DRAFT VERSION

45th Congress of the European Regional Science Association
23-27 August 2005, Amsterdam, The Netherlands

Determinants of Migrant Entrepreneurship in Europe

Tüzin Baycan-Levent
Peter Nijkamp

Abstract

In the last decades migrant enterprises have become more embedded in the European urban economy. With the rising number of migrant entrepreneurs, the largest cities in Europe have acquired a more cosmopolitan outlook and have become dynamic multicultural economies. Actually, the 'ethnic economies' are often seen as elements of a solution to structural labour market problems and ethnicity is increasingly regarded as a viable resource for economic advancement on the labour market in Europe.

Against this background, the aim of this paper is to investigate the forms of migrant entrepreneurship in diverse urban contexts and to interpret the differences in the social integration in European cities. The paper is based on a review of findings in the literature that addresses the migrant entrepreneurship experiences of different European countries such as Belgium, Denmark, France, Germany, Greece, Italy, The Netherlands, Portugal, Sweden, and the UK. The focus of the paper will be on a comparative evaluation of the various forms of migrant entrepreneurship in European countries. This comparative evaluation enables us to identify the 'European' models of migrant entrepreneurship and to highlight the determinants of migrant entrepreneurship in Europe.

1. Introduction

In the last decades migrant enterprises have become more embedded in the European urban economy. With the rising number of migrant entrepreneurs, the largest cities in Europe have acquired a more cosmopolitan outlook and have become dynamic multicultural economies. Actually, the 'ethnic economies' are often seen as elements of a solution to structural labour market problems and ethnicity is increasingly regarded as a viable resource for economic advancement on the labour market in Europe.

Social and economic change in European cities is characterized by the presence of immigrants, the challenge of a multicultural society, and new forms of integration and tension between immigrants and local populations. The insertion of immigrants in work raises the problem of the expansion of informal activities, which take a variety of forms (Mingione, 2002).

Migrant entrepreneurs are affecting cities in various ways by revitalizing formerly derelict shopping streets, by introducing new products and new marketing strategies (Masurel et al., 2004), by fostering the emergence of new spatial forms of social cohesion, by opening up trade links between far away areas, and by posing challenges to the existing regulatory framework through being engaged in informal economic activities (Kloosterman et al., 2002; Quassoli, 2002).

A substantial number of immigrants, above all in the cities of southern Europe, do not have work and residence permits, are very easy to intimidate and work in precarious and informal situations. Even many legal immigrants engage in informal work and often immigrants develop entrepreneurial activities under particular operational conditions and forms of solidarity different from those typically found among indigenous entrepreneurs (Mingione, 2002; Quassoli, 2002).

These phenomena are all connected with the big socio-economic changes of the postfordist transition: globalization and flexibilization, the diffusion of atypical forms of work coupled with the decline in the fixed and uniform work standards of large firms, deindustrialization and the growth of a heterogeneous tertiary sector. The conjoining of informalization and immigration and the work and social insertion of immigrants is shaping complex contexts that are found only in Europe. The new labour market conditions in post-industrial cities 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 (Mingione, 2002).

Ethnic minorities in European cities are participating in local politics in a numerous of ways, from community organizations, protest movements and pressure groups, to participation in ad hoc consultative committees set up by local authorities (Garbaye, 2002).

A relatively large informal sector is a common characteristic of the economies of southern European countries. This phenomenon is historically linked with the presence of a large area of self-employed workers, micro-enterprises and subsistence economies. During the 1980s Spain, Portugal, Greece and Italy showed a big increase in unemployment, work flexibility and informal arrangements (Quassoli, 2002). Therefore, the characteristics of migrant entrepreneurship are shaped by the local informal conditions in these countries.

Against this background, the aim of this paper is to investigate the forms of migrant entrepreneurship in diverse urban contexts and to interpret the differences in the social integration in European cities. The paper is based on a review of findings in the literature that addresses the migrant entrepreneurship experiences of different European countries such as Belgium, Denmark, France, Germany, Greece, Italy, The Netherlands, Portugal, Sweden, and the UK. The focus of the paper will be on a comparative evaluation of the various forms of migrant entrepreneurship in European countries. This comparative evaluation enables us to identify the 'European' models of migrant entrepreneurship and to highlight the determinants of migrant entrepreneurship in Europe. The next Section addresses the migrant entrepreneurship experiences of different European countries. Section 3 compares and evaluates the various forms of migrant entrepreneurship on the basis of the European countries' experiences which are summarized in Section 2. The following section, Section 4, highlights the determinants of migrant entrepreneurship in Europe. Last section concludes with some remarks and suggestions for future research.

2. Migrant entrepreneurship experiences of different European countries

Since 1940s, starting first from Sweden, many European countries have experienced different migration experiences. These different migration experiences including the characteristics of migrant groups and the circumstances in the host countries have also determined the migrant entrepreneurship experiences of different European countries. In this section, we address the migrant entrepreneurship experiences of different European countries, viz. Belgium, Denmark, France, Germany, Greece, Italy, The Netherlands, Portugal, Sweden, and the UK. Therefore, our sample consists of 10 European countries' experiences which are derived from several empirical case studies. Table 1 shows the list of countries and research studies are taken into consideration in this study and summarizes the focuses of the researches. It is obvious that there can be found many more case study researches, however, the studies were selected for this study focus much more on the countries' migrant entrepreneurship experiences instead of studies which focus on migrant entrepreneurship in a certain city or on a specific sector. In addition, since the selected studies were recently conducted and published studies (after 2000), they reflect the findings of the previous studies.

The case studies are taken into consideration are not quantitatively comparable, however, on the basis of some qualitative findings of the studies we will try to define the 'European' models of migrant entrepreneurship and to highlight the determinants of migrant entrepreneurship in Europe. First, we will examine each country in terms of migration and migrant entrepreneurship experiences and then in the next section we will compare and evaluate the countries on a qualitative basis.

Table 1 Research studies focused on migrant entrepreneurship in different European countries

Country	Title of the research	Author(s)	Year	Focus of the research
Belgium	Informal Spaces: The Geography of Informal Economic Activities in Brussels	Christian Kesteloot Henk Meert	2002	• Spatial logic of informal economic activities • Informal economic activities in Brussels
Denmark	Self-Employed Immigrants in Denmark and Sweden: A Way to Economic Self-Reliance?	Pernilla Andersson Eskil Wadensjö	2004a	• Immigrants and self-employment • Characteristics of self-employed immigrants • Incomes of self-employed immigrants • Comparison of two immigration countries: Denmark and Sweden
	Why Do Self-Employed Immigrants in Denmark and Sweden Have Such Low Incomes?	Pernilla Andersson Eskil Wadensjö	2004b	• Whether self-employed immigrants in Denmark and Sweden have lower annual incomes than their native counterparts • Whether the difference is of the same magnitude in the two countries
France	Ethnic Minority Participation in British and French Cities: A Historical-Institutionalist Perspective	Romain Garbaye	2002	• Ethnic minorities in the European political system • Ethnic minority participation in local politics • Comparison of two cities: Birmingham and Lille
Germany	Self-Employment Dynamics Across the Business Cycle: Migrants Versus Natives	Amelie Constant Klaus F. Zimmermann	2004	• Self-employment dynamics across the business cycle • Employment and unemployment paths of individuals • Business cycle and self-employment trends over the last 20 years in Germany (German Socio-Economic Panel (19 years))
Greece	Balkan Immigrants in the City of Thessaloniki: Local Processes of Incorporation in an International Perspective	Panos Hatziprokopiou	2004	• The contemporary phenomenon of immigration from Balkan countries into Greece • Contradictory processes of social incorporation of Albanian and Bulgarian immigrants in Thessaloniki • The political, institutional and cultural context, with particular reference to the social and political responses to immigration • The socio-economic context of the local labour market where immigrant work • The sociospatial context, seen in relation to the city's social geography and the transformation of the urban space

Italy	Migrants in the Italian Underground Economy	Fabio Quassoli	2002	• The main characteristics of the Italian underground economy • The main characteristics of migrant flows toward Italy • Migrants in the Italian economy • Institutional frameworks
The Netherlands	Mixed Embeddedness: (In)formal Economic Activities and Immigrant Businesses in the Netherlands	Robert Kloosterman Joanne van der Leun Jan Rath	2002	• The rise of immigrant entrepreneurs in The Netherlands • Mixed embeddedness • The case of Islamic butchers
	Migration and Immigrants: The Case of the Netherlands	Aslan Zorlu Joop Hartog	2001	• Migration experience of the Netherlands • Labour market position of ethnic minorities • Labour market effects of immigration
Portugal	Immigrants' Entrepreneurial Opportunities: The Case of the Chinese in Portugal	Catarina Reis Oliveira	2003	• The modes of incorporation of different Chinese immigrant communities in Portugal • Why do some foreign nationalities seem to have entrepreneurial initiatives and others don't? • Why do certain foreign communities tend to build an ethnic economy, and others melt in the economy of the reception country?
Sweden	Self-Employed Immigrants in Denmark and Sweden: A Way to Economic Self-Reliance?	Pernilla Andersson Eskil Wadensjö	2004a	• Immigrants and self-employment • Characteristics of self-employed immigrants • Incomes of self-employed immigrants • Comparison of two immigration countries: Denmark and Sweden
	Why Do Self-Employed Immigrants in Denmark and Sweden Have Such Low Incomes?	Pernilla Andersson Eskil Wadensjö	2004b	• Whether self-employed immigrants in Denmark and Sweden have lower annual incomes than their native counterparts • Whether the difference is of the same magnitude in the two countries
UK	Factors Affecting Self-Employment among Indian and Black Caribbean Men in Britain	Vani K. Borooah Mark Hart	1999	• Ethnic minorities and self-employment • Self-employment as a route out of unemployment • Factors affecting self-employment
	Ethnic Minority Enterprise in its Urban Context: South Asian Restaurants in Birmingham	Monder Ram Trevor Jones Tahir Abbas Balihar Sanghera	2002	• The role of urban setting helps to create a continually changing mix of opportunities and constraints for racialized minority entrepreneurs • The way in which the success and failure of individual firm is influenced by entrepreneurial adaptation to this environment

Belgium

Denmark

Denmark was a country of emigration until the 1960s, Danish people moved to Sweden and they were the second largest group of immigrants in Sweden. For many years, Denmark had a higher unemployment rate than Sweden. But, the country turned to be a net-immigration country in the late 1960s in parallel to the unemployment became very low. Therefore, a period of labour immigration began. People were coming from Mediterranean countries but also from countries in South Asia. However, the labour immigration period was short in Denmark. With the oil crisis in 1973 the labour market situation and also the policy changed. In the 1970s the immigration changed from being mainly labour force immigration to an immigration of refugees. Now Denmark has a large foreign born population and a rapidly increasing number of second generation immigrants.

According to the studies of Andersson and Wadensjö (2004a and 2004b) the immigrant share of the population is 6% in Denmark and immigrants from non-Western countries are overrepresented both among the immigrants and among the self-employed. 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. However, the share of self-employed is the highest among immigrants who come from the Netherlands (many of them are farmers) surprisingly. 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, 34%. In other industries it 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 that they have difficulties in getting other types of employment. This is an indication that the reasons for becoming self-employed may differ between natives and immigrants.

France

Germany

Self-employed immigrants in Germany are self-selected with respect to human capital, age, years since migration, family background characteristics, homeownership, and enclave living. 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 time they have been in the host country the more likely they are to be 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 the 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 and 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 no different than the earnings of the other self-employed immigrants.

With regards to the transitions 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 amplitude for the immigrants than for the 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 an enormously 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 than natives in their transitions 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. Immigrants from other EU countries move in a very strong way from self-employment to unemployment when compared to natives. Hence migrants make a significant 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 in between.

Greece

Greece shares similar migration patterns with Italy, Spain and Portugal. The country has been transformed from exporter of labour to a new destination country like other Southern European countries. Immigrants come from a large number of countries through a variety of channels and routes such as contract labour migration, legal entry with the use of tourist visas, illegal border crossing etc. and the country has experienced several forms of migration such as transit, seasonal, temporary, permanent and various categories of migrants such as political exiles, professional (elite) migrants, ethnic Greeks, independent women migrants, refugees etc. The majority of immigrants in Greece come from the neighbouring Balkans. Albanian immigrants, ethnic Greek migrants from Albania and the former Soviet Republics, Bulgarian and Romanian immigrants constitute the major immigrant groups. The economic significance of informal arrangements, of self-employment and of the micro-enterprise in particular, largely determines immigrants' integration into the labour market. The general situation regarding immigrants' employment in urban labour markets in Greece 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 individuals or households. 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 such 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.

Italy

Netherlands

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 (Kloosterman et al., 2002). Especially two ethnic groups, Turks (31%) and Moroccans (24%) are hard hit by employment. 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 trebled 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 (Tillaart and Poutsma, 1998 in Kloosterman et al., 2002). Immigrant entrepreneurs are heavily concentrated in the four largest cities (Amsterdam, Rotterdam, The Hague and Utrecht) and especially in Amsterdam (20% of all immigrant entrepreneurs). The lack of financial capital and also appropriate human capital (educational qualifications) push immigrant entrepreneurs to set up shop in markets with low barriers of entry in terms of capital outlays and required educational qualifications. In the Netherlands about three in five of the immigrant entrepreneurs have set up shop in either wholesale, retail or restaurants (Kloosterman et al., 2002). Survival of immigrant businesses is generally difficult and profits can be very 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 a concept of "mixed embeddedness" which refers to encompassing the crucial interplay between the social, economic and institutional context ((Kloosterman et al., 2002). 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 relatively few educational qualifications constitute a crucial component in this mixed embeddedness. This mixed embeddedness is the main feature of the migrant entrepreneurship in the Netherlands.

Portugal

Large-scale immigration into Portugal is relatively recent and only dates back to the late 1970s. In spite of the high employment levels, immigration in Portugal was made of the great "boom" of arrivals from the former colonies between 1975 and 1980. Starting in the 80s, the immigrants' growth (in particular illegal) was associated to the opportunities generated in some market segments (civil construction). During the 1990s, as a consequence of Portuguese entrance to European Union in 1986, a process of economic liberalisation which produced "the development of certain strategies aimed at increasing the flexibility of the labour market" led to a new upsurge in immigrant labour recruitment. In fact Portugal is not necessarily chosen as a final country of destination. The recent increasing flow of immigrants to Portugal can be explained by mobility facilities in Europe, by regularisation processes in Southern European countries, and by market opportunities of the common economic space. In addition, access to European citizenship (from one of the European Union countries) can also explain recent immigrant flows into the European Union.

In Portugal, as in other receiving countries, 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 Asian 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 scarce until 1998 because of 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 and 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, 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 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 invest.

In Portugal, as in other Southern European countries, the informal sector is very significant, related with small and family firms. In this sense, Chinese entrepreneurs have found underground opportunities. Differently from their variety of ethnic and other business activities, for example, in the U.S., Chinese entrepreneurs in Portugal concentrate in 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 to Portugal. Differently from other European countries, it seems unemployment is not a problem for immigrants in the given labour market conditions in Portugal.

Sweden

Up to WW1 Sweden was a country of emigration but the country became a net-immigration country in the 1940s. Refugees arrived during WW2, most refugees returned after the war but a good number remained in Sweden (for example many refugees from Estonia). In the business peak of the late 1940s, a policy of actively recruiting foreign workers to the Swedish manufacturing industry started. In the 1950s immigration from the neighbouring countries became important, especially from Finland. In the 1960s the immigration from Finland continued but many people also arrived from countries like Yugoslavia, Greece, and Turkey. After reaching a record level in 1970, the immigration became smaller partly as a result of stricter rules for being accepted labour migrant. On the other hand the number of refugees arriving in Sweden increased. Therefore, labour force immigration started in the late 1940s changed towards an immigration of refugees in the 1970s. In the 1970s many refugees arrived from Latin America, from the 1980s on many came from the Middle East and Iran, and in the 1990s the former Yugoslavia and Africa were the home countries of many refugees. Sweden is now a country with a large foreign-born population with origins in many parts of the world and the second generation of immigrant is a fast growing group.

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% and 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 with 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 any significant effects on the income from self-employment are found, neither for non-Western nor Western immigrants.

UK

According to the study of Borooah and Hart (1999), the labour market experiences of ethnic minority groups are different from that of white persons in Britain. On their arrival in Britain, migrants were generally offered poorly paid, low status, jobs and this feature has remained relatively unchanged in the subsequent decades. The labour market experience 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 unemployment rates. The unemployment rates are 18% and 11% respectively for Blacks and Indians, whereas 11% for Whites. Self-employment rate, on the other hand, is 15% for ethnic minorities whereas 13% for the white population. Chinese (27%) and Pakistanis (24%) had 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.

In another study Ram et al. (2002) draw attention to ethnic catering which is undergoing a rapid and probably unprecedented expansion. They emphasized that, 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. Ethnic catering is in the vanguard of what is remarkably dynamic demand trend and is clearly increasing its share. On the basis of South Asian restaurants they have drawn attention to location which emerges as one of the key dimensions of differentiation within the ethnic business community. They have demonstrated that location is one such distinguisher being both a key to resource exploitation and dependent in itself on the possession of other resources. Location influences individual access to market potential, an unevenly distributed resource largely shaped by local social geography. At the same time, entry into strategic locations tapping into the richest customer location depends heavily on possession of other resources such as capital, information and in some instances management skills.

3. A comparative evaluation of migrant entrepreneurship in European countries

A combination of structural and situational factors led to the rapid development of immigration into Southern Europe during the 1980s and 1990s. The strict policing measures in traditional immigration destinies (such as France and West Germany) make it easier to immigrants enters in Southern European countries. The geographic position of these countries (particularly Italy and Greece) even opens the possibility to clandestine arrival. On the other hand, because of Southern European countries traditional dependence on tourism, the entry of visitors from all parts of the world has been facilitated. Finally, the end of the colonial historic period conditioned immigration flows from ex-colonies to former metropole.

Southern European countries have a different labour market structure than Northern European countries. While high rates of self-employment, 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 goes beyond 15%. In addition, a relatively large informal economy and a fragile welfare provision characterise the Southern European countries.

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.

Denmark and Sweden have many things in common, but there are also some differences in business cycles and immigration trends. The difference in migration story can contribute to explain the differences. During the period when Sweden had a high share of labour immigration from Western countries such as Finland, Greece and Italy, very few people from those countries emigrated to Denmark.

When we look at the similarities, in both countries, 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 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, and 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 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 employment.

When the differences between these two countries are taken into account, the comparison shows that the immigrants' share of the total population as well as the share of Western immigrants, especially who migrated from Finland, is higher in Sweden than in Denmark. However, immigrants those 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 a 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 54% higher annual income on average than the wage earners, and in Sweden self-employed natives have 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 can be stemmed from the characteristics of the data sets (existence of a few self-employed with very high incomes and businesses with many employees in Denmark and exclusion of limited share company in Sweden) and the differences in the systems for taxes and social transfers. While the unit for determining payment of social transfer is the individual in Denmark, it is the household in Sweden.

There are also some 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. It means self-employed immigrants in Denmark would 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 natives, this trend is inverse 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.

Table 2 Migration experiences of European countries

	1930	1940	1950	1960	1970	1980	1990	2000
Belgium								
Denmark			**Emigration country**	**Immigration country** • A decrease in unemployment • Labour force immigration from Mediterranean and South Asian countries	• End of the labour force immigration in 1973 with the first oil crisis • Immigration of refugees from Latin America	• Immigration of refugees from the Middle East and Iran	• Immigration of refugees from the former Yugoslavia and Africa	
France								
Germany								
Greece						**Emigration country**	**Immigration country** • Immigration from Albania during the great Albanian exodus of the early 1990s • Immigration from Bulgaria during 1997-99, after the 1996 economic crisis	
Italy					**Emigration country**	**Immigration country**		
Netherlands			**Emigration country**	**Immigration country** • Mediterranean workers from Italy, Spain, Portugal, Turkey, Greece, Morocco	• Family reunification	• Stagnation in immigration flow • Family formation • Immigration flow from Turkey and Morocco • A decrease in immigration from South European countries • Asylum seekers from Turkey, Surinam, Iran, Poland	• Family formation • Immigration flow from Turkey and Morocco • A decrease in immigration from South European countries • Asylum seekers from Iraq, Afghanistan, Bosnia Herzegovina,, Iran, Yugoslavia	
Portugal					**Emigration country**	**Immigration country** • Immigration from the former colonies	• Economic liberalisation • Entrance to European Union • Labour force immigration from Asia and South America	

Sweden	**Emigration country**	**Immigration country** • Labour force immigration	• Immigration from the neighbouring countries (Finland)	• Immigration from Yugoslavia, Greece and Turkey	• Record level of immigration • Unemployment • Immigration of refugees from Latin America	• Immigration of refugees from the Middle East and Iran	• Immigration of refugees from the former Yugoslavia and Africa
UK							

Table 3 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**	
Belgium							
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
France	Moroccan Algerian Tunisian	8%					
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	
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	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

						46% leap in ethnic food consumption.	8.7%) Bangladeshi (18.6%, with employees 13.6%)

4. Determinants of migrant entrepreneurship in Europe

Table 4 The main determinants of migrant entrepreneurship in European countries

Countries	The main determinants of migrant entrepreneurship
Belgium	
Denmark	Overrepresentation of non-Western immigrants among the self-employed Lower income level of self-employed immigrants than employed immigrants
France	
Germany	
Italy	Informal sector, underground economy
Netherlands	Mixed embeddedness
Portugal	Informal sector, underground economy
Sweden	Overrepresentation of non-Western immigrants among the self-employed Lower income level of self-employed immigrants than employed immigrants
UK	

5. Concluding remarks

Several structural factors such as the immigration policy of the host society; the reasons that generated migratory flow; the existence of a co-ethnic community in the country and its economic incorporation; the operation of social networks; the possibility to acquire capital among the community (informal resources); and the potential market of the host society associate to immigrants' arrival and influence their integration to the labour market of host societies.

The specific context of the receiving country (e.g. immigration history, governmental legislation on foreigner access to labour market) can explain some of the differences. However, the specific context cannot be the only explanation, since as several researchers found the same immigrant group shows common entrepreneurial activities in different host societies.

References

Andersson, P., E. Wadensjö (2004a) Self-Employed Immigrants in Denmark and Sweden: A Way to Economic Self-Reliance? Forschungsinstitut zur Zukunft der Arbeit Institute for the Study of Labor. Discussion Paper Series. IZA DP No. 1130.

Andersson, P., E. Wadensjö (2004b) Why Do Self-Employed Immigrants in Denmark and Sweden Have Such Low Incomes? Forschungsinstitut zur Zukunft der Arbeit Institute for the Study of Labor. Discussion Paper Series. IZA DP No. 1280.

Borooah, V.K., M. Hart (1999) Factors Affecting Self-Employment among Indian and Black Caribbean Men in Britain. *Small Business Economics* **13**, 111-29.

Constant, A., K.F. Zimmermann (2004) Self-Employment Dynamics Across the Business Cycle: Migrants Versus Natives. Forschungsinstitut zur Zukunft der Arbeit Institute for the Study of Labor. Discussion Paper Series. IZA DP No. 1386.

Garbaye, R. (2002) Ethnic Minority Participation in British and French Cities: A Historical-Institutionalist Perspective. *International Journal of Urban and Regional Research* **26.3**, 255-70.

Hatziprokopiou, P. (2004) Balkan Immigrants in the Greek City of Thessaloniki: Local Processes of Incorporation in an International Perspective. *European Urban and Regional Studies* **11.4,** 321-38.

Kesteloot, C., H. Meert (2002) Informal Spaces: The Geography of Informal Economic Activities in Brussels. *International Journal of Urban and Regional Research* **26.3**, 232-.

Kloosterman, R., J. van der Leun, J. Rath (2002) Mixed Embeddedness: (In)formal Economic Activities and Immigrant Businesses in the Netherlands. *International Journal of Urban and Regional Research* **26.3**, 252-66.

Masurel, E., P. Nijkamp, G. Vindigni (2004) Breeding Places for Ethnic Entrepreneurs: A Comparative Marketing Approach. *Entrepreneurship and Regional Development.* **16.2,** 77-86.

Mingione, E. (2002) Introduction: Immigrants and the Informal Economy in European Cities. *International Journal of Urban and Regional Research* **26.3**, 209-11.

Oliveira, C.R. (2003) Immigrants' Entrepreneurial Opportunities: The Case of the Chinese in Portugal. The Fondazione Eni Enrico Mattei Nota Di Lavoro 75.2003.

Quassoli, F. (2002) Migrants in the Italian Underground Economy. *International Journal of Urban and Regional Research* **26.3**, 212-31.

Ram, M., T. Jones, T. Abbas, B. Sanghera (2002) Ethnic Minority Enterprise in its Urban Context: South Asian Restaurants in Birmingham. *International Journal of Urban and Regional Research* **26.1**, 24-40.

Zorlu, A., J. Hartog (2001) Migration and Immigrants: The Case of the Netherlands. Tinbergen Institute Discussion Paper TI 2001-042/3