**The nature of migrant entrepreneurship**

Migrant entrepreneurs face the same barriers as other entrepreneurs, but in addition have to contend with language and cultural differences and unfamiliarity with regulatory frameworks - as well as the risks of social exclusion and prejudice. Our aim is not to closely target certain groups and create migrant-specific structures, as this may promote segregation. Instead, we wish to help migrant entrepreneurship support schemes ensure that all services to entrepreneurs are designed inclusively and with diversity in mind, so that they are as accessible to migrants as they are to indigenes.

**Benefits of migrant entrepreneurship**

Nevertheless migrants form an important entrepreneurial resource, and make a major contribution to business dynamism. The OECD found that “Migrants have notably higher rates of self-employment in Belgium, France, Nordic countries, and particularly, in central and Eastern Europe”.2 Other studies show even higher propensities to migrant entrepreneurialism.3 A recent European study4 confirms the importance of giving support to migrants wishing to establish their own businesses. Focusing on entrepreneurs from ethnic

minorities rather than specifically migrants, it found that ethnic entrepreneurs contribute to the economic growth of their local area, often rejuvenate neglected crafts and trades, and participate increasingly in the provision of higher value-added services. They offer additional services and products to immigrants and the host population, and create in many cities an important bridge to global markets. In addition, ethnic entrepreneurs are important for the

integration of migrants into employment. They create employment for themselves but also increasingly for immigrants and the native population.

Migrant entrepreneurship is instrumental in reducing **unemployment** and helping to tackle **illegal employment**. It provides access to employment for the more vulnerable groups in society (e.g. women or young migrants) and helps to elevate them from the poverty and social exclusion trap.

As part of Europe’s integration policy for migrants, entrepreneurship is not only about job creation, but also about enhancing upward mobility, developing social leadership, increasing individuals’ self-confidence by enabling them to become active agents of their own destiny, increasing the social cohesion of migrant communities, and revitalising streets and neighbourhoods through innovation of social and cultural life.

Its importance may be articulated as follows:

* Migrant entrepreneurs create their own jobs, but they also **create jobs** for others. This can benefit relatives, friends and acquaintances, since social networks are often interfaces for information on the recruitment of new workers by small firms. Creating jobs

– even poor jobs – helps alleviate unemployment among migrants. The same holds for providing apprenticeships, which in some countries is seen as an important vehicle for a labour market career;

* They contribute different forms of **social capital** to migrant communities. Because of their links to suppliers and customers, they constitute useful bridges to other communities, thus improving chances of upward mobility. Moreover, migrant entrepreneurs often act as self- appointed leaders for their communities;
* They show that immigrants from less-developed countries are not necessarily restricted to filling vacancies on the job market. They can be **active agents** and shape their own destinies by setting up their own businesses. Even if they are confined to lines of

businesses with little promise, they are still actors in a very literal sense (Kumcu, 20015).

* They use their expert knowledge, direct or through networks, to **expand consumer choice** by providing goods and services that indigenous entrepreneurs are less likely to offer;
* By introducing new products and new ways of marketing, even migrant entrepreneurs at the bottom end of a market can be **innovators**. An example is the introduction of the döner kebab by Turkish entrepreneurs in Germany;
* Migrant businesses add **vitality** to neighbourhoods. They are a focus for local social networks, creating social capital;
* They give certain **industrial sectors** – such as garment-making – a new lease of life.

**Barriers to migrant entrepreneurship**

It is recognised as well that ethnic entrepreneurs (especially newcomers) face a number of barriers, both external and internal. These barriers are manifold and often interrelated6 leading to difficulty in accessing and making use of the right financial and business development services. These barriers can be grouped as follows:

* Limited capacity and capability to build a necessary asset base to start businesses. As a migrant (entrepreneur) there is a clear disruption in one’s economic life, affecting the possibilities to save capital over longer periods;
* Difficulties in communications. Language is most commonly referred to as a barrier limiting the possibility for migrant enterprises to emerge and flourish. But it appears to be more complicated than one would expect: it is not only the actual spoken language but also the business language used by service providers, their understanding of the migrant entrepreneurs and the migrants’ understanding of the processes and procedures to follow;
* Perceptions and prejudgements about starting small entrepreneurs or migrant entrepreneurs play a very dominant role in the initial stages of the assessment processes of service delivery institutions (role models could play an important role here showing migrants not as migrants but as successful enterprising people);
* Failure by migrant entrepreneurs to comply with rules and regulations or to fit in with existing legalisation, often designed for larger enterprises;
* Lack of an enabling environment not necessarily providing a level playing field for small or migrant entrepreneurs (including practical things such as difficulties in obtaining recognition of qualifications, difficulties in being able to start as early as possible e.g. before official status is obtained, not being allowed to start on a part-time basis without jeopardising eligibility for – partly – social welfare benefits).
* Lack of networks.

1 European Commission, *Evaluation and Analysis of Good Practices in Promoting and Supporting Migrant Entrepreneurship*, Guide Book, 2016

2 OECD (2010) *Entrepreneurship and Migrants*

3 For instance in the UK: “nearly half a million people from 155 countries have settled in the UK and

launched businesses. The Office for National Statistics (ONS) figures show 17.2% of non-UK nationals have started their own business, compared to just 10.4% of UK nationals.” - study by Sarah Fink, Centre for Entrepreneurs, cited at: <http://blog.unitee.eu/diverbusiness/migrant-> entrepreneurship/migrant-entrepreneurs-creating-jobs-in-the-uk

4 European Foundation for the Improvement of Living and Working Conditions (2011) *Promoting Ethnic Entrepreneurship in European Cities*