

# *European Dialogue on Skills and Migration*

## **Workshop on entrepreneurship**

### **Background note**

#### **I — Context**

##### *Why attracting innovative entrepreneurs?*

Literature repeatedly reports that migrants have a higher entrepreneurial spirit than natives do. The reasons usually put forward to account for such a propensity are first the selective dimension of migration processes and the immigrants' tendency to take greater risks. Business creation among migrants is also sometimes depicted as a means to overcome labour integration and employment barriers. Against this background, various economic sources have analysed the contribution of migrant entrepreneurship to employment, innovation and economic growth. In terms of total employment for instance, the OECD concluded that this contribution was on average 2.4% of the total employment during the period 1998-2008 and has steadily increased over this period<sup>1</sup>. Between 25% to 50% of migrant entrepreneurs employ other individuals in addition to themselves. The number of individuals employed by migrant entrepreneurs represented in both 2007 and 2008 more than 750 000 individuals in Germany, around half a million in the UK and Spain, almost 400 000 in France and around 300 000 in Italy<sup>2</sup>. And, the average number of additional jobs that each single migrant entrepreneur creates is set on average between 1.4 and 2.1. In terms of innovation, the link between entrepreneurship and technological progress is strong: "entrepreneurs are micro-drivers of innovation, which in turn affects their potential to create jobs. On the other hand, ongoing technological developments in, for example, the digital world, create new business opportunities such as taking part in value adding networks of small enterprises"<sup>3</sup>. This explains certainly why for instance, 25% of all engineering and technological companies founded in the US in the last ten years were founded by a migrant<sup>4</sup>. Attracting innovative entrepreneurs in skilled professions such as those put forward in the 2020 Strategy, should therefore foster EU competitiveness in innovation and economic growth as a whole.

##### *Barriers to entrepreneurship*

While the specific capacity of migrants for business creation and sense of initiative is widely recognised, together with their more recent recognised capacity to expand beyond the ethnic markets into more innovative and high-value sectors, the lower survival rate of migrant businesses in comparison with native is also a reality. This relates to the different barriers a migrant entrepreneur faces when setting up a business. These barriers can be

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<sup>1</sup> Open for Business, Migrant entrepreneurship in OECD countries, 2010.

<sup>2</sup> International Migration Outlook, 2011, Migrant entrepreneurship in OECD countries.

<sup>3</sup> "Employment and social developments in Europe", European Commission, 2015, forthcoming.

<sup>4</sup> Then and Now: America's new immigrant entrepreneurs", Part VII, V. Wadhwa, A. Saxenian, F. D. Siciliano, October 2012.

similar than those for native entrepreneurs - albeit usually more severe - but also specific in as much as they are due to the migrant background. The promotion of access to entrepreneurship to the migrant population already in the EU or arrived recently needs therefore to be envisaged against this background and discussions must also focus on specific support business programs that can be put in place or strengthened when already existing. This appears all the more relevant as supporting those with an advanced sense of creativity and initiative should lead to fruitful results. Business support programmes help migrant entrepreneurs to overcome the hurdles of the creation of businesses in an unfamiliar environment, such as access to financing, institutional or regulatory hurdles, lack of knowledge of the language or of the country-specific human capital and networks, and lack of knowledge of the administrative, business and legal environments, and more broadly to start their integration in the host society

### *Recent developments*

In this context, policies to both stimulate residing migrants and attract innovative migrant entrepreneurs have recently emerged in some countries. So far, 8 EU Member States have developed what is broadly called "start-up visa policies"<sup>5</sup>. This category of (innovative) third-country nationals is indeed seen as showing a great potential to counteract both demographic and economic decline and to contribute to social inclusion while capitalizing on the expansion of innovative trends of the economy<sup>6</sup>.

## **II — Questions for discussion**

### *How to facilitate entrepreneurship activities of the migrant population already in the EU?*

- What are the most pressing hurdles to the route to entrepreneurship for the migrant population already here?
- What key aspects should be facilitated?
- What role can the EU play vis-à-vis the national, regional and local levels?
- What kind of entrepreneurship should be targeted (self-employed or social entrepreneurship)?
- How to improve the outreach of the helping programs already in place?
- How can policy actions aim at addressing both structural constraints (regulatory frameworks) as well as helping to improve the personal capabilities of (potential) entrepreneurs to be?
- How to enhance public/private partnerships in this perspective?
- Regarding access to finance in particular, what measures are particularly effective (loan guarantees, microcredit, others)?

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<sup>5</sup> Within the EU, this concerns the United Kingdom, Ireland, Spain, Italy, the Netherlands, Denmark, France, and Slovak Republic (foreseen). Outside the EU, it concerns Australia, New Zealand, Singapore, Canada, Chile, Israel. In the USA, the bill is still pending before the Congress.

<sup>6</sup> In particular, the digital economy, the green economy and the social economy.

*What action at EU level should be taken regarding the attraction of innovative entrepreneurs?*

- What would be the added value of such an action at EU level?
- What are the specific needs that would justify that such action is taken at EU level?
- What kind of entrepreneurs should be targeted? All? Or only those concerning certain sectors? If so, which ones?
- If harmonisation at EU level is justified, what should be the key conditions of entry and residence of such a category?
- What should be the length of such a residence permit, taking into account the time required to make a business successful?
- What are the topics research should deal with to help solve /anticipate issues?