distribution across the United States



In the Twin Cities metro area alone, we have identified at least 375 Somali-owned businesses. This high level of entrepreneurship is a remarkable achievement for a community that arrived quite recently, has endured many years of a brutal conflict, has relatively low levels of socioeconomic resources, and entered the United States as a racial and religious minority. As refugees become an increasingly established part of the Twin Cities community—and immigrant flows show no signs of slowing—it is important to understand what facilitates immigrants' long-term socioeconomic success.

This article presents findings from in-depth surveys with 90 Somali and 45 American-born entrepreneurs in Minneapolis, exploring what may facilitate or hinder the success of their businesses. Our study focused on how environmental factors and group characteristics interact to influence Somali business development, practices, and financing, and how and why Somalis may differ from other entrepreneurs on these dimensions. We focused on two factors that distinguish recent Somali immigrants from other groups of immigrants: their religiosity and their racial identity. Because our study was completed in the Twin Cities metropolitan area, a unique environmental characteristic—a large number of nonprofit organizations that can provide business training and other resources—may have contributed to the

success of Somali entrepreneurs. In our study, we considered the impact of religion, race, and resources on Somali business enterprises, and also explored how businesses owned by Somali women differed from those owned by men.

The research upon which this article is based was supported in part through a grant from CURA's Faculty Interactive Research Program. Additional funding was provided by the Graduate Research Partnership Program.

Methodology

To learn more about Somali entrepreneurial achievements and challenges, in 2009 we administered surveys to 90 Somali business owners and 45 non-migrant (American-born) business owners in Minneapolis.

The Surveys. We based our survey on one administered by Rebecca Raijman and Marta Tienda to Hispanic businesses in the Little Village area of Chicago in the early 1990s, as well as by the Federal Reserve Bank to Hmong business owners in the Twin Cities in 2000.⁵ These earlier surveys focused on the pathways to business ownership, considering the owners' backgrounds, financing opportunities, and social networks. For our survey, we also developed new ques-

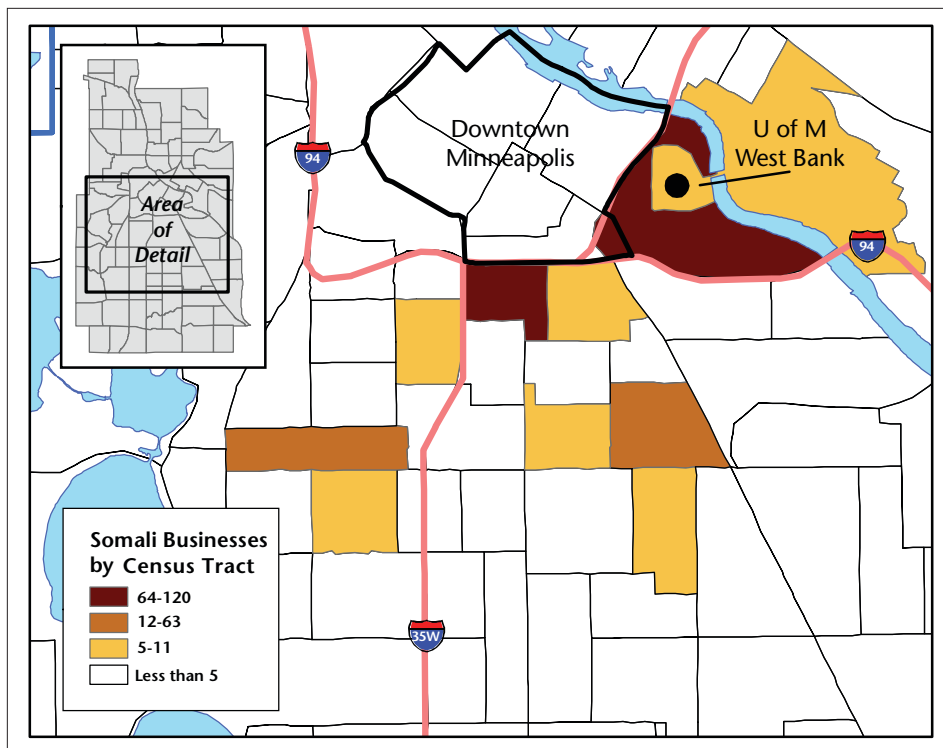
⁵ See the Federal Reserve Bank of Chicago, at www.chicagofed.org/webpages/communities/cedric/household_and_small_business_data.cfm.

tions about why respondents opened their businesses, their business training, remittance practices, comfort with a range of financial practices, and their use of social networks. Our survey contained 13 sections: business basics, personal characteristics, dependents, business start-up, partners, employees, suppliers, social networks, clients/customers, problems facing the business, income fluctuations, insurance, and use of services. Each section had 5 to 19 questions. The questions were all in multiple choice or short-answer format. Responses were recorded by hand on the survey form and then entered into a database. These data were then analyzed using the statistical program SPSS. There is variation in the number of respondents (*n*) reported in the tables presented in this article because not all questions applied to all respondents (for example, if a respondent answered that they did not want to grow their business, they were not asked the next questions about barriers to growth and specific plans for growth) and because some respondents chose not to answer some questions.

Yasín Jama, a graduate of the University of Minnesota's School of Public Health and a person well known within the Somali community, conducted the 90 Somali interviews. Somali respondents were given the option to have the survey administered in Somali or English. Shannon Golden, a Ph.D. candidate at the University of Minnesota, conducted the control group interviews with 45 non-migrant, American-born business owners. Business owners were paid a small fee for their participation. Depending on the complexity of the business and the number of distractions, the surveys took 45 minutes to 3 hours to complete.

Sampling. The research team compiled a database of Somali-owned businesses in Minneapolis and St. Paul based on State Department filings, local phonebooks, conversations with key informants, newspaper articles and advertisements from general circulation and Somali newspapers, and keyword searches on the Internet. As shown in Figure 2, there are sizeable concentrations of Somali businesses in Minneapolis. We weighted the sample more heavily toward street-front businesses because we were particularly interested in businesses that required significant start-up capital. We divided street-front businesses by their seven ZIP code zones and, to the extent possible, Jama

Figure 2. Distribution of Somali Businesses in Minneapolis, 2009



sampled every other storefront business, although the geographic layout of businesses (multilevel-buildings, people working out of homes, etc.) did not always make this possible. The sample is thus geographically distributed to match the locations where Somali-owned businesses operate. Most of the interviews were conducted in Cedar-Riverside and South Minneapolis, including areas along Franklin Avenue, Lake Street, and Nicollet Avenue. Just two Somali and three non-migrant entrepreneurs who were approached refused to participate.

To create the control group, we selected every second Somali-owned business Jama surveyed and found the closest business not owned by an immigrant. For the control group, Golden excluded businesses that opened before 1995 to more closely resemble the characteristics of the Somali businesses surveyed. The detailed data we collected through the surveys allowed us to address areas of interest to social scientists, nonprofit organizations, and policy makers.

Results

This section briefly summarizes our findings from the interviews.

Demographics. All 90 Somali entrepreneurs we interviewed were born in Somalia and spoke Somali as their first language. Compared to the control group (non-migrant) business owners

we interviewed, the Somali respondents on average were younger and had less education. More Somali entrepreneurs were embedded in close social relationships compared with the control group business owners (Table 1, p. 46). Somali respondents were more likely to be married (78.9% versus 57.8%), and had on average more adult and minor dependents in the United States than control group respondents. In addition, almost all Somali entrepreneurs in the sample had dependents outside of the United States (compared to none of the control group respondents). These findings suggest that Somali entrepreneurs may depend more heavily on their business ventures than their control group counterparts. Because the control group members were more likely to be under 40 and have a college degree, entrepreneurs in this group could more likely find alternative means of support should their businesses fail. In addition, the control group interviewees did not have as many people dependent on the success of their businesses as the Somali entrepreneurs did.

The Somali entrepreneurs who we interviewed were significantly less likely than the control group entrepreneurs to have any other source of income in addition to their businesses (Table 1). When asked how important “providing family support” was in their decision to go into business for themselves, the

overwhelming majority of the Somali sample said it was “extremely important,” whereas less than one-third of the control group business owners gave this response. These findings suggest that Somali entrepreneurs rely more heavily on their businesses as a means to support their families than do non-migrant business owners.

Remittances, Types of Businesses, and Income. When we asked Somali business owners about remittances (money sent to support family or friends overseas), we found that remitting was widespread among Somalis. All but one Somali entrepreneur we interviewed reported sending money to family or friends outside of the United States. Because we previously found that Somali business owners supported more people in the United States than did non-migrant business owners (Table 1), the remittances that Somali business owners sent overseas suggests that they support a greater number of dependents overall compared with American-born business owners. We asked respondents who sent remittances what percentage of their monthly earnings they sent to family or other individuals in other countries. Responses ranged from 1% to 95% of their monthly earnings, with a mean of 24%. Despite the large amounts already being sent, most Somalis indicated that they wished they could send a greater percentage than they currently did. Overseas remittances were part of doing business for these individuals.

Our results indicate that not only do these entrepreneurial Somali individuals rely on the success of their businesses, but so do their extended networks. Understanding what helps Somali businesses succeed is likely to have far-reaching implications for their dependents, both within and outside of the United States.

In addition to basic differences in the respondents’ demographic characteristics, the types of businesses owned by Somalis differed significantly from those owned by non-migrants. Approximately two-thirds of the Somali entrepreneurs we interviewed owned businesses in wholesale or retail trade, and the remaining one-third owned businesses that were service-oriented, offering personal, business, or repair services. Comparatively, the control sample of entrepreneurs had fewer retail businesses: approximately 44% owned retail businesses, 42% provided services, 11% provided entertainment or recreation, and 2% (one business) provided

manufacturing services. The distribution of Somali business types may indicate that Somali consumers have unique needs not being met by other, non-Somali retailers, or it may indicate that Somali retail entrepreneurs are operating in a saturated market, and may benefit from creatively branching out in business types.

When we asked entrepreneurs to report their gross income before expenses in 2007, we found significant differences between the business income of our respondents. More than two-thirds of the Somali businesses had income less than \$100,000, whereas more than two-thirds of the control respondents had income greater than \$100,000 (Table 1). When we stratified the Somali respondents' business income by business location or the gender of the business owner, we found that businesses that operated in malls had lower income than storefront businesses, and that female-owned Somali businesses had lower income than those owned by men (Table 2).

Religion. The majority of Somali people are Muslim, and every member of our Somali entrepreneur sample reported being raised a Muslim as well as being a currently practicing Muslim (Table 1). This identity is important, because Islamic tenets may influence business decisions. For example, Islam places some limits on credit transactions, which can create barriers for raising capital and saving money in the American context. In addition, Islam may influence other decisions, such as which types of products to sell. The precise interpretation of the Koran concerning credit varies across and within Islamic communities. An objective of our study was to outline the range of interpretations and identify the overall effect of this religious precept, particularly on decisions about financing.

Although the entire Somali sample in our study was Muslim, none of the control group respondents were (Table 1). In the control group, approximately half of the entrepreneurs were Catholic or Protestant Christian, and one-third reported no religious affiliation. Another significant difference we observed was in the salience of religious belief—all but one Somali entrepreneur said their religious beliefs were “extremely important” to them, compared with less than half of the control group owners who gave the same response. Because we were interested in determining how Islam

Table 1. Demographic Characteristics of Somali and Non-Migrant Entrepreneurs

	Somali	Non-Migrant
Have less than high school education* (n = 88, n = 45)	30.7%	0%
Have college degree (or higher)* (n = 88, n = 45)	14.8%	71.1%
Married* (n = 90, n = 45)	78.9%	57.8%
Under 40 years old* (n = 90, n = 45)	20.0%	46.7%
Female* (n = 89, n = 45)	37.1%	22.2%
Have dependents outside U.S.* (n = 89, n = 45)	98.9%	0%
Have dependents in the U.S. (n = 89, n = 45)	71.9%	64.4%
Adult dependents (means)*	2.2	1.7
Child dependents (means)*	3.4	1.6
Have income besides business* (n = 89, n = 45)	18.9%	53.3%
How important was “providing family support” in decision to open business* (n = 89, n = 45)		
Extremely important	89.9%	26.7%
Somewhat important	9.0%	24.4%
Not important at all	1.1%	48.9%
Current religious affiliation* (n = 90, n = 45)		
Muslim	100%	0%
Catholic or Protestant Christian	0%	51.1%
Jewish	0%	4.4%
None, atheist, or agnostic	0%	33.3%
Something else	0%	11.1%
Gross Annual Income* (n = 83, n = 39)		
\$20,000 or less	41.0%	0%
\$20,001 to \$100,000	31.3%	17.9%
\$100,001 to \$500,000	16.9%	48.7%
\$500,001 or more	10.8%	33.3%
Self-described race (n = 66, n = 45)		
Somali, Somali American	16.7%	0%
Black, Black American, African American	83.3%	17.8%
White, Caucasian, European American	0%	68.9%
Asian	0%	2.2%
Other or mixed	0%	11.1%

Note: The number of responses (n) reported for each row are for Somali and non-migrant entrepreneurs, respectively.

*Results are statistically significant at the 90% level of confidence, which means there is a less than 10% probability that the difference in values is a result of chance.

Table 2. Business Location, Gender, and Gross Business Income of Somali Entrepreneurs

	\$20,000 or less	\$20,001 to \$100,000	\$100,001 to \$500,000	\$500,001 or more
Location (for Somali sample only)*				
Storefront (<i>n</i> = 43)	32.6%	25.6%	23.3%	18.6%
Mall (<i>n</i> = 40)	50.0%	37.5%	10.0%	2.5%
Gender (for Somali sample only)*				
Male (<i>n</i> = 49)	24.5%	34.7%	24.5%	16.3%
Female (<i>n</i> = 33)	66.7%	27.3%	6.1%	0%

Note: Rows may total to more or less than 100% due to rounding.

*Results are statistically significant at the 90% level of confidence, which means there is a less than 10% probability that the difference in values is a result of chance.

influenced the business practices of Somali entrepreneurs, we had intended to compare the business practices of more religious Somalis with those who were less religious. However, our results indicated no variation within the sample on religiosity, so we were unable to explore this issue.

Nevertheless, the uniformity of religious affiliation and the tremendous importance of religion for the Somalis who participated in our study (Table 3) provided important information. These shared characteristics may signify a very tight-knit immigrant community. We might therefore expect other Somalis or Muslims to be suppliers of the products local Somali entrepreneurs sell. Somalis

may prefer to work with individuals who understand Islamic religious restrictions on credit. The religious characteristics we identified may also imply that Somalis actively confer with one another about their interpretations of Islam. Hence, we might expect considerable uniformity across the group in terms of interpretations of Islam. All of these issues are likely to affect how Somalis conduct their businesses.

To address these implications, we initially asked Somali entrepreneurs if “religious restrictions on credit had been a consideration when seeking financial assistance.” After 20 interviews, we dropped this question because it was too sensitive. Some Somali business

owners reported that they felt they had compromised their religious beliefs to start their businesses and talking about this made them uncomfortable. Of the 20 Somali entrepreneurs who answered this question, 15 (75.0%) said religious beliefs prevented them from seeking credit. We also found that the vast majority of Somali entrepreneurs were “very uncomfortable” or “uncomfortable” borrowing with interest, compared with less than one-third of the control group entrepreneurs who felt the same way (Table 3). Similarly, more than 80% of Somalis said that they were uncomfortable maintaining an insured savings account, whereas none of the non-migrant entrepreneurs was uncomfortable with this practice. Somalis’ discomfort with these financial activities is likely related to their religious beliefs. Providing Islamic-compliant capital

Table 3. Religion and Financial Barriers for Somali and Non-Migrant Entrepreneurs

	Somali	Non-Migrant
Importance of religious beliefs* (<i>n</i> = 90, <i>n</i> = 45)		
Extremely important	98.9%	48.9%
Somewhat important	1.1%	24.4%
Not very important	0%	11.1%
Not important at all	0%	15.6%
Uncomfortable borrowing with interest* (<i>n</i> = 86, <i>n</i> = 45)	93.0%	26.6%
Uncomfortable with insured savings account* (<i>n</i> = 86, <i>n</i> = 45)	80.2%	0%
Had financial barriers to starting business (<i>n</i> = 88, <i>n</i> = 45)	51.1%	57.8%
Financing is a barrier to expansion* (<i>n</i> = 88, <i>n</i> = 18)	90.9%	50.0%

Note: The number of responses (*n*) reported in column 1 are for Somali and non-migrant entrepreneurs, respectively. Column totals may not sum to 100% due to rounding.

*Results are statistically significant at the 90% level of confidence, which means there is a less than 10% probability that the difference in values is a result of chance.



Photo © Erika Busse, 2010

Many Somali businesses are located in malls, such as the Suuqa Karmel on Pillsbury Avenue in Minneapolis.

Table 4. Motivations of Somali and Non-Migrant Entrepreneurs that May Relate to Racial Discrimination

	Somali (n = 88)	Black control group (n = 8)	Nonblack control group (n = 37)
Mentioned discrimination as a barrier to starting business*	1.1%	25.0%	10.8%
Thought owning a business would be more profitable than working for others*			
Extremely important	70.8%	37.5%	44.4%
Somewhat important	29.2%	50.0%	27.8%
Not important at all	0%	12.5%	27.8%
Why did you decide to go into business?			
Greater yield or profit*	41.6%	0%	2.7%
Lacked other options†	15.7%	37.5%	21.6%
Reported danger of failing in last three years* (n = 84, n = 6, n = 33)	40.5%	100%	48.5%

Note: The number of responses (n) reported in column 1 for the last row are for Somali, non-migrant black, and non-migrant nonblack entrepreneurs, respectively.

*Results are statistically significant at the 90% level of confidence, which means there is a less than 10% probability that the difference in values is a result of chance.

†For example, an inability to find salaried employment.

resources and savings accounts, such as those advocated by the African Development Center of Minnesota, would likely be a tremendous benefit to these business owners.

Surprisingly, given these Islam-based constraints, Somalis did not report greater financial barriers to starting their businesses than control group entrepreneurs did. In an open-ended question, we found no significant difference between Somali and control group entrepreneurs. However, Somalis were more likely to report that obtaining financing was a barrier to the expansion of their business (Table 3). We also considered whether religious restrictions might inhibit maintaining bank accounts. We found some evidence to support this idea, with only about two-thirds of Somali entrepreneurs maintaining business bank accounts, but with almost all of the non-migrant owners doing so.

Race. In addition to religious affiliation, another characteristic of African communities that may set them apart from other immigrant groups is their experience with racial discrimination. Discrimination may be manifested in two different ways: overt discrimination or blocked mobility. Examples of overt discrimination include being passed over for a job because of one's race or enduring racist remarks from supervisors and coworkers while employed. Overt discrimination is easily identifiable,

whereas blocked mobility can be harder to recognize. Blocked mobility results from structural inequalities or limited opportunities available to individuals because of their racial identity, and may not be immediately apparent to the individual. Some research has shown that first-generation black immigrants experience racial discrimination, but to a lesser extent than native-born black Americans.⁶ We were interested in the degree to which Somali business owners perceived they had been victims of racial discrimination, if ever. In our study, we found that the Somali entrepreneurs we interviewed rarely reported experiencing overt discrimination, but reported experiences that may represent blocked mobility.

When we asked Somali entrepreneurs in an open-ended question to describe their race, 83.1% of Somali respondents said "Black," "Black American," or "African American," whereas the remaining respondents said "Somali" or "Somali American," claiming "Somali" as part of their racial identity (Table 1). Among the control group of entrepreneurs, 68.9% (31 people) self-identified as White, 17.8%

⁶ V. Bogan and W. Darity, Jr., "Culture and Entrepreneurship? African American and Immigrant Self-Employment in the United States," *Journal of Socio-Economics* 37,5 (2008): 1999-2019; M.C. Waters. *Black Identities: West Indian Immigrants Dreams and American Realities* (Cambridge: Harvard University Press, 1999), pp. 94-139.

(8 people) as Black, and the remaining 13.3% (6 people) as some other racial group. We were particularly interested in how the black Americans in the control group experienced discrimination compared with Somali-born blacks. Our results must be interpreted cautiously. First, the number of black Americans in the sample was small, and second, Somali responses may reflect a lack of cultural awareness of discrimination rather than its actual absence.

Of the three groups surveyed (Somali entrepreneurs, black control group entrepreneurs, and nonblack control group entrepreneurs), none contained many individuals who perceived themselves as victims of overt racial discrimination (Table 4). In response to an open-ended question concerning barriers to starting their business, respondents did not mention overt discrimination frequently, and Somali respondents in particular rarely identified discrimination as a barrier; one-quarter (25%) of black control group entrepreneurs mentioned discrimination, compared with roughly 1 in 10 (10.8%) of nonblack control group entrepreneurs, and only one Somali respondent (1.1%). Racial discrimination may operate with more subtlety, however. For example, one aspect of immigrant businesses is that they are sometimes opened, at least in part, because discrimination foreclosed other profitable employment options for their owners.

To investigate this aspect of entrepreneurs' experiences, we asked respondents how important each of a list of items was for them in deciding to go into business. If individuals had tried working for others, but were not able to find employment that compensated them adequately, this experience may indicate discrimination in hiring or pay. To address this issue, we asked respondents the extent to which they agreed or disagreed with the following statement: "I thought running a business would be more profitable than working for others." We observed a significant difference between Somali and control group respondents: more than two-thirds (70.8%) of Somalis thought this aspect was extremely important in their decision to start a business, compared with less than half (44.4%) of nonblack control group respondents and about one-third (37.5%) of black control group respondents.

Similarly, when we asked an open-ended question about why they went into business, the Somali entrepreneurs we interviewed were much more likely to mention greater yield or profit as a motivation: almost half of Somalis said this was a factor in their decision, whereas greater yield or profit seemed to be virtually a nonissue for the control group (no black control group entrepreneurs mentioned it as motivation, and only one nonblack control group entrepreneur mentioned it). Although these data are not evidence that racial discrimination depresses wages for Somalis (thus providing the impetus to open a business), they are consistent with that possibility. Interestingly, however, in the same open-ended question, Somalis mentioned blocked mobility scenarios (such as inability to find work, "disadvantage," problems in a previous job, "necessity," getting fired, or having "nothing better to do") less frequently than the control group did: 15.7% of Somali respondents mentioned these types of situations, compared with 37.5% of the black and 21.6% of the nonblack control group respondents.

Finally, we observed significant differences among the three subgroups we surveyed as to whether or not the respondents indicated that their business had been in danger of failing recently: Whereas all of the black control group respondents reported recent danger of failure, less than half of nonblack control group respondents (48.5%) and Somali respondents (40.5%) reported being in the same situation.

Table 5. Business Resources Used by Somali and Non-Migrant Entrepreneurs

	Somali	Non-Migrant
Have business bank accounts* (<i>n</i> = 89, <i>n</i> = 45)	69.7%	95.6%
Have business training* (<i>n</i> = 89, <i>n</i> = 45)	40.4%	62.2%
Have a group of business owners to talk with (<i>n</i> = 88, <i>n</i> = 45)	60.2%	57.8%
Would participate in another business owners' forum* (<i>n</i> = 86, <i>n</i> = 45)	83.7%	60.0%
Have specific plans for growth in next 2-3 years* (<i>n</i> = 82, <i>n</i> = 41)	42.7%	70.7%

Note: The number of responses (*n*) reported in column 1 are for Somali and non-migrant entrepreneurs, respectively.

Although the group of black control group respondents was small, their experiences in terms of possible business failure were remarkably different from those of the Somali entrepreneurs. These data suggest that Somali entrepreneurs may experience less trouble in their businesses than their black-American counterparts do or, on the contrary, that these groups may face similar hardships, but the Somali business owners may be more optimistic about their success. In combination, the responses to survey questions about race and discrimination demonstrated differences in how Somali and American-born black entrepreneurs experience racial discrimination, but no consistent pattern emerged.

Resources. The data that we collected through our surveys provided insight into the use of business resources available to Minneapolis Somali entrepreneurs, as well as some indication of the impact of these resources on the success of businesses owned by immigrants. Minnesota is unique from other refugee-receiving states in the high level of federal support that its public and private nonprofit resettlement agencies receive.⁷ The Office of Refugee Resettlement administers discretionary grants for refugee community resettlement, and organizations in Minnesota received more than \$2.5 million of these grants in 2007. These funds were distributed among 15 organizations that specifically serve refugee communities, such as the

Confederation of Somali Community in Minnesota, the Minnesota African Women's Association, and the Somali International Minorities of America. As a point of comparison, sizable Somali communities exist in both Ohio (Columbus) and Washington (Seattle), but those two states each received less than \$600,000 in community resettlement grants in 2007, distributed to just three and four organizations, respectively. This distinction is important, because these organizations, which are relatively well-supported in Minnesota, provide crucial resources for refugee entrepreneurs.

We found that Somali entrepreneurs were less likely than control business owners to maintain bank accounts for their businesses (Table 5). This finding may indicate a degree of informality in Somali businesses, but may also suggest that the typical institutions used by business owners do not meet the needs of Somali entrepreneurs. A third alternative is that Somalis may prefer institutions that offer options compliant with Islamic financial restrictions.

We asked respondents if they had completed any training, such as workshops, seminars, or courses, related to running a business, and found that Somalis were less likely to have received business training (40.2% of Somali entrepreneurs, compared with 62.2% of the control group entrepreneurs). For both groups of entrepreneurs, those with business training were significantly more likely to have written a business plan, which can help entrepreneurs be successful over time, than those who had not written a business plan

⁷ U.S. Department of Health and Human Services, Office of Refugee Resettlement, "State Profiles, Fiscal Year 2005-2007," 2009, www.acf.hhs.gov/programs/orr/data/Profiles05-07.pdf.

(Table 6). Somali entrepreneurs with business training were also significantly less likely to have reported having been in danger of their business failing: roughly half (48.0%) of Somali business owners without business training had been in danger of failing, compared with only one-quarter (27.3%) of Somali business owners with business training. In the control group of entrepreneurs, we did not observe a statistically significant difference in reported danger of failing between those business owners with and without training. For Somali respondents in particular, receiving business training appeared to be an extremely important component in the success of their businesses.

Being actively engaged in networks of business owners can also contribute to success and provide a forum to share ideas and seek input to overcome challenges. When we asked respondents if they have a group of business owners with whom they regularly talk about business issues, we found no significant difference between Somali and control group respondents. Encouragingly, more than half of the respondents in both groups reported talking regularly about business with other entrepreneurs. However, when we asked, “If there were another forum to share ideas and experiences among business owners, would you participate?,” significantly more Somali respondents said they would, compared with non-migrant respondents.

Despite all of the Somali entrepreneurs we talked to reporting that they wanted to grow their business in the next few years, less than half had a clear idea of how to do so, whereas more than two-thirds of the control group entrepreneurs had specific plans for growth. This difference could indicate that Somali entrepreneurs are less well connected than non-migrant entrepreneurs to resources that can help them plan for the long-term success of their businesses.

Gender. Finally, we found significant differences between the business practices of male and female Somali entrepreneurs. In general, businesses owned by Somali women tended to be less formal than those owned by men. Women were more likely to operate their businesses in malls, whereas men more often owned storefront businesses (Table 7). Somali malls, called *suuqs*, are filled with shops and smaller retail stalls that can be rented out by business owners, and the malls tend to cater to a



Nearly 91% of Somali business owners reported that financing is a barrier to the expansion of their businesses, compared to only 50% of control group business owners.

Table 6. Effects of Business Training on Somali and Control-Group Entrepreneurs

	With business training (n = 36)	Without business training (n = 53)
SOMALIS		
Have written business plan*	48.6%	17.0%
Been in danger of failing*	27.3%	48.0%
CONTROL GROUP	With business training (n = 28)	Without business training (n = 17)
Have written business plan*	75.0%	47.1%
Been in danger of failing	63.0%	41.7%

*Results are statistically significant at the 90% level of confidence, which means there is a less than 10% probability that the difference in values is a result of chance.

specifically Somali clientele. They offer a more “low-risk” location than a storefront location. We found that Somali women entrepreneurs were less likely than men to have a written business plan and were less likely to maintain bank accounts for their business; in fact, our survey data indicated that more than two-thirds of female Somali entrepreneurs had neither a business plan nor business bank accounts. In addition, survey responses indicated that fewer female Somali entrepreneurs had business training and talked regularly with other business owners than male Somali entrepreneurs. Female Somali business owners also had fewer employees than their male counterparts. These results could mean that female entrepreneurs are less successful than men, or that

Somali women operate a different *kind* of (less formal) business than men do. This latter hypothesis may be supported by the finding that Somali women were not more likely than men to report their business as having been in danger of failing in recent years.

Policy Implications and Recommendations

The success of immigrant entrepreneurs is important to the long-term success of their communities. Despite facing language barriers, cultural misunderstandings, racial and religious difficulties, and an unfamiliar labor market, their small businesses offer a potential pathway to economic success. Previous research suggests that forming businesses can help immigrants integrate

Table 7. Business Practices of Somali Entrepreneurs Stratified by Gender

	Somali men	Somali women
Located in a mall* (n = 56, n = 33)	32.1%	69.7%
Have a written business plan* (n = 55, n = 33)	43.6%	9.1%
Have business bank accounts* (n = 55, n = 33)	92.7%	30.3%
Have had business training* (n = 55, n = 33)	56.4%	15.2%
Have nonfamily employees* (n = 56, n = 33)	41.1%	12.1%
Have business owners to talk with* (n = 54, n = 33)	68.5%	45.5%
Reported danger of failing in last three years (n = 53, n = 30)	41.5%	40.0%

Note: The number of responses (n) reported in column 1 are for Somali men and Somali women entrepreneurs, respectively.

*Results are statistically significant at the 90% level of confidence, which means there is a less than 10% probability that the difference in values is a result of chance.

into the community,⁸ contribute to solid economic growth and increasing business formation,⁹ create social solidarity within the immigrant community,¹⁰ and provide upward mobility for the second generation.¹¹ Because of these potential benefits, it is important to think seriously about what facilitates long-term immigrant business success. The opportunities available in the local community play a significant role in determining whether immigrants will be successful in their business ventures.¹²

Our study of Somali and American-born entrepreneurs explored struggles

that are unique to Somali immigrants, and our findings suggest that religion and community resources play greater roles in Somali-business owners' experience than race does. Knowing the degree to which Somali refugee families depend on the success of their business ventures, local organizations should work to develop programs to help these businesses succeed. Understanding their business successes—and shortfalls—can contribute to a broader understanding of immigrant and refugee entrepreneurship among other groups and in other locations.

There are a number of practical implications that arise from this research. First, Minnesota should continue to prioritize using funds from the Office of Refugee Resettlement to support organizations within immigrant communities, and other states would do well to follow suit. Second, providing financing options that are sensitive to Islamic beliefs (such as the African Development Center of Minnesota currently does; see www.adcmnnesota.org) is essential. Third, increased emphasis should be placed on supporting business training that can address the specific concerns of Somali entrepreneurs. Our research shows that Somali entrepreneurs derive

substantial benefits from training that helps them to develop business plans, understand local rules and regulations, and develop strategies to overcome challenges. In fact, they appear to benefit more from training than native-born entrepreneurs. Fourth, our research suggests female immigrant entrepreneurs may face particular obstacles. Organizations that support their success are important, and future research should address the specific situations of immigrant business women. Finally, networking opportunities to connect Somali entrepreneurs with other area business people would provide a welcome forum for exchange of ideas and perspectives. Taken together, these suggestions, if adopted, would provide invaluable support for the Somali business community, and, by extension, for the Minneapolis Somali community as a whole.

Shannon Golden is a doctoral student in the Department of Sociology at the University of Minnesota. Her research interests include forced migration, human rights, and postconflict reconciliation. **Elizabeth Heger Boyle** is associate professor of sociology and law at the University of Minnesota. She has studied the effect of post-9/11 immigration law reforms on immigrant communities in the Twin Cities and the effect of law on the practice of female genital cutting. Her other research interests include women and children's rights in international law. **Yasin Jama** received his master of public health degree in 2008 from the University of Minnesota.

The research upon which this article is based was supported in part through a grant from CURA's Faculty Interactive Research Program. The program was created to encourage University faculty to conduct research with community organizations and collaborators on issues of public policy importance for the state and community. These grants are available to regular faculty at the University of Minnesota and are awarded annually on a competitive basis. Additional funding was provided by the Graduate Research Partnership Program.

For more detailed or comprehensive results, please contact Elizabeth Boyle at boyle014@umn.edu.

⁸ A. Portes and R.G. Rumbaut, *Immigrant America: A Portrait* (Berkeley: University of California Press, 2006).

⁹ R. Rajjman and M. Tienda, "Training Functions of Ethnic Economies: Mexican Entrepreneurs in Chicago," *Sociological Perspectives* 43,3 (2000): 439-456.

¹⁰ P.G. Min and M. Bozorgmehr, "Immigrant Entrepreneurship and Business Patterns: A Comparison of Koreans and Iranians in Los Angeles," *International Migration Review* 34,3 (2000): 707-738.

¹¹ R. Rajjman and M. Tienda, "Immigrants' Pathways to Business Ownership: A Comparative Ethnic Perspective," *International Migration Review* 34,3 (2000): 682-706.

¹² R. Waldinger, H. Aldrich, and R. Ward, "Ethnic Entrepreneurs," in R. Swedberg (ed.), *Entrepreneurship: The Social Science View* (New York: Oxford University Press, 2000), pp. 356-388.