CHARACTERISTICS OF MIGRANT ENTREPRENEURSHIP IN EUROPE

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Abstract

The present paper aims to investigate and compare various modalities of migrant entrepreneurship in European countries in order to design a systematic classification of migrant entrepreneurship and to highlight key factors of migrant entrepreneurship in Europe. The paper is based on a comparative assessment of available quantitative data and qualitative information derived from a broad review of findings from previous studies in the literature. Our quantitative evaluation includes the European OECD countries, while our qualitative investigation addresses migrant entrepreneurship experiences in eight European countries: Denmark, Germany, Greece, Italy, the Netherlands, Portugal, Sweden and the UK. The results of our comparative analysis show that the general picture of European migrant entrepreneurship is determined by some distinct push factors such as high unemployment rates and low participation rates or low status in the labour market as well as by an accompanying factor, viz. mixed embeddedness. The results of our comparative evaluation are summarized in a systematic typological table. These show that, while an informal and labour-intensive sector, an underground economy, and small companies and traditional households prompt migrant entrepreneurship in Southern European countries, an overrepresentation of non-Western immigrants among the self-employed, as well as relatively lower income levels of self-employed immigrants compared to both self-employed natives and employed immigrants are decisive for migrant entrepreneurship in Northern European countries.

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1. Introduction: Migration and Migrant Entrepreneurship

From a global perspective many people are in the move; international migration has become a key feature of a modern open society (see e.g. Gorter et al., 1998). According to a widely used definition, migrants are persons who have been outside their country of birth or citizenship for a period of 12 months or longer (Sasse and Thielemann, 2005). It is estimated that at present, there are about 160 million migrants worldwide (2-3 per cent of the world population), supplemented by an estimated 10 million illegal migrants. In 2003, there were an estimated 17 million forced migrants (asylum-seekers and refugees) worldwide; of these, 4.1 million were being hosted in Europe (UNHCR, Statistical Yearbook, 2003). It is further estimated that the annual net inflow of migrants into the EU 15 was about 1.7 million in 2002 (Eurostat Yearbook, 2004), with just under 50 per cent coming from other European countries. Spain, Italy, Germany and the UK accounted for about 70 per cent of this net inflow. Europe is an important continent for international migration showing a current stock of 56 million migrants in the population, followed by Asia with 50 million, and North America with 41 million (Zimmermann, 2005).

A number of factors, such as former colonial links, - previous areas of labour recruitment - or ease of entry from neighbouring countries shape the trends in international migration (Stalker, 2002). In general, the various migrant flows can be classified into four broad categories of entry: labour migration, family reunification, undocumented workers or illegal immigrants, and asylum seekers. However, students studying abroad for more than one year, international retirement migration, and expatriate professionals on long-term assignments form other categories of entry. Since the end of World War II, Europe has had four main phases of immigration (Stalker, 2002; Zimmermann, 2005): (i) Late 1940s and early-1950s – post-war adjustment, mass refugee flows and decolonization, (ii) Early-1950s to 1973 – labour migration, (iii) 1974 to mid-1980s – restrained migration, and (iv) Mid-1980s to 2000s – asylum seekers, refugees, and illegal immigrants. An overall evaluation shows that Central European countries including Germany, Switzerland, Austria, the Benelux countries, and France have been the most important immigration countries as well as traditionally the port of entry of many labour migrants in Europe. After decades, since the 1980s, the Southern European countries like Italy, Greece, Spain and Portugal have also become immigration countries, receiving people from Northern Africa, the Balkans, and the Eastern Mediterranean, mostly through illegal immigration due to the proximity to these regions, the geographical features (e.g., coastlines, mountainous regions) that make it easier to enter, and the situation that these areas are often seen as transit countries (Cavounidis, 2002; IOM, 2000; Lazaridis and Poyago-Theotoky, 1999; Stalker, 2002; Zimmermann, 2005). The available data from OECD and Eurostat show that, while during the 1990s Germany, the UK and France were the first immigration countries, this picture has changed by the end of the 1990s, first with a remarkable increase in migration flows to Italy and next in the 2000s to Spain. According to the recently published International Migration Outlook (OECD, 2006), Spain received an inflow of 646,000 foreign citizens in 2004, while actually Spain, the UK and Germany occupy the highest rankings as the most important immigration countries in Europe.

It is plausible that in the future immigration to the EU will likely increase (according to the projection of Boeri and Brücker (2005), the long-run migration stock will be attained in 2030 at a foreign population level of 3.0 million persons roughly in Europe) as a result of both the demand for labour and low birth rates in the EU. In the short and medium term many of these requirements are likely to be met by flows from Eastern Europe and the new member states (NMS), particularly following the eastward expansion of the EU (Boeri and Brücker, 2005; Stalker, 2002). But, the long-term picture will probably involve higher immigration levels from developing countries (Stalker, 2002). Therefore, more diversity in future migration flows is expected.

Europe is not only an important region for the migration phenomenon, given its current stock of migrants in the population, but also an important place where migration is especially useful from a socio-economic perspective in the light of an ageing population and the rising need for dedicated skills. Several studies show that migration provides many benefits and contributes to economic growth and the creation of new jobs in Europe. Since economic growth and the creation of new jobs are strongly associated with labour mobility and since regional labour mobility is relatively low in the EU, immigration from outside the EU will play a potentially crucial role for the creation of more labour mobility in Europe (Zimmermann, 2005). Recent studies show also that though international migration may intervene as local labour markets by negatively affecting the wages of native workers, its actual (negative) impact is quantitatively small (see Longhi et al., 2005). Boeri and Brücker (2005) have estimated that, at the given wage and productivity gap between Western and Eastern Europe, a migration of 3% of the Eastern population to the West could increase the total EU GDP by up to 0.5%.

However, the most prominent impact of migration from a socio-economic perspective has been the increasing rate of self-employed immigrants in the labor market. The entrepreneurial behavior of many migrant groups has led to the rise of a new phenomenon that is called 'migrant entrepreneurship' or 'ethnic entrepreneurship'. Migrant entrepreneurship has played a crucial role in increasing the employment opportunities for ethnic segments in the urban population and in resolving social tensions and problems. It has also become one of the driving forces for the growth of national and regional economies, particularly in the US and in many European countries (Barrett et al., 1996; Borjas, 1986 and 1990; Cross, 1992; Kloosterman et al., 1998; OECD 2006). Actually, ethnic participation in terms of self-employment and ethnic entrepreneurship is increasingly seen as a powerful economic force and a contributor to solving structural labour market imbalances in many industrialized countries.

The volume of migrant groups in Europe as well as the share of business ownership among these groups are expected to continue to grow. In general, immigrants are more likely to be self-employed than similarly skilled native-born workers, while self-employment rates of immigrants exceed in many countries those of native-born. The different migration ramifications including the cultural and socio-economic characteristics of migrant groups and the socio-political circumstances in the host countries have caused a variety of recent migrant entrepreneurship experiences of different European countries. While migrant enterprises have become more embedded in the European urban economy, the largest cities in Europe have acquired a more cosmopolitan outlook and have become dynamic multicultural economies. Social and economic change in Europe is characterized by international mobility, the challenge of a multicultural society, and new forms of integration and tension between immigrants and local populations. The rising orientation of migrants towards job search may also raise the problem of the expansion of informal activities, which take a variety of forms. According to Mingione (2002), the simultaneous occurrence of informalization and immigration and the work and social insertion of immigrants is shaping complex socio-cultural environments that are found predominantly in Europe. The new labour market conditions in Europe which are more heterogeneous and unstable, and the entrepreneurial opportunities based on cultural and communal solidarity resources and on larger and more cooperative families than the small and unstable nuclear families constitute the main differences in the experiences of migrant entrepreneurship between the US and Europe. Nevertheless, such differences do not only exist between the US and Europe, but also among the European countries. Depending on different migration experiences and different local and regional circumstances, European countries exhibit marked differences in their migrant entrepreneurship experiences.

Against this background, the aim of this paper is to investigate and compare various forms of migrant entrepreneurship in European countries in order to identify systematic classes of migrant entrepreneurship and to highlight the key elements of migrant entrepreneurship in Europe. The paper is based on a comparative evaluation of available quantitative data and qualitative information which is derived from a review of previous studies in the literature. Our quantitative evaluation addresses the European OECD countries, while our qualitative investigation focuses on migrant entrepreneurship experiences of eight selected European countries. The next section will investigate and compare migrant entrepreneurship in European countries on the basis of available quantitative data and information. Then, Section 3 will address migrant entrepreneurship experiences of different European countries and examine migrant entrepreneurship in different countries on the basis of qualitative information. Section 4 compares and evaluates the various forms of migrant entrepreneurship on the basis of the European countries' experiences summarized in Section 3 and highlights the determinants of migrant entrepreneurship in Europe. The last section concludes with some remarks and suggestions for future research.

2. Migrant Entrepreneurship in Europe

The main feature of economic restructuring in the last decades has been a marked shift from employment in large firms to self-employment in small firms. This trend has been most pronounced among immigrants. The studies focused on migrant entrepreneurship started preponderantly in the USA (Light, 1972; Waldinger, 1992), whereas later studies on this topic also emerged across Western Europe. Recent papers in the rising literature on this issue in Europe and the US include Baycan-Levent et al. (2003 and 2006), Chaganti and Green (2002), van Delft et al. (2000), Fairlie (2004 and 2005), Masurel et al. (2002) and Zhou (2004). These studies addressed the opportunities for and the barriers to ethnic entrepreneurship by identifying critical success or performance conditions for migrant entrepreneurs. *Structural* factors (such as social exclusion and discrimination, poor access to markets and high unemployment) and *cultural* factors (such as specific values, skills and cultural features

including internal solidarity and loyalty, flexibility, personal motivation, strong work ethics, informal network contacts with people from the same ethnic group, and flexible financing arrangements etc.) or a blend of these factors (included inter alia in the so-called *interaction* model formulated by Waldinger et al. (1990)) that influence the step towards ethnic entrepreneurship, have been examined in these studies.

Several studies have demonstrated that the tendency or ability to become self-employed differs between native people and immigrants (Borjas, 1986; Fairlie and Meyer, 1996). In general, immigrants are more likely to be self-employed than similarly skilled native-born workers, while self-employment rates of immigrants exceed in many countries those of native-born. While assimilation has a positive impact on self-employment probabilities (Borjas, 1986), the level of education and time since immigration are important determinants of self-employment (Fairlie and Meyer, 1996).

Since the early 1980s, self-employment among migrant groups has increased significantly in Europe and migrant entrepreneurship has become an important topic in European countries. The booming economy in Europe and the available opportunities in various market niches appear to have led to the emergence of a new breed of migrant entrepreneurs. The migrant groups in Europe as well as the business ownership among these groups are expected to continue to grow. It is generally found that contemporary migrant communities generate entrepreneurs who are able to contribute more and more to the economic growth and the welfare of the host countries.

Although the importance of migrant entrepreneurship for Europe is recognized by many scholars and policy makers and there is a remarkable literature on the issue, the data and information on migrant entrepreneurship are far from being comparable and are even very limited at the EU level. Most studies address a specific migrant group in a city with a small sample and there is a huge gap in evaluating migrant entrepreneurship at both the country and the EU level. However, recent data and information provided by OECD show some interesting features of the phenomenon, exhibit the current migrant entrepreneurship trends and offer a quantitative picture of migrant entrepreneurship in Europe. According to the 'International Migration Outlook' published by OECD (2006), immigrants account for a large proportion of the total labour force in the OECD countries. The numbers have increased by over 10% in five years between 1999 and 2004 in almost all OECD countries. While the increase is especially large in Southern European countries – for instance, 6 times in Italy and 3.5 times in Spain –, the increase reached levels of 46% in Ireland and 42% in Sweden. In 2004, foreign-born labour force accounted for 45% of total labour force in Luxembourg, 25% in Switzerland, 13% in Sweden, 12% in Germany and 11% in Belgium, France, the Netherlands and Spain (Table 1). Due to the current demographic trends and the characteristics of recent immigrants (a young age structure), the increase in the immigrants' share in the labour force can be expected to continue to grow.

The sectoral breakdown of immigrant employment shows that immigrant employment is also spreading to the service sectors. Over 75% of immigrants is already employed in services in the UK, Norway and Sweden, but the figure is over 60% in almost all countries. Immigrants are generally over-represented in the construction and hospitality sectors, and also in the healthcare and social services sectors. However, the sectoral breakdown varies considerably from one country to another (Table 1). For example, 6% of immigrants work in agriculture in Spain, 32% work in the mining and manufacturing industries in Germany, 27% are in construction in Greece, 15% in the wholesale and retail trade in Switzerland, 13% in hotels and restaurants in Ireland, and 21% in health care and social services in Sweden. Immigrant employment in education and health is becoming increasingly significant in a number of countries. Between 20% and 30% of immigrants work in one of these two sectors in Finland, Switzerland, Sweden and the UK (OECD, 2006).

The 'International Migration Outlook' highlights also that a relatively sharp increase in employment has taken place in several OECD countries and that immigrants have contributed to job creation in many countries (Table 1). Net job creation was over 5 million in Spain, 2.5 million in France, 2.1 million in Italy, 1.9 million in the UK, and 1.3 million in the Netherlands. Immigrants contributed to and benefited from over 30% of net job creation in the UK, whereas this percentage was 20% in Spain, the Netherlands, Portugal, Italy and Sweden. Self-employment among immigrants has also increased in almost all OECD countries over the past five years (1999-2004) in both numbers and as a percentage of overall self-employment (Table 1). The share of foreign-born people in total self-employment volumes accounted for 38.7% in Luxembourg, 17.5% in Switzerland, nearly 14% in Sweden, and 12% in Belgium in 2004.

Although all these figures highlight the increase in migrant employment and self-employment and show the improvements in the labour market situation of immigrants in absolute terms, a comparison with native population shows a different – and alarming – picture, viz. a relative deterioration in the labour market situation of immigrants. According to the figures, the immigrant participation rate was generally lower than that of natives (Table 1). The participation rate was 30

Table 1 Labour market situation of immigrants and migrant entrepreneurship in selected European OECD countries

	Foreign-born labour force	Participation rate (%)		Employment/population ratio (%)		Employment by sector	Increase in employment (thousands)		Foreign-born in self-employment (%)		Unemployment rate (%)	
	% of total labour force	Nationals	Foreigners	Nationals	Foreigners	(%)	Foreign-born	Total	Foreign-born in total self-employment	Self-employment in total foreign-born employment	Nationals	Foreigners
	2004	2004	2004	2004	2004	2004	1994-2004	1994-2004	2004	2004	2004	2004
Austria	15.3	70.4	68.6	67.2	60.6	mining, manufacturing and energy (22.3)	70	15	9.2	7.6	4.5	11.5
Belgium	11.5	65.8	59.8	61.4	50.3	mining, manufacturing and energy (17.3)	113	326	12.4	15.2	6.7	15.9
Denmark	5.9	79.8	53.6	75.8	47.1	..	62	135	8.4	9.7	5.1	12.1
Finland	2.6	76.4	69.8	68.6	52.0	mining, manufacturing and energy (20.1)	54	380	..	..	10.2	25.6
France	11.3	69.8	64.8	63.4	52.8	mining, manufacturing and energy (14.6)	137	2449	11.2	10.4	9.2	18.5
Germany	12.2	72.9	64.3	65.5	52.8	mining, manufacturing and energy (32.0)	-161	-2320	10.3	9.2	10.1	18.0
Greece	8.5	66.1	72.9	59.2	66.1	construction (27.3) households (13.4) agriculture (6.1)	191	546	2.6	9.7	10.4	9.3
Ireland	10.0	68.8	64.8	65.7	60.4	hotels and restaurants (13.2)	109	577	8.0	14.2	4.4	6.8
Luxembourg	45.0	61.6	68.9	59.8	64.1	construction (16.0)	17	24	38.7	6.9	3.0	7.0
Netherlands	11.1	77.4	60.5	73.9	54.5	mining, manufacturing and energy (20.4) wholesale and retail trade (15.0)	324	1341	8.7	9.8	4.4	10.0
Norway	7.1	78.9	73.4	75.7	65.5	health (20.7) education (8.0)	63	222	8.0	8.4	4.1	10.7
Portugal	7.3	72.7	75.6	68.0	65.6	..	160	572	3.8	13.8	6.6	13.3
Spain	11.2	67.8	77.6	60.4	67.2	construction (16.3) households (12.2) agriculture (6.0)	1479	5220	4.5	12.5	10.9	13.4
Sweden	13.3	78.3	68.1	73.3	57.1	health (18.6) education (10.8)	298	279	13.7	11.2	6.3	16.2
Switzerland	25.3	81.4	79.3	78.9	72.2	wholesale and retail trade (15.2)	..	..	17.5	10.3	3.1	8.9
UK	9.6	75.4	67.7	72.1	62.6	health (14.5) wholesale and retail trade (13.6)	707	1907	10.9	15.0	4.5	7.5

Note: ".." means not available
Source: International Migration Outlook (OECD, 2006)

points lower than that of the native population in Poland, and 20 and 10 points lower in, respectively, Denmark and the Netherlands in 2003-2004. Although the immigrant participation rate has increased in the majority of countries over the past 10 years, this increase was often slower than the rate for the native population. Although immigrant participation in the labour market improved in absolute terms, the situation in relation to the native population has deteriorated slightly. On the other hand, immigrants and foreigners are often more exposed to unemployment than the native population. In 2003-2004, immigrants in the majority of European OECD countries were relatively harder hit by unemployment than the native population (Table 1). The share of foreigners in unemployment relative to their share in the labour force is the highest in the Netherlands, but it is also significant in Denmark and Belgium. The rate of unemployment in Denmark and Belgium is at least double that of the native population. Immigrants are also relatively more exposed to long-term unemployment than are natives in approximately half of the countries.

In some OECD countries, certain groups of immigrants such as women, young people and elderly workers face specific difficulties in entering the labour market. For example, young people born abroad are significantly more exposed to unemployment than are their native counterparts in the majority of OECD countries. In France, while unemployment among young people born in that country is nearly 20%, the figure for young immigrants is 35%. In Belgium and Sweden unemployment among young immigrants is at least twice that of the native population. On the other hand, foreign-born women have lower employment rates than their native-born counterparts in almost all countries under consideration. The differences between native and immigrant women increase with the level of education. Highly qualified immigrant women from non-OECD member countries are particularly disadvantaged. In Germany, for example, the employment rate of this group is only 43% compared to 60% for all highly qualified immigrant women and 81% for native-born women with the same level of education. Similar results hold for most receiving countries, in particular for Switzerland, Luxembourg and the Nordic countries, where the gap with the natives reaches 20% or more (OECD, 2006).

In summary, immigrants represent a large and growing share of the labour force in the majority of European countries, especially in the services sector. Immigrants contribute to job creation in many countries with their increasing share in self-employment. However, their participation rate in the labour market is on the whole lower than that of the native population, and certain segments of immigrant labour force (e.g., women, young people and elderly workers) encounter specific difficulties in entering the labour market, and hence they are often more exposed to short-term or structural unemployment than the native population. As a result, their socio-economic progress is significant, but still not sufficient to reduce the disparities.

3. Migrant Entrepreneurship Experiences of Different European Countries

Since the 1940s, many European countries have experienced different migration patterns, leading to quite some demographic variety over the past decades. In this section, we will address the migrant entrepreneurship experiences of 8 European countries, viz. Denmark, Germany, Greece, Italy, the Netherlands, Portugal, Sweden and the UK, which are derived from several empirical case studies. These studies were selected for our classificatory analysis, as they focus mainly on the countries' migrant entrepreneurship developments rather than on a certain city or on a specific sector. In addition, since the selected studies were based on recently conducted and published work (after 2000), they incorporate also findings from the previous studies. The case studies taken into consideration contain a wealth of empirical data, although these data are not directly quantitatively comparable. However, on the basis of some additional qualitative findings of the studies we will try to create a systematic classification of migrant entrepreneurship and to highlight the key factors of migrant entrepreneurship in Europe. First, we will concisely examine each country in terms of migrant entrepreneurship experience, while in the next section we will compare and evaluate the countries on a qualitative basis.

Denmark

According to the studies of Andersson and Wadensjö (2004a and 2004b), the immigrant share of the population is 6% in Denmark, while immigrants from non-Western countries are overrepresented both among the immigrants and among the self-employed. It should be noted that due to different statistical sources and different years of data collection the various figures are not always entirely consistent. The share of self-employed immigrants is 5.1%, and immigrants, especially those from non-Western countries, have a higher probability of being self-employed than natives (see also Table 2). However, the share of self-employed is the highest among immigrants who come from

the Netherlands (many of them are farmers). Self-employed immigrants in Denmark are overrepresented in retailing and hotels and restaurants; 31% of self-employed immigrants run a hotel or a restaurant, while only 3.8% of natives in Denmark do so. The share of self-employed immigrants in retailing is also high, viz. 34%. In other industries there appears to be a more equal distribution for natives and immigrants. In Denmark, the incomes of self-employed immigrants are lower than the incomes of self-employed natives. The incomes of the self-employed immigrants are also lower than the incomes of those immigrants who are employees. The pattern is the opposite for natives. This can be explained by the fact that immigrants are becoming self-employed due to the fact that they have difficulties in getting other types of jobs. This is an indication that the reasons for becoming self-employed may differ between natives and immigrants.

Germany

According to the studies of Constant and Zimmermann (2004 and 2006), self-employed immigrants in Germany are self-selected with respect to human capital, age, years since migration, family background characteristics, home ownership, and enclave living. They have found that self-employment choice has a very strong intergenerational link and it is also related to homeownership and financial worries. While individuals are strongly pulled into self-employment if it offers higher earnings, immigrants are additionally pushed into self-employment when they feel discriminated (Constant and Zimmermann, 2006). On average, the youngest workers are in paid employment, while the oldest workers are in self-employment. The longer the immigrants are in the host country, the more likely they are to be in the self-employment category, while the shorter the time span they have been in the host country the more likely they are to be found in paid employment. Immigrants have lower shares in self-employment than Germans. Germans have the strongest presence in the self-employment category with a share of 84%. Among the immigrants, Turks have the highest share in the unemployment category (24%). Turks also have the highest unemployment share among all immigrants (54%). While 12% of those in paid employment are Turks, their share in the self-employment category is only 4%. In the group of self-employed, immigrants from the former Yugoslavia have a rate of 3%, their share being 7% among the unemployed and those in paid employment. The EU immigrants exhibit a comparatively higher share among the self-employed than the other immigrants (9%). About 14% of the immigrants in paid employment and unemployment national are from the EU.

Self-employed immigrants earn twice as much as immigrants in paid employment, while those immigrant entrepreneurs of younger age, who own a larger size business and live outside ethnic enclaves, have higher earnings. While Turks are twice as likely to choose self-employment as any other immigrant group, their earnings are not different from the earnings of other self-employed immigrants. Regarding the transition into self-employment, immigrants sometimes use self-employment as a way to circumvent unemployment, but do not stay in self-employment for long. Entry and exit between self-employment and paid employment vary more for the immigrants than for Germans. The patterns show that immigrants gladly exit self-employment to go into paid employment and stay for longer periods in paid employment. Compared to natives, Turks are more likely to move from employment to unemployment when employed. They are also more likely to move from unemployment to self-employment when unemployed. Once self-employed, Turks have an increased probability to switch to paid employment, as they also have a high probability to become unemployed. This probably indicates that while Turks are trying to stay in the labour force through self-employment, the success rate of their businesses is low. Other foreigner groups (EU and ex-Yugoslavs) are not different from natives in their transition from employment to unemployment or self-employment. However, they are much more likely than natives to move into employment and especially self-employment (except ex-Yugoslavs) when previously unemployed. The ex-Yugoslavs also change more often from self-employment to employment than native Germans do. Immigrants from other EU countries move significantly from self-employment to unemployment when compared to natives. Hence migrants make up a large part of the fluctuations observed between the various employment states with Turks being hit the most, ex-Yugoslavs being in stable paid employment and the EU migrants falling in between.

Greece

The economic significance of informal arrangements, of self-employment and of the micro-enterprise in particular, largely determines immigrants' integration into the labour market in Greece. The general situation regarding immigrants' employment in urban labour markets is marked by

informal work, often of a seasonal or occasional nature (agriculture, tourism, construction), in labour-intensive sectors and to a large extent for small companies and traditional households (Hatziprokopiou, 2004). Although the informal economy is a major structural feature of all southern European countries, Greece has the highest proportion relative to GDP – 29.4 per cent, compared to Italy with 17.4 per cent, Portugal 15.6 per cent and Spain 11.1 per cent (Lazaridis and Poyago-Theotoky, 1999). According to the Ministry of Public Security in 1992, 500,000 foreigners were around in Greece, 280,000 of whom were illegal. Others have estimated the number of illegal migrants to be around 590,000, or about 5 per cent of the total population of Greece, i.e., 12.5 per cent of its active population and 15 per cent of its labour force (Lazaridis and Poyago-Theotoky, 1999). Illegal migrants have contributed to the expansion of the informal sector and the contraction of the formal one. The increase in numbers of illegal migrants has also coincided with a general slowdown in economic activity in Greece, and an increase in unemployment. The informal practices constitute a common strategy of the dominant company type in Greece, the micro-enterprise, which seeks to reduce production costs through tax evasion and unregistered employment in labour-intensive jobs. Due to the high seasonality, activities in the construction sector remain to a large extent unrecorded. In addition, employment in personal services is difficult to regulate, as these types of activities form part of household needs. Therefore, there is an increased demand for cheap, flexible and unprotected labour to be employed mostly in manual jobs and in reproductive activities. Being cheap and flexible, and legally 'invisible' due to clandestine status, migrant labour is mainly concentrated in unregistered economic activities in the underground sector, which, considering its size and roots in Greece as in all Southern Europe, has functioned as an important 'pull' factor for immigration (Hatziprokopiou, 2004).

Italy

Italy became an immigrant-receiving country in the middle of the postfordist transition and immigration has become a structural characteristic of the Italian society and of its labour market over the years. According to the study of Quassoli (2002), economic restructuring, decentralization of industrial production and changes in the labour market fuelled by internal migration did not particularly affect the foreign labour force in Italy. These transformations reinforced the features of the already existing underground economy, producing the growth of small firms and handicraft shops that use, in part or entirely, undocumented labour and migrants faced with a segmented and fragmented labour market. Migrants' informal arrangements merged with the local informal economies, resulting both from the persistence of traditional traits and the new impulse generated by post-industrial changes.

A relatively large informal sector has traditionally been the main characteristic of the Italian economy. The informal arrangements do not only involve self-employment, but are also common among wage workers particularly in agriculture, construction and services and also the manufacturing industry. Therefore, a large majority of migrants are attracted by the informal sector. In the South, the share of informal labour is around 25%. In the central regions of Italy, the proportion of undocumented labour is about 11% of the total labour force. The overall proportion of informal labour in the North is the lowest, around 8% (Quassoli, 2002). The informal economy is associated with high levels of labour exploitation in agriculture and in small handicrafts, very limited opportunities for regular jobs, and the availability of welfare provisions to support family income. The characteristics of both the informal economy and ethnic businesses are strong kinship and social networks, small-sized firms, use of undocumented workers and low levels of class conflict between employers and employees. As regards the importance of migrants for the Italian economy: First, immigration has become a structural characteristic of the Italian society and of its labour market. Second, competition between foreign and domestic workers is relatively low. Migrant workers rarely substitute domestic workers, and often they tend to occupy jobs unwanted by Italians. The relationship between the informal sector and migratory flows relied upon pre-existing social conditions and previous informal arrangements and took place before the arrival of immigration flows from developing countries. Therefore, the migrants' insertion in the informal economy in Italy does not produce a new trend but represents an element of continuity in existing patterns of socio-economic organization of work.

Netherlands

According to a study by Kloosterman et al. (2002), immigrants in the Netherlands have found themselves in a rather marginalized position. Unemployment among immigrants is relatively high. The average rate of unemployment among immigrants was 18% in 1997, whereas only 6.3% of the indigenous workforce was out of work. Especially two ethnic groups, Turks (31%) and Moroccans (24%), are hard hit by unemployment. This exclusion from the mainstream labour market has led to an

increasing number of immigrants to set up shops themselves. In 1986, 11,500 firms in the Netherlands were run by migrant entrepreneurs. This number has doubled in 1992 and tripled to 34,561 in 1997, which amounts to about 5.5% of all non-agricultural firms in the Netherlands. The share of self-employed in the total population of immigrants from non-industrial countries rose from 3.3% in 1986 to 7.4% in 1997. The lack of financial capital and also appropriate human capital (educational qualifications) led immigrant entrepreneurs to set up shops in markets with low barriers of entry in terms of capital outlays and required educational qualifications. In the Netherlands about three out of five immigrant entrepreneurs have set up shops in either wholesale, retailing or restaurants. Survival of immigrant businesses is generally difficult and profits may be rather low and in many cases even non-existent. The survival of immigrant businesses depends on long working hours and low pay and also on the fact that entrepreneurs are embedded in specific social networks that enable them to reduce their transaction costs in formal but also in informal ways. Kloosterman et al. explain the success of entrepreneurs in general and that of immigrants in particular by the concept of "mixed embeddedness" which refers to encompassing the crucial interplay between the social, economic and institutional context. This concept of mixed embeddedness refers to the complex way in which immigrant businesses are inserted, on the one hand, in the specific Dutch socio-economic and institutional context and, on the other, immigrant contexts and which involves diverse configurations of financial, human, and social capital. According to this view, "the rise of immigrant entrepreneurship is, theoretically, primarily located at the intersection of changes in socio-cultural frameworks on the one side and transformation processes in (urban) economies on the other". (Kloosterman et al., 2002, pp.257). The small outlays of capital and the relatively low educational qualifications constitute a crucial component in this mixed embeddedness. This mixed embeddedness is the main feature of migrant entrepreneurship in the Netherlands.

Portugal

In Portugal, immigrants are more likely to be self-employed than natives. However, some groups, for example Chinese, are more likely to become entrepreneurs than the majority of non-European foreigners. During the last twenty years, Asians had the highest growth rates (730%) of foreigners with legal residence in Portugal, outnumbering, also, natives on entrepreneurial activity rates. Only Africans, the largest foreign group in Portugal, has a majority of wage earners and salaried employees in civil construction and cleanings. However, immigrant entrepreneurial initiatives were rare until 1998 for two reasons. First, foreign workers were not allowed to work in companies with less than five workers and second, the majority of foreigners, to whom bank loans were refused in Portuguese banks, were strictly dependent on social networks. These factors reduced the range of entrepreneurial options. Recently it was approved in the Portuguese Ministry Council that work visas will be passed considering the needs of the labour market, in particular the companies' needs. Consequently, every year a report from the national public office for employment with the available jobs is presented to the public. In the year 2000, a report of the national public office for employment publicised the labour shortages, which are concentrated in the construction, restaurants, hotels and retail commerce sectors. These are exactly the same sectors where immigrant entrepreneurs appear to invest in.

In Portugal, as in other Southern European countries, the informal sector is significant and often based on small and family firms. In this sense, Chinese entrepreneurs have found several informal opportunities. Differently from their variety of ethnic and other business activities (for example, in the U.S.), Chinese entrepreneurs in Portugal concentrate on activities with ethnic roots, in the beginning as street vendors (of Chinese silk ties), and gradually as restaurant owners. They have recently started also to invest in cloth stores. Like in other host societies, Chinese entrepreneurs in Portugal are mainly dependent on family labour and co-ethnic workers. Therefore, the presence of Chinese communities in Portugal can influence the integration of newcomers, especially if they have difficulties in speaking Portuguese. Because of the labour shortage in the ethnic economy immigrants get jobs as soon as they arrive in Portugal. In the case of Chinese, 25.9% started an entrepreneurial activity as soon as they arrived in Portugal. Differently from other European countries, it seems that unemployment is not a problem for immigrants under the given labour market conditions in Portugal.

Sweden

According to studies of Andersson and Wadensjö (2004a, 2004b), the immigrants' share of the total population (12%) as well as the share of Western immigrants (4.52%), especially who migrated from Finland, is high in Sweden. However, immigrants from non-Western countries are overrepresented among the self-employed immigrants. The share of self-employed immigrants is

3.5%, while immigrants – especially those from non-Western countries – have a higher probability of being self-employed than natives. Self-employed immigrants are overrepresented in retailing (27.2%) and hotels and restaurants (21.5%) when compared natives in these sectors (14.9% in retailing and 1.9% in hotels and restaurants). In Sweden, self-employed immigrants have lower incomes than immigrants who have other types of employment. Self-employed immigrants, in particular non-Western immigrants, have also significantly lower incomes than natives. However, for second-generation immigrants no significant effects on the income from self-employment are found, neither for non-Western nor Western immigrants.

UK

According to a study of Borooah and Hart (1999), the labour market perspectives of ethnic minority groups are different from those of white persons in Britain. On arrival in Britain, migrants were generally offered poorly paid, low status jobs and this feature has remained relatively unchanged over the years. The labour market position of ethnic minorities is – and has been – characterised by high unemployment rates, low participation rates and low status employment. One route out of economic and social disadvantage is self-employment. Therefore, the rise of self-employment coexists with the fact of high unemployment rates. The unemployment rates are 18% and 11% respectively for Blacks and Indians, and 11% for Whites. The self-employment rate, on the other hand, is 15% for ethnic minorities, and 13% for the white population. Chinese (27%) and Pakistanis (24%) appear to have the highest rates of self-employment followed by Indians (20%) and Bangladeshis (19%). However, this pattern changes when the focus is on business ownership (i.e., self-employment with employees), with Bangladeshis having the highest rates of business ownership. In general, people become self-employed because of two reasons: people may be 'pushed' into self-employment through unemployment and blocked opportunities, or they are 'pulled' into self-employment attracted by the economic gains and financial independence that business ownership offers. The results of the study of Borooah and Hart show that 'pull' rather than 'push' factors attract Indians into business, whereas for Blacks 'push' factors are at least as important as 'pull' factors in determining business entry. The core set of attributes such as class, education, age, marital status, area of residence, housing tenure and the presence of other earners and of dependent children in the household makes also differences between the ethnic groups. The attributes that disadvantaged Blacks, relative to Indians, were: lack of educational qualifications; low marriage rates; and the absence of other earners in the household. The fact for Indians, on the other hand, is high marriage rates, a lower average age at marriage and living in households with more than one earner. The self-employment gap between Indians and Blacks was due to a difference in these attributes and the fact that Indians had a greater inclination for self-employment. For the over-whelming majority of Indians who were self-employed, the alternative economic status was employee-employment and, if they had not been self-employed, only a small minority of self-employed Indian men would have been unemployed.

On the basis of the evaluation at the country level we have created a qualitative synthesis table. Table 2 shows the main features of migrant entrepreneurship in selected European countries in our sample. After this evaluation on the basis of migrant entrepreneurship positions in different countries separately, we will compare and evaluate the similarities and differences among the countries on a qualitative basis in the next section in order to highlight the key features of migrant entrepreneurship in Europe.

4. Key Features of Migrant Entrepreneurship in Europe: A Comparative Evaluation

The analysis of migration and migrant entrepreneurship positions in different countries show various similarities but also distinct differences among them. Undoubtedly, remarkable differences are observed between Northern and Southern European countries. First, the migration history of Northern and Southern European countries is different. Northern European countries experienced first mass refugee flows related to post-war adjustment and then a labour migration for the reconstruction of Europe during the 1950s and 1960s, whereas Southern European countries experienced mainly illegal migration due to structural and situational factors after the 1980s.

Second, the geographical characteristics and the strictness of policy measures are different in Northern and Southern European countries. Against the strict policing measures in Northern European countries, the geographic positions of Southern European countries as well as the traditional dependency on tourism make the entry of immigrants in an illegal way easier.

Table 2 Main features of migrant entrepreneurship in European countries

Countries	The biggest immigrant groups		Economic characteristics of immigrant groups		Sectors		Migrant entrepreneurs
	Groups	Share in the total population of the country	Self-employment rate	Unemployment rate	Sectors	Characteristics of the sectors	
Denmark	Yugoslav Turk Greek South Asian Iranian	6%	5.1% Total 1.2% Western immigrants 3.8% Non-Western immigrants		Retailing (34%) Hotels and restaurants (31%)	These are the sectors where natives' share is lower	Dutch (farmers) Chinese Indian Pakistani
Germany	Turk Ex-Yugoslav EU		4% Turk 3% Ex-Yugoslav 9% EU (Greeks, Italians, Spaniards)	24% Turks 7% Ex-Yugoslav 14% EU (Greeks, Italians, Spaniards)			Iranians and Lebanese are more entrepreneurial than Turks Turks are more entrepreneurial than Ex-Yugoslavs
Greece	Albanian Bulgarian Romanian				Construction (men) Domestic service (women)	Informal works Labour intensive sectors Small companies Individuals or households	Albanians
Italy	Chinese Eritrean Egyptian			15% (1993)			Chinese Eritrean Egyptian
Netherlands	Turk Surinamese Moroccan	17.5% (2000)	7.4% (1997)	18% (1997)	Wholesale Retail Restaurants		Turkish Moroccan
Portugal	African Asian South American				Retailing Hotels and restaurants Construction	These are the sectors where labour shortages exist	Chinese
Sweden	Finnish Yugoslav Turk Greek South Asian Iranian	12%	3.5% Total 4.9% Western immigrants 9.6% Non-Western immigrants		Retailing (27.2%) Hotels and restaurants (21.5%)	These are the sectors where natives' share is lower	Dutch (farmers) Chinese Indian Pakistani
UK	Black Caribbean (22% of the ethnic population) Indian (28% of the ethnic population)	8%	15% Total (1991) 8% Black (1991) 21% Indian (1991)	18% Black (1991) 11% Indian (1991)	Science (Indian 65%) Restaurants (South Asian)	In Britain, expenditure on eating out increased by 23% in the very short period 1994-98, with a significant 46% leap in ethnic food consumption.	Chinese (27.2%, with employees 15.8%) Pakistani (23.9%, with employees 9.2%) South Asian (20.8%, with employees 9.1%) Indian (20%, with employees 8.7%) Bangladeshi (18.6%, with employees 13.6%)

Third, Southern European countries have a different labour market structure than Northern European countries. While high rates of self-employment, i.e., over 20% of the total employment, are observed in Southern European countries, the share of self-employment in Northern European countries is decreasing and never exceeds 15%. In addition, a relatively large informal economy and a fragile welfare provision characterise the Southern European countries.

Fourth, the specific nature of the Southern European economies – duality from a primary and secondary labour market, a thriving informal economy and a rapid expansion of the tertiary sector, which in turn have led to the expansion of employment in tourism, personal social services, shipping and the like – have created many opportunities for migrants. In Southern European countries like Italy, Portugal and Greece, the informal economy can be an opportunity to self-employment which is not so easy in Northern European countries where institutional control is stronger and competition is higher.

The differences do not only show up between the Southern and Northern European countries, but also among the Northern European countries themselves. Recent comparative studies show that besides similarities, there are some marked differences between Sweden and Denmark, Denmark and Germany, Denmark, Sweden and Germany, and Germany and the Netherlands.

Denmark and Sweden have many features in common: immigrants from non-Western countries generally have a weaker position in the labour market than natives and have more difficulties in getting a job. The immigrants are overrepresented among the self-employed, self-employed immigrants are found in other sectors than self-employed natives (retailing, hotels and restaurants), and the incomes from self-employment differ from the incomes of the wage earners. In both Denmark and Sweden a positive significant effect on the probability to be self-employed for non-Western immigrants has been found. In addition, immigrants, especially those from non-Western countries, have a higher probability of being self-employed than natives. In both Denmark and Sweden, Western immigrants on average have slightly higher, or almost the same, incomes as natives, while non-Western immigrants have lower incomes than natives. For the self-employed, both Western and non-Western immigrants have lower incomes than natives in both countries. Immigrants have also a lower income than immigrants who have other types of employment. These results show that immigrants in Denmark and Sweden are becoming self-employed due to the difficulties in getting other types of work.

However, there are also some differences between Denmark and Sweden in their business cycles and immigration trends. The difference in migration history can contribute to explaining these differences. During the period when Sweden had a high share of labour immigration from Western countries such as Finland, Greece or Italy, very few people from those countries emigrated to Denmark. Our comparison shows that the immigrants' share of the total population as well as the share of Western immigrants, especially those who migrated from Finland, is higher in Sweden than in Denmark. However, immigrants living in Sweden are less likely to be self-employed than those living in Denmark. The share of self-employed is 1.6% higher in Denmark than in Sweden. Andersson and Wadensjö (2004a) explain this result by the long tradition of small businesses and self-employment in Denmark. On the other hand, the incomes of self-employed in Denmark are substantially higher than those of their Swedish counterparts. The ratio between the incomes for self-employed and those of wage earners is much higher in Denmark than in Sweden. For example, in Denmark self-employed natives have a 54% higher annual income on average than the wage earners, and in Sweden self-employed natives have a 39% lower income than the native wage earners. The corresponding figures for Western immigrants are 13% higher in Denmark compared to 45% lower in Sweden, and for non-Western immigrants 7% lower in Denmark and 56% lower in Sweden. These differences between two countries may originate from the characteristics of the data sets (in particular, existence of a few self-employed with very high incomes and businesses with many employees in Denmark and exclusion of limited share companies in Sweden) and the differences in systems of taxes and social transfers (the unit for determining payment of social transfer in Denmark is the individual, while in Sweden it is the household).

There are also some distinct differences between Germany and Denmark. While self-employed immigrants in Germany are self-selected with respect to human capital, age, years since migration, family background characteristics, homeownership and enclave living, in Denmark however, it is only the males and those with disabilities who are self-selected into self-employment. In Denmark, immigrant entrepreneurs earn less than immigrants in paid employment, whereas in Germany, self-employed immigrants earn twice as much as immigrants in paid employment. This suggests that self-employed immigrants in Denmark might find a better match for their talents if they were to move to Germany.

The most interesting difference between Germany and Denmark and Sweden is the share of natives and Western or EU immigrants in the self-employment category. While the share of non-Western self-employed in Denmark and Sweden is higher than the natives, this trend is the reverse in

Germany, with the strong presence of Germans and EU immigrants in the self-employment category. The same difference is also observed between Germany and the Netherlands. Immigrants in the Netherlands are more likely to be self-employed than natives. Therefore, it can be said that Germany exhibits a quite different profile among the Northern European countries with its strong native entrepreneurial behaviour.

An overall evaluation of similarities and differences among the countries enable us to highlight the key characteristics of migrant entrepreneurship in European countries (see Table 3). While the presence of an informal and labour-intensive sector, an informal economy, and small businesses drive migrant entrepreneurship in Southern European countries (Greece, Italy and Portugal), a high overrepresentation of non-Western immigrants among the self-employed, a significantly lower income level of self-employed immigrants compared to both self-employed natives and employed immigrants explain migrant entrepreneurship in Northern European countries (Denmark and Sweden). Germany exhibits a quite different profile with the strongest presence of natives in the self-employment category and shows also lower shares of self-employed immigrants than self-employed natives. In general, high unemployment rates, low participation rates and low status are the main determinants that push immigrants to become entrepreneur in many European countries (including the UK and the Netherlands where mixed embeddedness constitutes another main feature of migrant entrepreneurship).

Table 3 Key features of migrant entrepreneurship in European countries

Countries	Main determinants of migrant entrepreneurship
Denmark	Overrepresentation of non-Western immigrants among the self-employed
	Lower income level of self-employed immigrants than employed immigrants
Germany	Lower shares of self-employed immigrants than self-employed natives
Greece	Informal work in labour-intensive sectors and small business firms
Italy	Informal sector, informal economy
Netherlands	Mixed embeddedness
Portugal	Informal sector, informal economy
Sweden	Overrepresentation of non-Western immigrants among the self-employed
	Lower income level of self-employed immigrants than employed immigrants
UK	High unemployment rates, low participation rates and low status employment
	'Push' and 'pull' factors for different ethnic groups

5. Concluding Remarks

Europe is nowadays a pronounced region for migration with a current stock of 56 million migrants in its population. Europe is an important place where migration is especially critical from an economic perspective. Today, immigrants represent a large and growing share of the labour force in many European countries and they contribute significantly to job creation with their increasing share in self-employment. However, their participation rate in the labour market is on average lower than that of the native population; besides, certain categories of the immigrant labour force, women, young people and elderly workers are faced with various hurdles when entering the labour market, and they are often more exposed to unemployment than the native population. Therefore, high unemployment rates, low participation rates and low status are main determinants, which in general push immigrants into entrepreneurship in many European countries. Nevertheless, the main characteristics of migrant entrepreneurship differ among the countries and various forms of migrant entrepreneurship show up in different regions of Europe.

Our study has investigated and compared these various appearances on the basis of available quantitative data and additional qualitative information of previous studies depending on the socio-economic and demographic positions of different countries in order to identify systematic classes of migrant entrepreneurship and to highlight the key attributes. The results of our comparative evaluation offer an illuminating general picture of European migrant entrepreneurship, where major push factors appear to be: high unemployment rates, low participation rates and low status in the labour market, as well as a related factor, mixed embeddedness. The results of our comparative assessment show also that while informal and labour-intensive sectors, informal economies, and small family-types of business determine migrant entrepreneurship in Southern European countries, the high share of non-Western immigrants among the self-employed, and the relatively lower income positions of self-employed immigrants are more decisive for migrant entrepreneurship in Northern European countries.

Clearly, the identification of a single class of European migrant entrepreneurship is not easy and requires further comparative case studies at national, international and European level. The results of our study are limited by the available quantitative data and information and the qualitative findings from previous studies. Nevertheless, our comparative evaluation of migrant entrepreneurship in European countries has shown that several structural factors can be identified that provide a linkage

between the immigrants' presence and their integration in the labour market of host countries, in particular:

- the immigration policy of the host country;
- the reasons that have prompted migratory flows;
- the existence of a co-ethnic community in the country and its economic embeddedness;
- the operation of social networks among migrant communities;
- the possibility to acquire capital among the ethnic community (informal resources);
- the potential market of the host society;
- the institutional factors that encourage or discourage entrepreneurship.

The socio-cultural context of the receiving country (e.g., immigration history, governmental legislation on foreigners' access to the labour market) can explain some of these differences among the countries. However, this context cannot be the only explanation, since there is ample evidence that the same immigrant group may show common entrepreneurial activities in different host societies. Further comparative case study research focussed on systematic evaluations of entrepreneurship practices in Europe is very instrumental in this respect. In the same vein, the innovative performance of migrant entrepreneurs in different regional and cultural settings might be addressed. Such information may be instrumental for informed policy on migrant entrepreneurship.

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