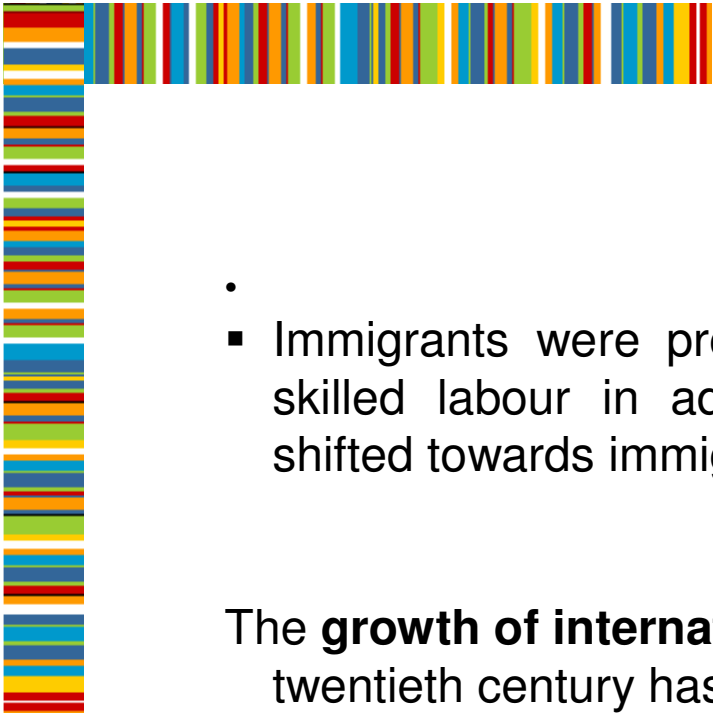


Understanding Immigrant entrepreneurial Strategies:

Conditions that enhance and/or inhibit the
entrepreneurial behaviour

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- - Immigrants were predominantly depicted as suppliers of cheap low-skilled labour in advance economies. More recently, attention has shifted towards immigrants who start their own businesses;

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, Madrid or Lisbon, without immigrant entrepreneurs.

Immigrant Entrepreneurs in European countries...

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

Source: SOPEMI 2007: 75



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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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- **Becoming self-employed does not mean that barriers that immigrant might face become irrelevant** – banks may still discriminate against immigrants when they request business loans or qualifications may not be recognised;
- Although there have been notable cases of successful immigrant entrepreneurs in advanced economies, most of these immigrant entrepreneurs are:
 - funneled towards **sectors at the lower end of the market**
 - mainly establishing their business in **markets with low barriers of entry in terms of capital outlays and required educational qualifications** – in these markets production is mainly small-scale, low in added value and often very labour-intensive;
 - **earnings are typically relatively low** and **days are long and hard** for many entrepreneurs;
 - **Lacking in many cases access to significant funds** of (financial) capital
 - deemed **lacking in appropriate educational qualifications**



- - Nevertheless, **European, national and local governments and business association, as well as a wide variety of third-sector institutions, have attached great value to immigrant entrepreneurship and emphasised its positive effects** – by introducing support measures and facilitate small entrepreneurs in general and immigrant entrepreneurs in particular:
 - Many of these interventions focus on **improving the performance of immigrant entrepreneurs**
 - Other interventions aim at **removing obstructions in the regulatory framework** (e.g. lowering the license requirements for starters and getting preferential access to credit systems).



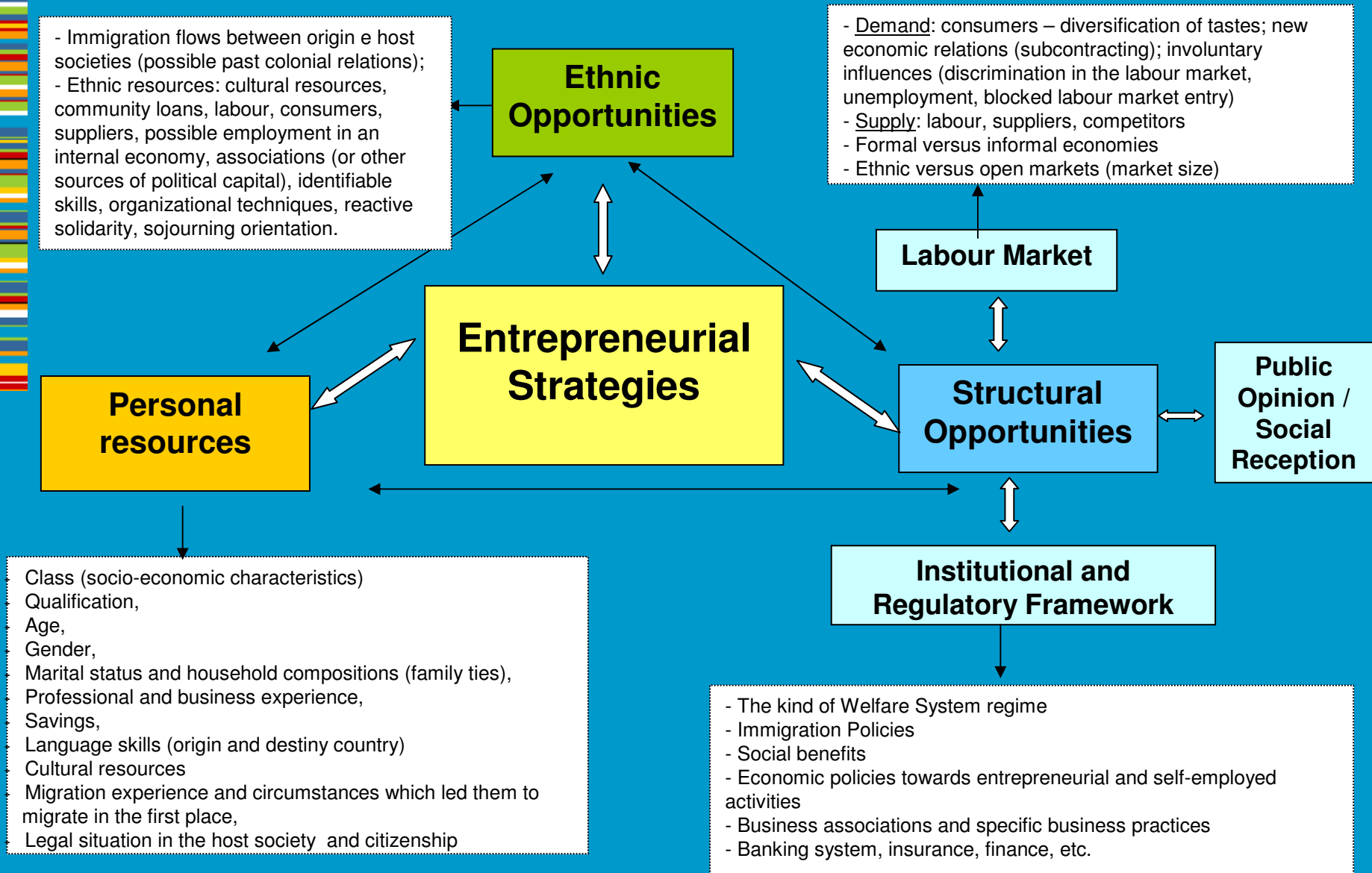
- - **Immigrant entrepreneurs contribute to:**

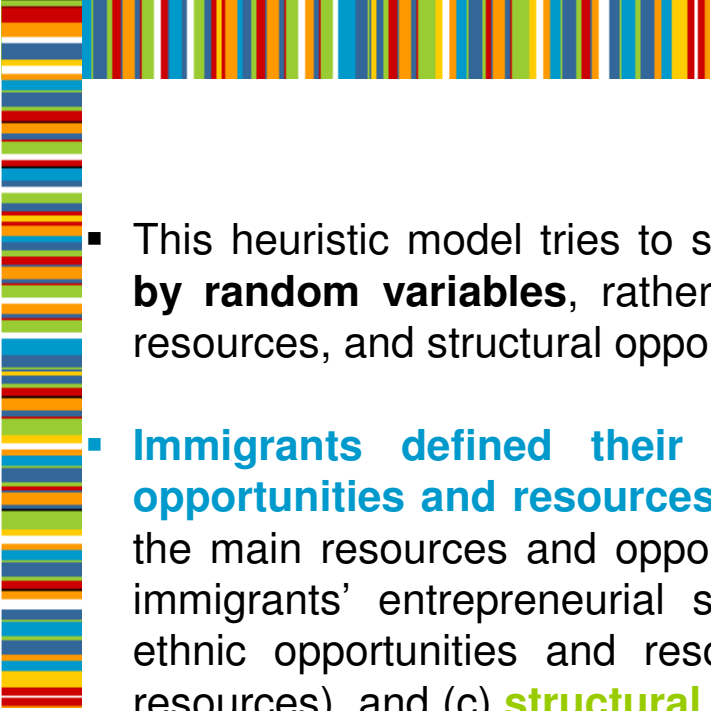
- important impacts on **economic growth** in European cities;
- **change in urban landscapes**;
- **revitalising abandoned** city districts and **local markets**;
- **supplying new products and services** at competitive prices and even, in some cases, **creating new markets** (e.g. ethnic tourism);
- **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 an 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)



- **However a host of studies has sufficiently demonstrated that entrepreneurial success is contingent to social, political and economic conditions.**

Figure 1. Heuristic Model on Immigrants' Entrepreneurial Strategies



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- This heuristic model tries to show that **immigrant entrepreneurship is not explained by random variables**, rather it reflect the relationship between individual and ethnic resources, and structural opportunities from host society.
 - **Immigrants defined their entrepreneurial strategies combining all possible opportunities and resources** (but not necessarily all at the same time). Depending on the main resources and opportunities combined it is possible to identified three typical immigrants' entrepreneurial strategies: (a) **Ethnic strategies** (mainly dependent on ethnic opportunities and resources), (b) **Personal Strategies** (defined by personal resources), and (c) **structural strategies** (specially characterized by structural incentives from host society to immigrants).
 - Because opportunities aren't necessarily clear to all actors or transparent, neither can be available to all individuals or groups, **immigrants' 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 examine intra-group or inter-group differences in entrepreneurship or self-employment.




Highlighting with the Portuguese case...

At the end of the 1970s and the beginning of the 1980s immigration to Portugal was unusually intense. Most of the immigrants were unskilled Africans migrant workers who followed along paths blazed in the 1960s.

In the 1980s, however, Asian and South American immigrants started to have rates of growth higher than the Africans, as part of a spread of recruitment to foreigners with professional profiles, quite different from those of most Africans.

- Most of the research on immigration into Portugal notes that **Asians demonstrate an aptitude for trade and enterprise, whereas most Africans take up employment in low-status sectors of the labour market** (mainly, in the building and cleaning industries).
- The immigration flows to Portugal and their past and present' economic incorporation in the **labour market contributes to explain the diversity of immigrants' orientation towards entrepreneurship.**
- Contemporary immigration flows evidence a diversified occupational incorporation. Although immigrants are more likely to be self-employed than natives, there are **variations in the levels of entrepreneurship between foreign populations.**

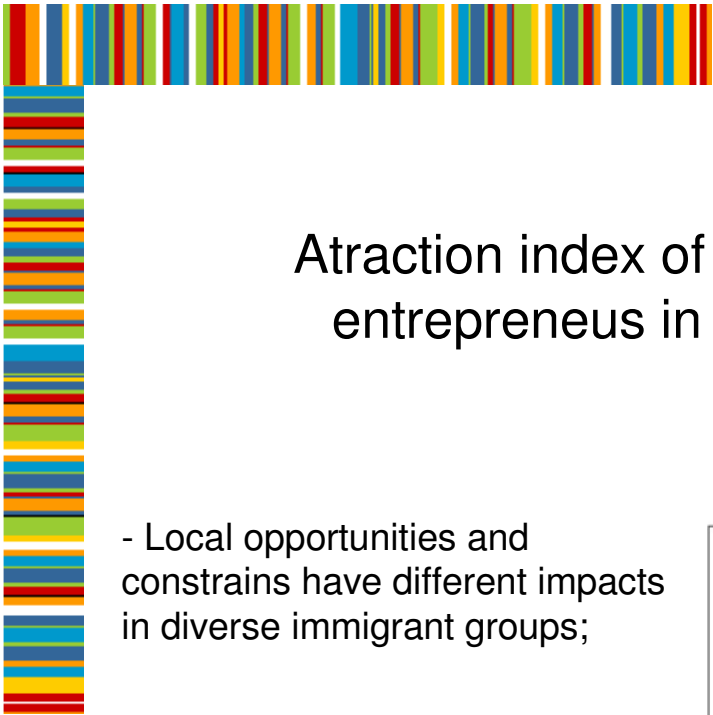


Share of Employers, Self-employers and family workers in the corresponding labour force

	1981		1991		2001	
	Portuguese	Foreigners	Portuguese	Foreigners	Portuguese	Foreigners
Employers	3,1	5,1	6,2	7,7	9,8	10,2
Self-employers	15,2	8,9	13,1	11,4	6,1	4,5
Family workers	2,4	1,4	1,9	1,8	0,8	0,5

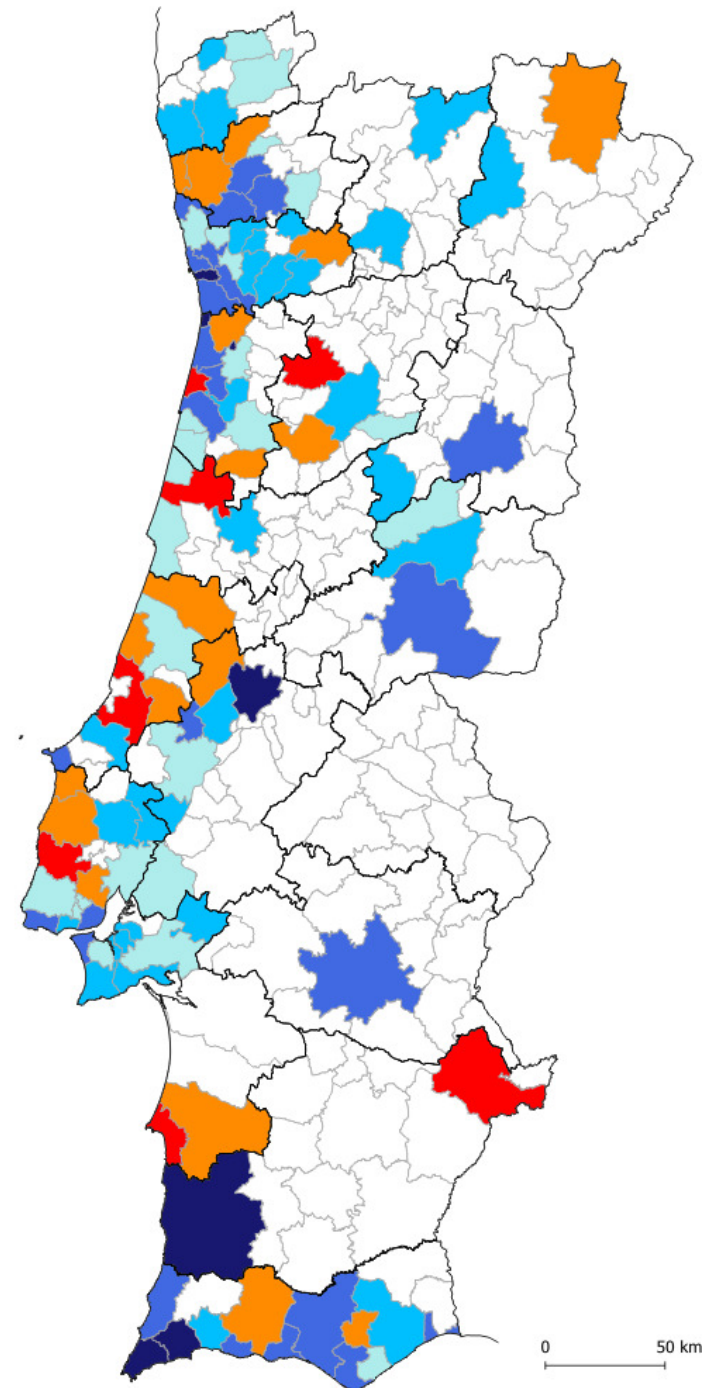
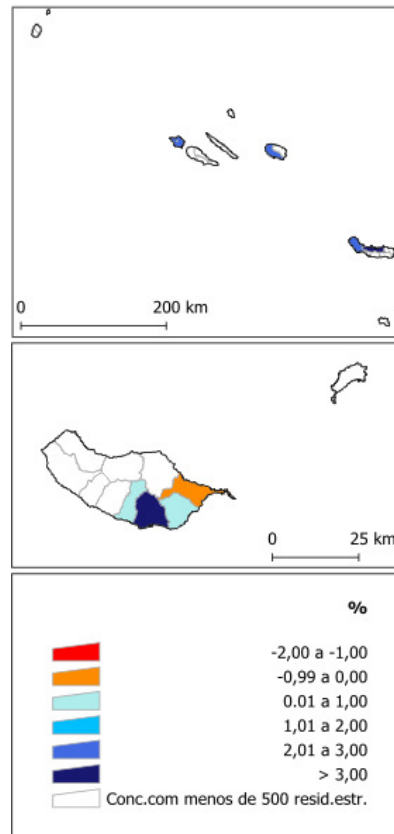


Nationality	Entrepreneurial Rates (2001)	Rate of family workers by total of entrepreneurs
Europe	9,9	2,8
Germany	17,7	2,4
Spain	11,6	3,9
France	10,2	4,2
England	23,0	1,6
Ukraine	1,5	3,2
Africa	6,7	2,5
Angola	6,6	2,9
Cape Verde	6,4	2,1
Guinea-Bissau	6,2	2,2
Mozambique	9,1	3,4
America	13,6	2,7
Brazil	13,5	1,9
Venezuela	13,8	6,1
Asia	19,1	5,3
China	36,0	6,5
India	7,6	1,3
Foreigners	10,2	3,3
Portuguese	9,8	4,9



Atraccion index of immigrant entrepreneurs in Portugal

- Local opportunities and constrains have different impacts in diverse immigrant groups;





Does Portugal impinge a specific context? (1)

As any other host context, Portugal has its specificities:

- (1) In Portugal there are certain **involuntary influences** that impinge immigrants to entrepreneurship. In the survey undertaken to 704 immigrant entrepreneurs there were identified difficulties that increased the propensity to entrepreneurship (so entrepreneurship appeared for those immigrants as a way to react to those difficulties):
- a) language barriers
 - b) difficulties in understating the laws and the bureaucratic system
 - c) discrimination in the labour market
 - d) unemployment
- (2) In the past decades Portugal had no specific incentives to immigrants' entrepreneurship:
- (A) Regulations (immigration law, labour law)
 - (B) Public Opinion
 - (C) Labour Market
 - (D) Immigrant communities / social networks



Does Portugal impinge a specific context? (2)

Some measures and programmes start to appear in the past years:

- (1) Measures defined in the Portuguese ***National Action Plan for Immigrants Integration*** (2007-2009):
 - Creation of the Immigrant Entrepreneurs support Office within the One-Stop-Shop for Immigrants
- (2) **Civil Society Measures:** community innovation projects (e.g. Jesuit Refugee Service, KCidade, Aga Khan Foundation, Gulbenkian Foundation)
- (3) **Private Sector:** bank loans is quite difficult for those who do not have a Portuguese nationality. As a consequence immigrants' entrepreneurial strategies in the country are mainly dependent on personal and ethnic resources. Those who can not relay on community resources or incentives and have no personal savings hardly become an entrepreneur. Nevertheless in the past years banks started to offer micro-credit programmes targeting immigrants.



Discussion

- (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;




Discussion

- **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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