



EUROPEAN WEB SITE ON INTEGRATION

INTEGRATION DOSSIER N° 2 Immigrant self-employment and entrepreneurship

Introduction

In contrast to EWSI Special Features which link an integration issue highlighted in current news with EWSI content, Integration Dossiers use the inflow of information on the EWSI to identify emerging policy or practice trends.

Focus of the present Dossier

The present Integration Dossier on immigrant self-employment and entrepreneurship draws attention to the growing contribution of immigrant entrepreneurs to European economies and their increasing recognition as role-models. It also provides examples of the support services immigrant entrepreneurs benefit from in order to overcome persistent obstacles to their development.

1. A statistical picture of self-employment and entrepreneurship in Europe

	Foreign-born			EU born			Non-EU born		
	20-64	of which		20-64	of which		20-64	of which	
		25-54	55-64		25-54	55-64		25-54	55-64
EU27	-3	-2	-6	-1	-1	-4	-3	-3	-7
BE	1	1	0	4	4	-1	-1	-2	0
BG	:	:	:	:	:	:	:	:	:
CZ	7	7	4	-1	-2	-1	22	23	18
DK	3	3	5	3	3	4	3	3	:
DE	0	0	-3	2	3	0	-2	-2	-5
EE	-1	-1	-1	:	:	:	-1	-2	-1
IE	-6	-6	-1	-7	-6	-3	-6	-5	:
EL	-19	-17	-38	-15	-12	:	-20	-18	-38
ES	-6	-5	-8	-3	-3	9	-7	-6	-13
FR	1	1	-2	1	1	-3	1	1	-1
IT	-7	-6	-13	-7	-6	-3	-8	-7	-17
CY	-6	-5	-7	-6	-5	:	-6	-5	:
LV	0	1	-6	3	:	:	0	1	-7
LT	-1	:	:	:	:	:	-2	:	:
LU	-1	-1	-2	-1	-1	-3	2	2	:
HU	4	4	7	1	1	:	17	16	:
MT	4	:	:	:	:	:	:	:	:
NL	-1	-1	-4	0	0	1	-2	-1	-6
AT	-2	-2	-4	3	3	-1	-4	-4	-7
PL	10	13	:	:	:	:	8	11	:
PT	-5	-3	:	-3	-1	:	-6	-4	:
RO	:	:	:	:	:	:	:	:	:
SI	-1	-1	-6	4	5	:	-1	-1	-6
SK	11	13	:	12	14	:	:	:	:
FI	1	2	:	-1	-2	:	3	5	:
SE	1	2	-1	2	3	-2	1	1	1
UK	2	2	1	2	3	0	1	1	1

Table 1: Foreign born self-employment gap (the difference is expressed in percentage points, reference group: corresponding age groups in total population). Source: Eurostat, Labour Force Survey

According to [Eurostat's 2011 pilot study on integration indicators](#), self-employment rates of non-EU born citizens tend to be lower than for the total population in southern Member States and in



Ireland. This contrasts with Central and Eastern European as well as Nordic Member States, where self-employment rates are higher than those for the total population.

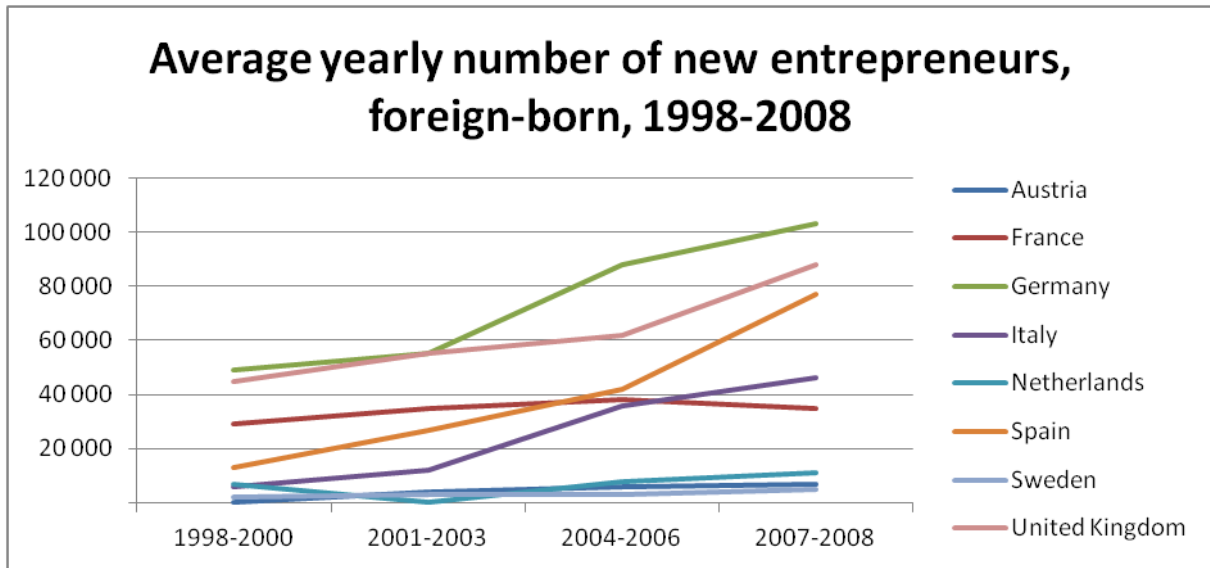


Figure 1: Average yearly number of new entrepreneurs, foreign-born, 1998-2008. Source: OECD SOPEMI 2011

All of the eight Member States with the largest immigrant population witnessed a growth in the number of new foreign-born entrepreneurs in the period 1998-2008. In the same period, this number almost doubled in seven of the eight Member States (with the exception of France). In particular, this number has sharply increased in Italy, Germany, Spain and the UK in the period 2004-2008.

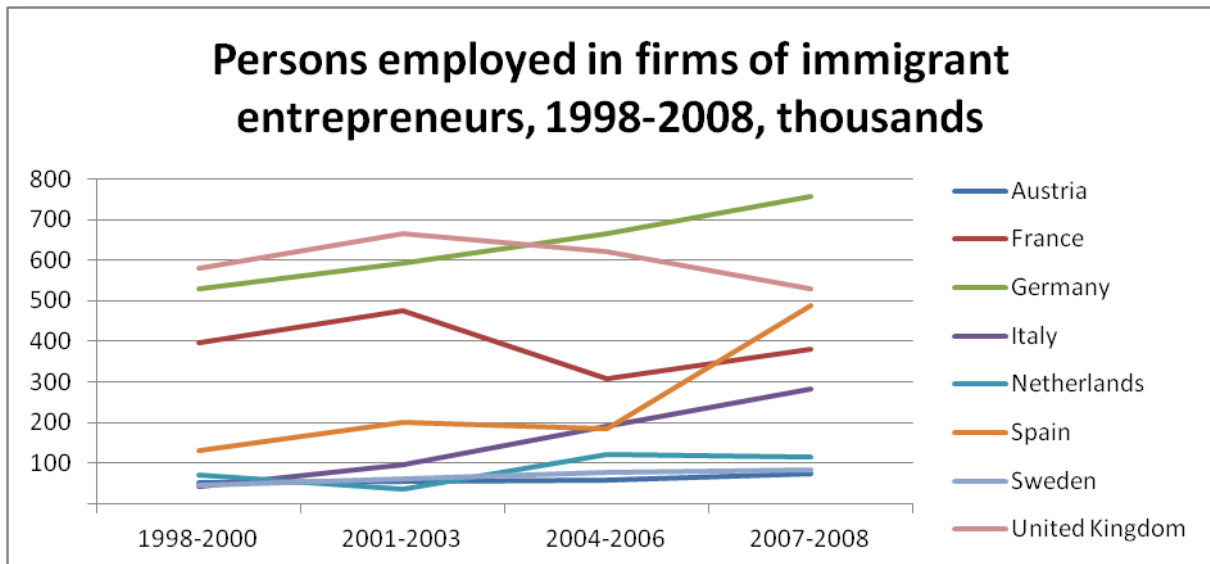


Figure 2: Persons employed in firms of immigrant entrepreneurs, 1998-2008, thousands. Source: OECD SOPEMI 2011

In all eight Member States but France and the UK, the contribution of immigrant entrepreneurs to employment increased steadily over the period 1998 to 2008. Immigrant entrepreneurs annually



employ more than 750,000 individuals in Germany, around half a million in the United Kingdom and Spain, almost 400,000 in France and around 300,000 in Italy.

2. What does the information on the EWSI tell us about current trends on immigrant self-employment and entrepreneurship?

2.1. Welcoming immigrant entrepreneurs and investors

In the same way that Member States use integration policies to support resident immigrants in creating enterprises, they can also use migration policies to attract entrepreneurs and investors and, in so doing, create favourable conditions for their integration.

Last year, Ireland announced its intention to [review visa requirements for foreign entrepreneurs](#). The year before, Latvia passed a law to [provide investors with temporary residence permits](#) – a move [supported by the population](#). This initiative was consolidated in 2011, when family members of foreign investors were [granted the right to work](#).

This follows a series of new admission and residency routes for self-employed migrants and foreign entrepreneurs, adopted in several Member States since the end of the 1990s (Belgium, France, Germany, Italy, Netherlands, Portugal, United Kingdom). However, as noted by a [recent OECD report](#), despite an increasing trend in the adoption of specific admission programmes for entrepreneurs and investors, these programmes “only account for a very small fraction of all entrepreneurial activity by foreign-born in OECD countries”.

2.2. Creating favourable conditions for immigrant entrepreneurship

States can use general admission policies, such as family reunification, and national integration frameworks in order to create favourable conditions for immigrant entrepreneurs that already reside in the country.

For instance, the Italian Ministry of Labour and Social Affairs [reported in 2004](#) that the 1998 law on immigration that helped to legalise self-employed workers effectively doubled the amount of residency permits for entrepreneurs (from around 40,000 in 1997 to more than 80,000 two years later).

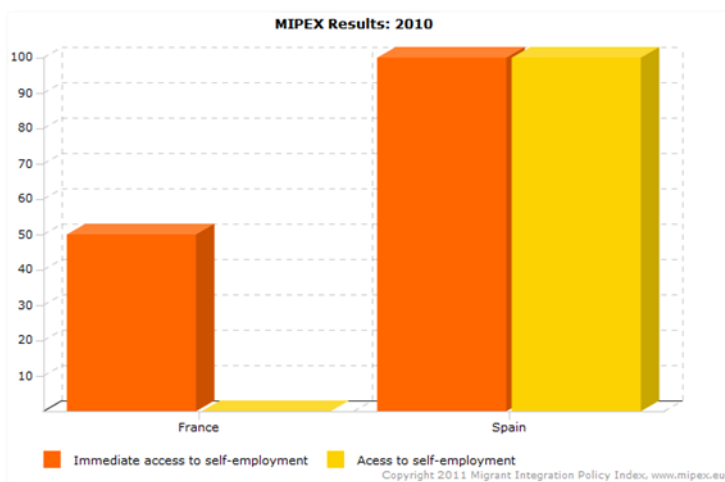


Figure 3: Access to self-employment, MIPEX results for France and Spain. Source: MIPEX, 2011

The [Migrant Integration Policy Index](#) also offers insights as to how national integration laws promote or hinder entrepreneurship. For example, in contrast to France, where non-EU nationals are barred from many regulated professions (e.g. lawyers, doctors, architects and pharmacists), Spain offers equal access to self-employment and [does not lay down requirements specifically for foreigners who wish to start up a business](#). This puts in perspective the annual numbers of new foreign-born entrepreneurs



given above.

2.3. Recognising the contribution of immigrant entrepreneurs and investors

There has been a recent increase in the creation of prizes, awards or certificates for immigrant entrepreneurs by public institutions (for instance, government integration agencies and municipalities) as well as mainstream economic actors such as chambers of commerce, employers' associations, banks, etc. Prizes are created to recognize a contribution to the economy as much as to provide successful role-models for immigrant youngsters. Some examples are provided below.

Country	Type of awarding organisation	Name of the prize, award or certificate
Austria	Chamber of commerce	Mingo Award
Belgium	Regional entrepreneurs' association	Ondernemende Nieuwe Limburger
France	Public actor	Talents des Cités
Italy	Private company	MoneyGram Award
Netherlands	Entrepreneurs' association	The Other Businessman of the Year
Portugal	Public actor	Immigrant Entrepreneur Award
Spain	Entrepreneurs' association	Premios Emprendedores Inmigrantes

Table 2: Examples of prizes for immigrant entrepreneurs

2.4. Providing support services to immigrant entrepreneurs

According to the [European Commission's Network on Ethnic Minority Businesses](#), immigrant entrepreneurs face greater obstacles than native-born entrepreneurs. Even though the nature of the difficulties may be the same as for the native-born, immigrant entrepreneurs are confronted with them to a larger and deeper extent. In particular, immigrant entrepreneurs face the following obstacles:

- Lack of business development skills;
- Heavy administrative and bureaucratic burdens;
- Difficulty in obtaining finance from formal institutions such as banks;
- Lack of involvement in the mainstream economy, including in mainstream intermediary business associations and networks, resulting in (1) a deficit of information and self-confidence for responding to private and public calls for tender; and (2) a lack of recognition by procurement managers in public and private organisations. Consequentially, [supplier diversity](#) levels remain low (see [EWSI Integration Dossier on public procurement](#) for more details).

The [needs assessment performed with immigrant entrepreneurs in the framework of the EU-Imminent project](#) corroborates these findings.

Recognising that immigrant entrepreneurs may face extra impediments, several EU Member States have promoted the development of SMEs by providing specific support measures to immigrant communities. A [2008 EU-funded study](#) identified two groups of support measure: one designed to empower immigrant entrepreneurs by strengthening their human capital (e.g. improving business skills), the other focusing on structural obstacles (e.g. economic enterprise zones, tax facilities, etc). Within these two groups, six types of support measure were identified:

Empowering immigrant entrepreneurs	Removing structural obstacles
Create awareness among immigrants	Improve market conditions
Improve skills and competencies	Implement favourable regulations



Strengthen the financial, social and cultural resources of entrepreneurs

Strengthen intermediary organisations

Table 3: Examples of support measures for immigrant entrepreneurs

This study, as well as [a recent report by the network Cities for Local Integration Practices](#), concludes that the current trend is to privilege skill-improving support measures over those designed to remove structural obstacles.

A key recommendation mentioned in the two studies is to provide support for mainstreaming immigrant entrepreneurship issues in already existing business associations, so as to overcome the fragmentation of entrepreneurs and help provide a supportive business environment.

Another interesting trend in support services to immigrant entrepreneurs is [the growth of microcredit organisations operating under a non-banking model](#). Whether they operate [autonomously](#) like in Sweden or [in partnership with state actors](#) like in France, such microcredit schemes increasingly [benefit from EU funds](#) through programmes such as [Progress Microfinance](#).

2.5. Common points of EWSI good practices on promoting immigrant entrepreneurship

A basic study of the sample of good practices referred to below highlights four key points which are instrumental in making these practices successful:

- *Partnership-based.* All practices are based on partnerships, usually between the State and the organisation in charge of support service implementation (public institutions such as municipalities and chambers of commerce, but also non-profit organisations and private service-providers). Six out of seven good practices are partly financed by EU funds (EQUAL, European Social Fund, etc). A good example is the [Investing in People](#) project, an Italian project which brought together banks, business associations, immigrant clients and entrepreneurs and NGOs.
- *Holistic approach to support services.* The majority of practices are not confined to a single type of support measure, but rather provide a number of different services. For instance, [Mingo Migrant Enterprises](#) (Vienna, Austria) and [Entrepreneurship as a Route out of Social Exclusion](#) (Prague, Czech Republic) provide personal coaching for developing business plans, but also assists entrepreneurs with administrative requirements and organises networking events designed to enlarge the entrepreneurs' supplier or customer base.
- *Long-term support.* Most practices provide support beyond the business plan. Some help immigrant entrepreneurs in finding alternative sources of finance, for example micro-credit loans, such as Hamburg's [Service Centre for Migrants. Aléos](#) in France, for instance, accompanies immigrant entrepreneurs for three further years after the business has been created – that is, in the period when most start-ups fail.
- *Highlight success.* Most practices that provide coaching to would-be entrepreneurs use successful immigrant entrepreneurs as role-models and teachers, such as Amsterdam's [Centres for Entrepreneurship and Start-ups](#). Once companies are created and viable, mainstream business associations can play a great role in disseminating information about successful entrepreneurs, such as the [Mosaic in Word and Image](#) campaign in Belgium.