The European Network on Ethnic Minority Business

Factors that Encourage or Discourage Immigrants’ Entrepreneurial Behaviour

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Immigrant Entrepreneurship...

- The growth of international migration during the last decades of the twentieth century has resulted in significant increases in the numbers of immigrant small-business owners.

- Today it is unthinkable to imagine cosmopolitan cities such as London, Paris, Amsterdam or even Lisbon, without immigrant entrepreneurs.
Immigrant Entrepreneurs contribute to...

- important impacts on economic growth in European cities;
- change in urban landscapes;
- revitalising abandoned city districts and local markets;
- supplying new products and services at competitive prices and even, in some cases, creating new markets (e.g. ethnic tourism);
- Job creation (for both co-ethnics and natives);
- Immigrant businesses can also contribute to combating social exclusion and improving the living standards of disadvantaged groups in host societies (e.g. higher incomes);
- Entrepreneurship can also be a indirect way for immigrants to avoid increasing difficulties in entering the labour market (e.g. unemployment, discrimination, language difficulties, problems with the recognition of qualifications).

Immigrant Entrepreneurs in European countries...

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of foreign-born in total self-employment</th>
<th>Share of Self-employment in total foreign-born employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>9,3</td>
<td>7,5</td>
</tr>
<tr>
<td>Belgium</td>
<td>12,7</td>
<td>15,1</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>3</td>
<td>24,4</td>
</tr>
<tr>
<td>Denmark</td>
<td>6,3</td>
<td>8,5</td>
</tr>
<tr>
<td>France</td>
<td>12,7</td>
<td>11,6</td>
</tr>
<tr>
<td>Germany</td>
<td>12,8</td>
<td>10,1</td>
</tr>
<tr>
<td>Greece</td>
<td>3,7</td>
<td>12,67</td>
</tr>
<tr>
<td>Ireland</td>
<td>8,1</td>
<td>11</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>38,9</td>
<td>6,9</td>
</tr>
<tr>
<td>Netherlands</td>
<td>10,3</td>
<td>10,8</td>
</tr>
<tr>
<td>Norway</td>
<td>7,4</td>
<td>7,6</td>
</tr>
<tr>
<td>Portugal</td>
<td>5,4</td>
<td>14,2</td>
</tr>
<tr>
<td>Spain</td>
<td>8,1</td>
<td>10,3</td>
</tr>
<tr>
<td>Sweden</td>
<td>14,4</td>
<td>11,3</td>
</tr>
<tr>
<td>Switzerland</td>
<td>18,2</td>
<td>10,1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>11,6</td>
<td>14,4</td>
</tr>
</tbody>
</table>

Source: SOPEMI 2007: 75
What explains these differences?

- Different immigration experiences of various countries resulting in different patterns?

- Does the existence of measures undertaken to support the creation of immigrant enterprises explain the differences between countries?

- Do immigrants face different problems (e.g. access to support services, access to finance)?

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December 2003:
Meeting on Ethnic Minority Entrepreneurs with Member States / Accession and Candidate Countries

March 2004:
Establishment of a European Network on Ethnic Minority Entrepreneurs

Aims:
(1) To be a mediator for European institutions on issues related to ethnic minority entrepreneurs;
(2) To support the European Commission specifically in monitoring the study on Ethnic Minority Entrepreneurship;
(3) Establishment of links with other European networks associated with entrepreneurship and immigrants;
(4) Better dialogue:
   (a) Benchmarking, exchange of information and good practices;
   (b) Setting-up of a national directory of contacts containing all private or public actors involved in ethnic minority entrepreneurship.
(5) Raising awareness on the important contribution of ethnic minority entrepreneurs to economic growth and employment.
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Main Activities:

March 2004: Access to Finance
May 2006: Understanding Immigrant Entrepreneurship (e.g. opportunities, supplier diversity, possible solutions)
March 2007: Micro Credit and Microfinance: an opportunity for ethnic minority entrepreneurs
November 2007: Good Practices in the Promotion of Ethnic Minority Entrepreneurship

Study: Examination and Evaluation of Good Practices in the Promotion of Ethnic Minority Entrepreneurs (FACET & IMES)

Lessons learned ...  

(1) Immigrants do not have the same predetermining factors in relation to entrepreneurship in different host societies, and different groups have different entrepreneurial conditions;

(2) Difficulties and vulnerabilities:
- access to finance;
- lack of information (measures and special programmes, opportunities of local markets);
- lack of training or need for coaching;
- difficulties in understanding the laws and the bureaucratic system.

(3) Bureaucracy, difficulties in understanding the regulations, or lack of information can stimulate (indirectly) the participation of immigrant entrepreneurs in the informal economy;

(4) The existence of measures or special programmes for the promotion of immigrant entrepreneurship is not sufficient to ensure the increase of entrepreneurship or successful businesses (inappropriateness for the needs of particular immigrant groups or dependency on support programmes);

(5) Crucial dialogue between policymakers, practitioners and immigrant stakeholders;
Lessons learned ...

(1) Immigrant entrepreneurship is not explained by random variables, rather it reflects the relationship between individual and ethnic resources, and the structural opportunities of the host society.

(2) Immigrants define their entrepreneurial strategies combining all possible opportunities and resources (but not necessarily all at the same time).

(3) Depending on the main resources and opportunities that are combined it is possible to identify three typical immigrant entrepreneurial strategies:
   (a) Ethnic strategies (mainly dependent on ethnic opportunities and resources),
   (b) Personal Strategies (defined by personal resources),
   (c) Structural strategies (particularly characterized by structural incentives by the host society for immigrants).

(3) Because opportunities are not necessarily clear or transparent to all actors, nor can they be available to all individuals or groups, immigrant entrepreneurial strategies are a result of negotiation, adaptation, imagination (towards innovative dynamics) or reproduction (of entrepreneurial patterns already defined by others). Particular strategies can be salient when examining intra-group or inter-group differences in entrepreneurship or self-employment.
Lessons learned ...

- Immigrants face both impediments to, and opportunities for, entrepreneurship, relating to internal and external factors

- The role of the context of the host society in propensities for immigrant entrepreneurship, particularly for those who cannot rely on ethnic and/or personal resources;

- Determinants of location in immigrant entrepreneurial strategies (original strategies and adapted strategies);

- Decision-making process in investing in a certain city: awareness of local characteristics (market, institutional framework, public opinion and demographic characteristics) or following options presented by social networks

- The promotion of immigrant entrepreneurship: support measures facilitating immigrants in starting and developing businesses (e.g. improving conditions of immigrants – training, coaching, finance, networking) or policy efforts to remove obstacles in the regulatory framework, credit systems

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