



Co-funded by the  
Erasmus+ Programme  
of the European Union



# MigrEntrepreneur

## State of Play

[January 2021]



*This project (project No. 2019-1-DE02-KA202-006213) has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.*





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# 1.INTRODUCTION

## MigrEntrepreneur

Entrepreneurship is a powerful driver of economic growth. It not only creates jobs, but it also opens up new markets and nurtures new skills and capabilities. Within the EU, migrants represent an important pool of potential entrepreneurs though they may face specific legal, cultural and linguistic obstacles.<sup>1</sup> During 2018, a total 3.9 million people immigrated to one of the 27 EU Member States. 1.4 of million of those previously resided in the EU and migrated to another member state, and an estimated 2.4 million moved from outside the EU.<sup>2</sup>

Over the last few years, Europe has seen a strong evolution in the migration process. This has brought evident effects at every level, not least those on the labour market and those relating to business start-ups. Despite the economic and financial crisis in most of the EU, especially the southern EU Member States, and the subsequent rise of market uncertainty and unemployment levels, the number of businesses run by migrants is constantly increasing. EU studies conducted between 2008 and 2018 indicate a decrease in the number of native citizens who are self-employed by 6%, contrary to the case for foreigners (+31%) or those born in another Member State (+58%).

The promotion of migrant entrepreneurship is incorporated in the Europe 2020 strategy, including a blueprint for joint action to remove barriers and create a supportive environment. The Entrepreneurship Action Plan 2020 and the Small Business Act aspire to unlock Europe's entrepreneurial potential, make the creation of new businesses easier and create a supportive environment for existing entrepreneurs to thrive and grow.<sup>3</sup> The plan provides a common policy framework and supporting measures that help EU countries as they further develop and strengthen their national integration policies for third-country nationals through tailored business training and mentoring.

In this context, the MigrEntrepreneur project (MigrEnt) aims at presenting best-practice examples of entrepreneurial learning and start-ups of migrants, integrating successful approaches into educational measures to empower migrants and provide them with skills that are also recognised in other EU states should they plan to move. The focus of the project is on entrepreneurial learning. "Entrepreneurship education prepares people to be responsible and enterprising individuals. It helps people develop the skills, knowledge and attitudes necessary to achieve the goals they set out for themselves. Evidence also shows that people with entrepreneurial education are more employable."<sup>4</sup>

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1 [https://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/migrants\\_en](https://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/migrants_en)

2 <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/1275.pdf>

3 [https://ec.europa.eu/growth/smes/promoting-entrepreneurship/action-plan\\_en](https://ec.europa.eu/growth/smes/promoting-entrepreneurship/action-plan_en)

4 [https://ec.europa.eu/growth/smes/promoting-entrepreneurship/support/education\\_en](https://ec.europa.eu/growth/smes/promoting-entrepreneurship/support/education_en)

## Migrants

For migrants, employment is not only a source of income, but also a crucial activity to improve their integration in a broader sense. The inclusion in the labour market introduces the person into a diverse environment and stimulates relationships with local citizens. Needless to say, having a salary makes it possible to fulfil primary needs and have resources for more socially related activities. Many migrants already have experience in self-employment or a high innovation potential and are good at developing ideas, as they had to adapt to what were sometimes the most adverse living conditions. Therefore, it is important to promote an integration that allows immigrants to develop possible ideas in entrepreneurship.<sup>5</sup>

Migrant entrepreneurship has some traits and characteristics that differentiate it from national entrepreneurship and therefore make it difficult to observe and understand. First of all, as for any other emerging phenomenon, monitoring systems are still developing. Moreover, migrant entrepreneurs represent a subgroup of a population that already tends to be difficult to observe in national statistics.

The high rates of migrant self-employment may indicate very different situations. The scope, size and nature of the businesses created by migrants obviously varies. Some migrants start a business because they lack other employment alternatives: a small store, restaurant, day care, or laundry service. Such ventures may not directly provide much value added, since they typically employ less than five people and have limited growth potential.<sup>6</sup> Due to language barriers, discrimination and employers having difficulties recognizing foreign qualifications, migrants are often disadvantaged in finding employment. These barriers make it more attractive for many immigrants to use their skills as self-employed and entrepreneurs, rather than as employees in the labour market. Moreover, in some regions, immigrants benefit from the support of ethnic communities. These networks can facilitate the exchange of knowledge and goods between countries and facilitate access to labour and start-up capital information for setting up a business.<sup>7</sup>

Migration is defined as the movement of persons away from their place of usual residence, either across an international border or within a country.<sup>8</sup> For this project, we took into account the movement from one country to another, with no distinction between EU-migrants and 3rd country migrants.

In Germany, there has been a long discussion about the term migrant resolving in the term 'person with a migration background', introduced by the German Federal Statistical office in 2005. By this definition, people with a migration background are those persons who do not possess the German nationality by birth or who have at least one parent, who does not possess the German nationality by birth.<sup>9</sup>

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<sup>5</sup> <https://projectmile.eu/2019/12/03/focus-topic-n2-migrants-entrepreneurship/>

<sup>6</sup> <https://www.european-microfinance.org/sites/default/files/document/file/Entrepreneurship-Migrants-OECD-2010.pdf>

<sup>7</sup> <https://projectmile.eu/2019/12/03/focus-topic-n2-migrants-entrepreneurship/>

<sup>8</sup> <https://www.iom.int/key-migration-terms>

<sup>9</sup> <https://www.integrationsbeauftragte.de/ib-de/service/daten-und-fakten/fakten/12-lagebericht>

In Italy, in the literature the term 'migrants' encompasses a large group of categories of individuals who, for different reasons, have crossed national borders and dwell in countries other than their birthplace. The most common and widespread category are the ones whose motivation is settling in the country of destination. An internationally adopted categorization differentiates the migrants based on their skills and knowledge. The 'migrant workers' include temporary, seasonal workers and long-term workers integrated in the production chain, without any higher specialization. The 'highly skilled' or 'business migrants' refer to a smaller portion of international migrants characterised by high levels of knowledge and specific skills. The migrant entrepreneur is therefore not identified in a distinct category, but, depending on the capacity and type of business, can be identified as a 'migrant worker' or 'business migrant'.

In a further analysis, there is an overlap between the term 'entrepreneur' and the term 'self-employed'. Although the latter does not uniquely identify forms of entrepreneurial activity, the most shared definition of entrepreneur is the one referring to a subject who manages a business with collaborators and carries out an economic activity with a certain degree of autonomy on the market aimed at the production or exchange of goods and services.<sup>10</sup>

The classification used by the Italian Chambers of Commerce offer us a simple, concise definition<sup>11</sup> of a foreign business as companies whose controlling and ownership interest is mainly held by people not born in Italy. In general, companies are clustered as 'foreign' if the participation of people not born in Italy is overall greater than 50% by averaging the composition of shares and administrative offices held by foreigners, by type of company, based on certain predefined criteria.

A definition for a migrant entrepreneur that we found on the European project 'Projectmile' is:

"a foreign-born business owner or a member of an ethnic minority born in the receiving country, who seeks to generate value through the creation or expansion of economic activity, by identifying new products, processes or markets."<sup>12</sup>

With these thoughts in mind, MigrEnt tries to examine the landscape of migrant entrepreneurship in six different EU Member States and researches if there is adequate support for migrants to start their own business and how to nurture this potential.

## The participating organisations

QBS Gewerkstatt gGmbH, Germany

<sup>10</sup> [L'imprenditoria immigrata in Italia. Dall'integrazione economica alla tutela della salute e sicurezza sul lavoro. Università Roma Tre Censis INAIL \(Dipartimento medicina, epidemiologia, igiene del lavoro e ambientale\), 2019, pp.16-17.](#)

<sup>11</sup> [Economia Veronese. Imprese straniere. Edizione 2020. Camera di Commercio Industria Artigianato e Agricoltura, 2020, p.9.](#)

<sup>12</sup> <https://projectmile.eu/2019/12/03/focus-topic-n2-migrants-entrepreneurship/>



QBS Werkstoff gGmbH - a private non-profit-making company was founded in 1985 in Bochum to set up and carry out projects aimed at combatting unemployment in our region. At the beginning, vocational training and education courses for young unemployed persons in various professions were offered. The main goal was to create entrepreneurship skills. In order to also give these young people an opportunity to enter the job market after the training courses, various small businesses were started up including the Chrysler dealership in Bochum, neon-glass-blow company in Essen, electric installation enterprise and, at least in 2004, the Restaurant Henrichs in Hattingen.

QBS Werkstoff gGmbH has a wide range of experience in conducting training projects for disadvantaged target groups to lead to labour market integration, focusing on the wbl-approach.

Since 2015, shortly after the arrival of a huge number of refugees in our area, we started with the first training activity called "Fit for future". More than 100 participants were trained in the German language and had their first experience as trainees in companies. At the same time, we implemented the Erasmus KA 2 project "Fast lane" ([www.fastlane.eu](http://www.fastlane.eu)) and developed new approaches for skills checks, trainer qualification and learner material. Since September 2017, we have run a new training centre in Bochum called "QUAZ", where approximately 1,500 refugees and migrants will have received German language courses and practical training by 2020.

#### t2i, Italy

t2i is the Italian Agency for Innovation promoted by the Chambers of Commerce of Treviso-Belluno, Venezia-Rovigo and Verona. It supports companies in defining and developing new and innovative services through technology transfer networks, added-value services and access to specific and cutting-edge training programs. Its core activities are:

Fostering and development of competencies, ranging from company management, ICT, team building, marketing, eco/green/sustainable-design, to soft & life skills. The Education/Training Area is accredited by the Veneto Region for education, lifelong learning and vocational guidance activities.

Supporting and developing business ideas, running an in-house business incubator & accelerator. t2i is a Digital Innovation Hub recognised by the European Union and is enrolled in the National Research Register (code 61304BMV).

#### Produceos Fixe, Portugal

Produceos Fixe has been active as a social enterprise since 2010. It has extensive expertise and experience in game-based learning and training. It is active at local, national and international levels.

As game-based learning experts, the Produceos Fixe has been involved in a variety of international consortiums and in the creation of new and innovative educational tools

on a variety of society relevant topics (gender, values, self-reflection, conflict resolution, financial literacy, employability and more). It is also the initiator of the international 'Value Fair' (Portugal 2018, Greece 2020).

It is recognised in the non-formal educational field and for its community work, as is documented by a variety of articles and publications (e.g. <https://pjp-eu.coe.int/en/web/coyote-magazine/vila-da-marmeleira> ).

### Meus, Spain

Founded in 2017, Markeut Skills Sociedad Limitada (MEUS) is a private organization based in Valencia, Spain, whose objective is to improve the capacities of people in both their professional and private environment as well as at all stages of their lives, from one school to another adult education.

In line with the European educational strategy, MEUS works on the development of new training materials and methodologies adapted to the different objectives and needs of the economic market, in order to improve integration in the workplace.

MEUS encourages business creation and consolidation, offering advice and training to entrepreneurs, creative innovation, social innovation, technological innovation, the founding of new business projects, the creation of sustainable companies and the development of territories. MEUS strongly supports the new and growing sectors of the economy and is attentive to social changes. It deals particularly with issues such as the sustainable economy (and green skills), the orange economy (culture), ICT, the aging adaptation of the population and the new demographic characteristics that generate a greater demand for personal services, etc. In order to support the personal development of people, MEUS is also dedicated to the development of initiatives in the field of active participation in society, well-being, equality and solidarity, integration and non-discrimination. Each and every one of the projects developed in MEUS are carried out under the premise of innovation, understood beyond a technological innovation, based on the development of new innovative methodologies for learning, management, personal development and local development.

### Ekpedeftiki Paremvasi (EKPA), Greece

Ekpedeftiki Paremvasi is a vocational training centre providing high quality lifelong learning to SMEs, unemployed, NEETs and employees. In over 20 years of activity in the area of vocational training, VTC EKPEDEFTIKI PAREMVASI SA has accumulated a wealth of experience in planning, organising and implementing training programs for unemployed persons, employees and related activities such as participation in European programs, development partnerships, community initiatives, national and European conferences and organization workshops.

### IFA, Austria

IFA (International Young Workers Exchange) is the leading organization in Austria for everything relating to the international work experience of vocational trainees.

Founded in 1995 by the Austrian Economic Chambers, the Federation of Austrian Industries and the Junior Chamber Austria, IFA is a focal point for information and consulting for young people, businesses and educational institutions in the international work placements in the European VET system.

## Method so far

In order to build a common ground within the MigrEnt project, we decided to examine the landscape of migrant entrepreneurship through national reports conducted by each of the participating countries/organisations. These 'State of the Play' reports provide a national overview about the current situation of entrepreneurship among migrants. The content of the reports was as follows:

- Collecting general data and statistics. This data was to help gain a general overview of the national labour markets regarding migrants. We focused on the employment and self-employment rate and the occupational fields.
- Presenting funding and support programs for entrepreneurs. Are there general programs for all target groups? Are there special programs for migrants?
- Finally, any special projects or trainings to support migrant entrepreneurship were presented as best practices.

In the next phase we worked on a list of similarities and differences between the reports. After establishing the difficulties in the collection of data, we tried to analyse the researched best practices of entrepreneurial support and learning in the migrant context.

## 2. Observations

As expected, each of the six countries had very different grades of data. The depth of the statistics is really very inconsistent, which limits the research and the comparison. As all entrepreneurs are under the same regulation, in many countries there is no differentiation between native and migrant entrepreneurs, which obviously makes the research and development of tools more difficult. The economic and structural situation of each host country creates a chasm that makes any direct comparison very difficult. Comparing countries that already struggle with high unemployment rates to other countries that do not face major economic difficulties is very challenging. This is obviously reflected in the entrepreneurial measures and structural support of migrants in the host countries.

We did, however, observe some common themes in all the reports. For instance, the statistics showed that the number of entrepreneurial businesses run by immigrants is constantly increasing in every country. Migrants seem to be more willing to set up a new business than the national population. Their pathway shows that they have stronger determination, high resistance and are open to risk taking.

In the reports it is clearly stated that bureaucracy is an aspect that is very much involved in setting up a new business and it discourages migrants. Procedures both on a national and a communal level tend to be very complex and challenging.

The professional profiles and sectors of activity are similar, requiring relatively low skills in most cases. The sectors include retail, transport, construction, social assistance and catering. These activities produce short term stability, low income and do not favour the 'social elevator' effect. We observed the cultural ties between countries that often go hand in hand with a common language. This is evident in all countries, e.g. Brazilians in Portugal, Romanians in Italy, South Americans in Spain, Germans in Austria, etc.

As mentioned, there are very different approaches to integration and monitoring systems in each country. We saw differences in the administrative level of involvement; varying between the communal, national and NGO levels. Furthermore, the websites for existing programs are in the country's language and in the best case only offer some basic information in English.

Some countries showed best practice examples, others have no specific financial and funding support instruments devoted to migrant initiatives. In general, we can say that there is a lack of trainings that are designed for non-nationals and the challenges they are faced with. We saw that there is often a lack of specific programs for migrant entrepreneurship or that they are subcategorised into general entrepreneurship programs, usually with a lack of cultural sensitivity and integrational intentions.

## 3. Conclusions

Taking some best practices into closer examination, we found out that there is definitely a need to differentiate between funding and structural support. Financing being of course a crucial aspect when it comes to establishing a business. There is also another pillar that regards the whole decision-making process, the founding and even the first 1-2 years of existence. The psychological motivation is basic in entrepreneurship and it is important to enable non-nationals to create a strong career path, taking risks and building their own enterprises.

Summing it up, there is a need for encouragement of involvement and the need to extend the length and liveability of the business.

### LANGUAGE

Language is the strongest barrier in a new country of residence. With proper language support from the administration and willingness on the part of the new residents, much more can happen, socially, culturally and professionally. The integration in the labour market, whether employed, self-employed or as an entrepreneur inevitably passes through the language.

However, even with a mastery of the new language, there is definitely the need for in-depth communication when starting a business. The director of one of the programs said that when it comes to such an existential topic as starting your own company, people need to communicate and reflect in their own language.

So, we definitely suggest that there are:

- Trainings in the mother tongue of the migrants
- Website information in more languages
- Brochures in represented languages
- Multilingual workshops

### LOCATION

Furthermore, the training locations need to take into account that migrants tend not to move across the city or between regions due to insecurity, family or financial restrictions or other reasons. The trainings, at least in the beginning, need to take place in the migrant districts in the cities. Another suggestion is to support the travel to another region or the next city in order to attend a workshop. This will ease a migrant (and their family) from the travel costs.

### VISIBILITY

The next obstacle for the involvement is knowledge about the types of support available. Migrants usually do not know about funding programs or that there are organisations that support migrants in founding a business. Information about entrepreneurship should already be provided in orientation programs when applying for a permit or long-term residency, or as part of the language courses. If the option is included in the basic information package, people will identify this as a work option. We see that it is really necessary to address migrants specifically. Staff should be sensitised in this field and publications should be adapted to the target group.

### FUNDING

The same conclusions are valid for funding programs. Most funding programs that we researched address entrepreneurs in general without distinguishing between migrants and nationals. At the same time, the data shows that migrants often do not benefit from these programs. It is more common for them to borrow money from relatives or friends. Migrants rely on their personal networks among their communities.

Therefore, we propose establishing programs that address migrants specifically and focussing on a better communication of the existing programs. Websites and consulting services for business support & financing need to be inclusive and translated into the most common foreign languages.

### STATISTICS

In order to understand and monitor migrant entrepreneurial activity, there need to be in depth statistics of the non-national labour and work force. There should be an agreement on a European level that defines data and categories that should be evaluated. Furthermore, our research also showed a big difference of the definition "migrant entrepreneur". Here too, an EU wide definition would be helpful such as a distinction between third country and EU migrants.

### INCLUSION OF MORE GROUPS

It is necessary to address the female participation in the founding programs. We tend to see that women, especially from some migrant groups, live very isolated and do not participate at all in the social and work life. Strong work life balance intervention should be considered in order to favour women's participation.

Furthermore, it is necessary to find attractive ways of presenting entrepreneurship as a concrete 'social elevator' (more income, more visibility, social reconnaissance, social inclusion) and reinforce youth participation in the early years of entering the labour market.



ANNEX