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Immigrant Entrepreneurship in Cities

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1. INTRODUCTION

Both, migration and entrepreneurship, are important topics for many countries in terms of potential development[1] impacts. Currently there are more than 232 million international migrants (United Nations, 2013) and an increasing proportion of the world's population, including migrants, is living in urban centres rather than rural areas. As more people move to cities internally or from abroad it is of interest to see how they manage in the new environment. They face a number of potential obstacles, but are also confronted with a whole new set of opportunities.

Entrepreneurs can play a fundamental role in the economic development of a country and also of individual cities. They are key contributors to job growth, innovation and the shaping of communities (Acs, 2006; Naudé, 2010). There is no universally agreed upon definition of entrepreneurship. For the purpose of this paper, the following definition will be applied: An entrepreneur is defined as a person perceiving and creating new economic opportunities and introducing their ideas into the market, in the face of uncertainty and other obstacles (Wennekers & Thurik, 1999). This includes individuals who take up self-employment, create a business that also employs others as well as the expansion of an existing business (Bosma et al., 2012).

The focus of this paper is the inter-section between migration and entrepreneurship, specifically looking at business activities of immigrants in cities. Through entrepreneurship immigrants are able to create, at least, their own job (Rath & Kloosterman, 2000). While some immigrants may move with the intention of becoming an entrepreneur in the country of destination, others may migrate with different preconditions, e.g. for wage labour or humanitarian reasons. In the destination country, migrants may then face obstacles in terms of integration, particularly also into the labour market and entrepreneurship provides them with a way of overcoming many of these barriers (Sequeria & Rasheed, 2006). An own business is a perspective for many immigrants in terms of gaining an income and achieving socioeconomic integration (Hosler, 1996). When immigrant entrepreneurs are successful, they are furthermore able to contribute to the economy of the city and country where they reside. They may have a positive impact on economic growth, innovation and other areas (Rath & Kloosterman, 2000).

"While we often think of immigrants as moving from one country to another, really they arrive from a particular place and settle in a particular community, usually a metropolitan area" (Singer, 2012: 9). Migrants are attracted to cities by both opportunities in terms of work and accommodation as well as by existing communities of other migrants (OECD, 1998). It is, therefore, mainly in cities that the paths of migrants and natives cross in their daily lives, whether it be during work, education or leisure time (Juzwiak et al., 2014). As such immigrant entrepreneurship also tends to be concentrated in urban areas. Even more so, many immigrant businesses can be found in specific areas of cities where it is common for ethnic minorities to settle (European Commission, 2008). Larger cities are often characterized by a heterogeneous and internal society. This leads to diversity in terms of backgrounds, skills and experiences, which may have positive impacts on creativity and innovation (Pratt, 2008). In general, migrants are often assumed to be more entrepreneurial than natives (Naudé et al., 2014). This is based on the argument of positive selection of migrants. Migration itself is a risky activity and reflects a certain risk attitude, also important for entrepreneurship (Neville et al., 2014). At the same time, someone that took an opportunity to migrate, may also be more likely to spot a good business opportunity (Hart, 2009).

1 Development is defined as a process of improving the overall quality of life of a group of people and expanding the range of opportunities open to them. This includes economic growth as well as human development.

It is, however, important to understand that despite these pre-conditions not all immigrants are entrepreneurs. Immigrants often face discrimination in the labour market and as such entrepreneurship is their only means of generating an income (Brixy et al., 2012). And even those that are entrepreneurs pursuing an opportunity rather than being driven into it, still often face significant difficulties in starting up their business. Access to credit for funding is, for example, a major barrier. In order to still encourage the contributions of potential immigrant entrepreneurs, actors at the national and local level in many countries have started specific support programmes for this group. As immigrant entrepreneurs are far from being a homogeneous group, a wide variety of policies and support programmes have been developed to address the different strengths, weaknesses and needs.

The overwhelming majority of the literature on immigrant entrepreneurship is focused on the situation in developed countries. An effort was made to also analyse cases of immigrant entrepreneurship in developing countries. While there is no doubt that this does exist, there unfortunately appears at this stage close to no evidence written on the topic. As a consequence this paper focuses on the case of developed countries.

This paper will provide an overview of these different topics concerning immigrant entrepreneurship in cities. Concretely, this paper is divided into six main sections. Following this introduction, an overview of some of the key trends in immigrant entrepreneurship will be given. This will be followed by an overview of the main drivers and obstacles to immigrant entrepreneurship in section 3 and an overview of the effects of it in section 4. Section 5 will then provide an overview of possible interventions to support immigrant entrepreneurs before the final section 6 will conclude the paper.

2. TRENDS IN IMMIGRANT ENTREPRENEURSHIP

Immigrant entrepreneurs are a very diverse group. Like entrepreneurs in general, each one has a different background in terms of origin, knowledge and skills as well as a different motivation to become an entrepreneur. In addition, people migrate for many different reasons and make their choice of where they go based on different factors. The motivation for migration and the legal situation around this movement is obviously very significant when looking at immigrant entrepreneurs, because it has important implications for the kind of business set up and its potential for making contributions to the economy. Someone that migrates out of free will and has legal rights of stay and work with an opportunity in sight has very different preconditions than someone who is forced to migrate and does not necessarily have the power to decide where to go and what to do when they arrive.

There is a very prominent distinction in the entrepreneurship literature, which has gained importance since the implementation of the Global Entrepreneurship Monitor (GEM)[2]. In this large-scale survey a differentiation is made between necessity and opportunity entrepreneurs. While necessity entrepreneurs engage in entrepreneurial activity because it is the best or only option available to them, opportunity entrepreneurs are the ones with potential for economic growth, because they seize unique opportunities in the market (Reynolds et al., 2001). Underlying this distinction is the fact that not all forms of entrepreneurship are good for society. Destructive entrepreneurship occurs if the wrong incentive structure is in place and people utilize resources for their personal benefit at the cost of economic development for the society as a whole (Baumol, 1990).

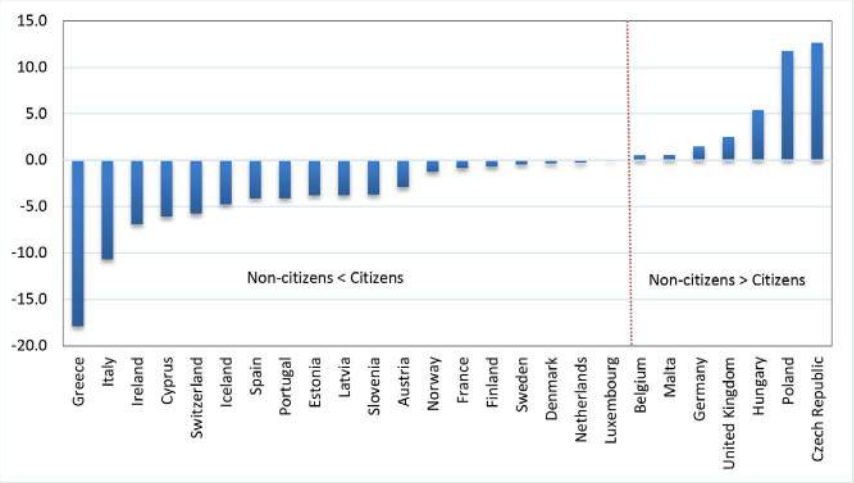
The distinctions between motivations in both the migration and the entrepreneurship literature show, that while there is potential for development it is important to understand what drives people to make the decision to migrate and to open a business. It is known that different types of migrants and entrepreneurs respond differently to policy changes and incentives. Therefore, proper policy recommendations will only be possible when understanding these entrepreneurs and their behaviour (Schoar, 2010).

2 The GEM is a survey that gathers data on entrepreneurial activities in more than 60 countries: www.gemconsortium.org

It is, however, an often stated stylized fact that immigrants are more entrepreneurial than natives (Naudé et al., 2014). And while there are good reasons to suspect this, this section will show that data does not fully support the statement. First, it is important to point out that in general there is a lack of reliable data on immigrant entrepreneurship in many countries. This is especially the case at the local level (Rath, Eurofund, 2011), which is the point of reference for this paper. Even more problematic is the accessibility of data on entrepreneurship of immigrants in developing countries. Additionally, statistics only represent those entrepreneurial activities that are formally registered, while there might also be self-employment activities going on in the informal economy. All of these factors limit the possibilities for providing a full picture of the trends in immigrant entrepreneurship in cities. It is still important to analyse the data that is available to gain an understanding of the importance of the phenomenon. Data at the national level is largely used, with the rational in mind that immigrant entrepreneurship is largely an urban phenomenon and the share of those establishing their business in rural areas can be assumed to be relatively small (Rath, Eurofund, 2011).

As Figure 1 shows, European countries portray a very diverse picture of the question whether immigrants are more entrepreneurial than natives. The average share of people in the active population that are in self-employment across all countries is actually higher for citizens (12.2%) than it is for non-citizens (10.5%). However, the likelihood of being self-employed varies significantly by country for both citizens and foreigners. While in some countries immigrants are much more likely to be self-employed than natives, the opposite is the case in other countries. The difference is the largest in the case of Greece, where 24.4 per cent of citizens are self-employed in contrast to only 6.5 per cent of non-citizens. The opposite is the case, for example, in the Czech Republic where 27.8 per cent of self-employment of non-citizens contrasts 15.1 per cent of citizens. Overall, it can be seen that immigrants are more likely to be self-employed than citizens in the Czech Republic, Poland, Hungary, the United Kingdom, Germany, Malta and Belgium. The opposite is the case in the remaining countries in the European Union. It is therefore obvious that the situation depends on the individual country context, including factors like the migration trends, policies and available opportunities. In addition these figures do not provide a picture of the kinds of self-employment – necessity versus opportunity - undertaken by the citizens and non-citizens respectively. As a consequence, generalizations concerning the entrepreneurial nature of immigrants should be avoided.

Figure 1: Difference between Citizens and Non-Citizens[3] in Self-Employment as Share of Active Labour Force in European Countries (in %), 2013

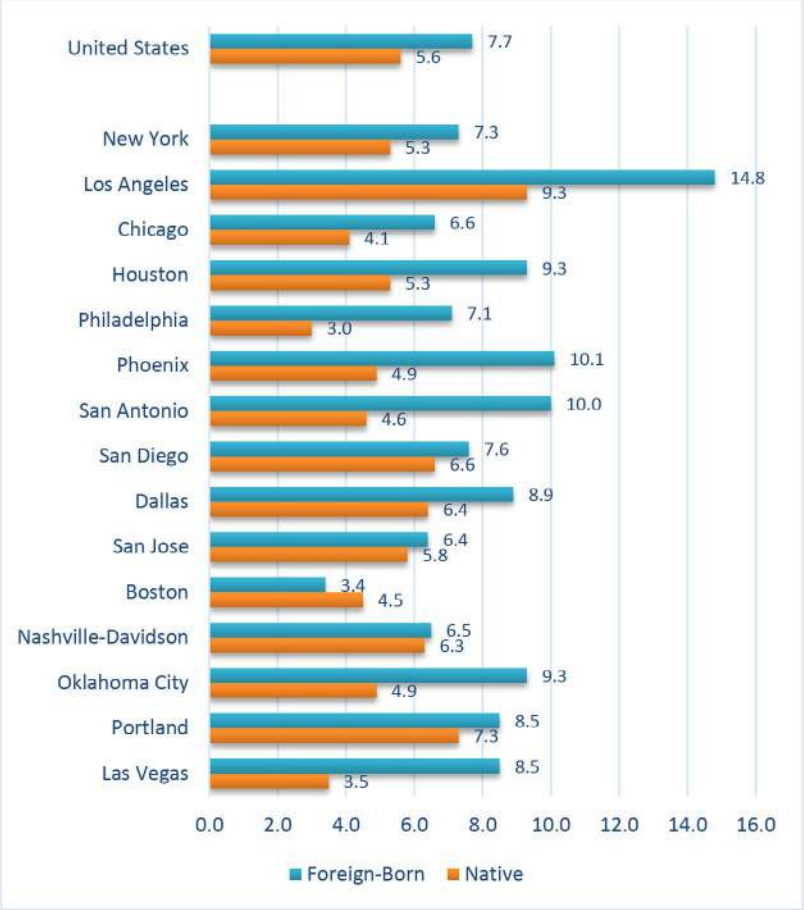


Source: Data obtained from Eurostat, 2014.

3 While country of birth would have been the preferred indicator for immigration, this data was unfortunately not available. The use of nationality may lead to slightly biased results as immigrants may become citizens, especially after residing in a country for a longer time. This may lead to the misrepresentation of the self-employment rates. One of the main immigrant groups in Germany for example are Turks, which are known to be quite entrepreneurial. At the same time many obtain German citizenship and are hence excluded from the immigrant group in these statistics.

For the case of the United States of America, data on immigrant entrepreneurship is available at the city level for those cities where the share of immigrants is large enough to be able to capture such trends. Figure 2 shows the shares of people in self-employment in an own not incorporated business of the total civilian employed population for both natives and foreign born. The data is presented at the national level, for the ten biggest cities in the United States (populations between roughly 1 and 8 million) as well as for five relatively smaller cities (populations between 600,000 and 650,000) for which this data was available. This allows to show a variety of cities across the country that have different types of immigrant populations as well as opportunities in self-employment. What the figure shows is that at the national level more foreign born individuals are self-employed (7.7%) than are natives (5.6%). This trend appears to be constant across the cities included in the graph with the exception of Boston. Here natives are more often self-employed than the foreign born, while overall self-employment here is below the national average with only 3.4 per cent for the foreign born and 5.5 per cent for natives. In the other cities included in the figure the foreign born are more often self-employed than natives, though the size of the gap varies quite significantly. It shows minimal differences, for example, in the case of Nashville and San Jose, while the gap between the self-employment rates of natives and foreign born are more than five per cent for example in Los Angeles, Phoenix and San Antonio.

Figure 2: Self-Employed as Share of Employed Population by Place of Birth in the United States (in %), 2013



Source: American Community Survey 2013.

Previous studies trying to assess the volume and characteristics of immigrant entrepreneurship come to similar findings in that the immigrant entrepreneurship trends are diverse across countries and very much depend on the respective context (OECD, 2010; 2011). It is therefore important to gain an understanding of what factors drive and hinder immigrants to become entrepreneurs (in cities).

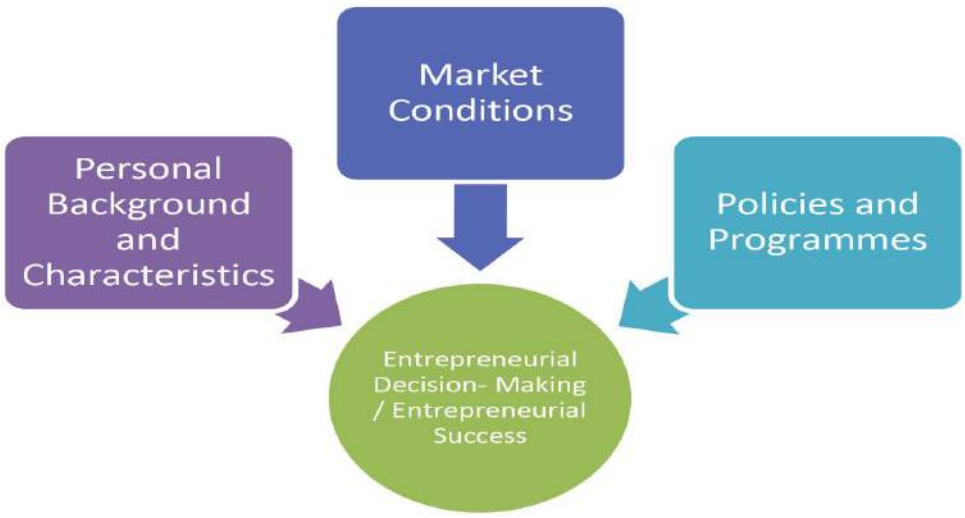
3. DRIVERS AND STRUCTURAL OBSTACLES OF IMMIGRANT ENTREPRENEURSHIP IN CITIES

In a discussion of migrant entrepreneurship the concept of mixed embeddedness is crucial. Focused in particular on immigrant or ethnic entrepreneurship, the mixed embeddedness approach acknowledges the interplay between economic factors on the one hand and social and institutional factors on the other. It also covers informal economic activities that are outside of the regular (legal) framework. This theoretical approach is therefore very much based on the level of integration of the entrepreneur in terms of economic, institutional and social dimensions (Kloosterman et al., 1999).

When using the mixed embeddedness approach it is important to understand the context of each individual case. Of particular importance here are the opportunity structure and the social environment of the entrepreneur. The opportunity structure represents the economic and institutional environment in place. These circumstances are shaped by historic developments and limit potential business ventures to those kinds of sectors that are supported by this environment. For example, there might be market conditions that favour ethnic businesses versus those that make this kind of business very hard to run (Aldrich & Waldinger, 1990). When opportunities arise it still very much depends on their economic and social status whether a potential (immigrant) entrepreneurs can take advantage of them. Here his/her social environment - networks, culture and background – are key.

There is a wide variety of factors that play a role in entrepreneurial decision making. They can roughly be divided into three categories: personal background and characteristics, market conditions and policy and programme framework (see Figure 3). The following sections will present an overview of the role of these different factors in the framework of entrepreneurial activities of migrants in cities in more detail.

Figure 3: Factors Influencing Entrepreneurial Decision-Making and Success



3.1 Personal Background and Characterstics

There is a variety of different characteristics and background factors that have an impact on who might become an entrepreneur, and a successful one at that. This section provides insights on some of the most cited and relevant ones.

Gender

It is very likely that a man and a woman migrating from the same country at the same time to the same city will have very different experiences. One aspect that might differ significantly is that of their labour market interaction and outcomes. This can be due to the cultural background of the migrants (see a more detailed discussion below), but also depends on the opportunities available at the new place of residence and in how far they differ across gender.

Research has found that in general the types of businesses started by males and females differ. Females often go into specific sectors such as hair dressing, catering and clothing. They are also more likely to set up home-based and micro-enterprises than males (Dallalfar, 1994; Pio, 2007; Strier & Abdeen, 2009). Males have more opportunities to raise start-up funding from their network than females. This is largely due to the kinds of interaction they have. While women often are more involved in the private domain, men interact more in the public and therefore they tend to have different kinds of networks. Also males often have been in the host country for a longer period of time, hence having better chances of integration and more experience (Kerr & Schlosser, 2007; Wauters and Lambrecht, 2008).

Educational Attainment

In general, education and labour market outcomes are related and migrants are no exception here. One major difference is that they often face difficulties getting their qualifications recognized (see a more detailed discussion of this in the next section). In terms of impacts on entrepreneurship among migrants, this largely depends on the transferability of knowledge and skills acquired through formal education (Hay, 1980; Robinson & Tomes, 1982). Where this is the case and skills like managerial abilities are strengthened through education, this might lead to an increased probability of an individual becoming self-employed in business. At the same time education can lead to better chances in terms of finding employment, so that the relationship between education and entrepreneurship is not a straight-forward one. This is also reflected in the empirical work on this topic. There is evidence of a positive relationship between education and entrepreneurial activities by an individual (Borjas, 1986; Vinogradov & Kolvereid, 2007). Other studies (Constant et al., 2007; Evans, 1989) show the exact opposite, in that a high level of education leads to a smaller probability of starting an own business.

The education level also correlates with the intention to re-migrate versus staying in the same place for a longer period of time. Migrants with lower education levels on average move more often than educated ones. Education has a positive effect on the intention to stay and might therefore lead to more sustainable entrepreneurial activities (DaVanzo, 1983).

Work and Entrepreneurial Experience

Next to education, work experiences are also important in the context of human capital. Prior experiences can be a factor that drives the decision of migrants to become an entrepreneur. At the same time, a lack of experiences can deter someone from this decision. More than general work experience, previous business experience is specifically relevant for entrepreneurs (Brüderl et al., 1992). Previous business experience has been found to have a positive relationship with the take-up of self-employment of immigrants (Aliaga-Isla & Rialp, 2012). The practical experience of starting and running a business venture is likely to be the best way to learn many of the required skills. It is therefore also logical that previous experience in the same sector is a factor contributing to entrepreneurial success (Basu, 2011; Borjas, 1986; Chu et al., 2010).

A lack of previous entrepreneurial experience on the other hand can be an obstacle in setting up one's business (Rath, Eurofund, 2011).

Besides their own business experience, research has also found that parents' entrepreneurial experiences may lead to positive effect on a person's likelihood of becoming entrepreneurs and increasing their chance of success (Rueda-Armengot & Peris-Ortiz, 2010; Shinnar & Young, 2008).

Networks

The social network of immigrants is crucial when it comes to starting a new business. As Elfring and Hulsink (2003) put it "a network is one of the most powerful assets any person may possess: it provides access to power, information, knowledge and capital as well as other networks" (p. 409). As a consequence it can be said that successful entrepreneurs usually do not act isolated, but rely on interactions with members of their networks. Roles within networks vary and while a migrant might be receiving support one day, he/she may be giving advice to someone else the next day (Portes & Zhou, 1996). Social networks can also lead to more and stronger business relationships as well as increased trade. As such a strong network can also contribute to the success of a business (OECD, 2010).

Culture

The term culture summarizes factors like values, norms and attitudes of a group. The culture has an impact on the attitudes and behaviours of the members of this group in daily life. It also influences the risk-behaviour of individuals, including the decisions made in relation to entrepreneurship (Verheul et al., 2001). Immigrants with different cultures may, therefore, have very different pre-conditions for starting a business. It is known that some cultures tend to be more entrepreneurial than others. The start-up rates, types of businesses and success rates consequently vary widely across different cultural background (Jansen et al., 2003).

On the other hand, culture can also have an impact on the demand side of a product. When a group has a strong preference for a specific good or service, other immigrants may become aware of this and take up the opportunity (Jansen et al., 2003). For instance, a demand, whether by other immigrants or natives, for specific ethnic food items may encourage an immigrant with links to the respective country to start importing them to the host country to sell.

Motivation

There are several factors which are frequently mentioned in the literature regarding motivation for entrepreneurship. The motivation could, for example, be the chance to take up a good opportunity or the desire for financial gain and independence. Others might choose to become entrepreneurs based on their family background or practical experiences (Basu, 2004; Chu et al., 2007). This might also vary by country, which again stresses the importance of the country context (Benzing et al., 2008). The following Table 1 includes an overview of the main possible motivations of migrants for becoming an entrepreneur identified in the literature. It is important to note that these motivational factors are different for every person and often it is also not just one factor driving the decision, but a mixture of several factors.

Table 1: Motivations for Becoming an Entrepreneur

Motivation	Description	Source
Extrinsic Rewards	The economic reasons that motivate entrepreneurs to work.	Basu, 2004; Chu et al., 2007; Li, 1997; Lofstrom, 2002
Intrinsic Rewards	The reasons related to self-fulfillment and growth.	Chu et al., 2007
Independence/Autonomy	The desire to be one's own boss.	Basu, 2004; Chu et al., 2007; Essers et al., 2010; Khosravi, 1999
Family Security	Entrepreneurship is seen as a way to secure a job for oneself as well as potentially for family members.	Chu et al., 2007
Necessity	No/ limited other options.	Basu, 2004; Bauder, 2008; Chavan & Agrawal, 1997
Opportunity	Taking advantage of a spotted opportunity.	Shinnar & Young, 2008
Upholding Tradition	It is a family tradition to run a business.	Basu, 2004; Chavan & Agrawal, 1997

Entrepreneurial Qualities

In some of the early literature on entrepreneurship it was argued by Knight (1921) that besides skills, luck is a major determinant of business start-up and success. This introduces the idea that not all the characteristics of a successful entrepreneur and his/her business are directly observable. In a meta-analysis of personality traits and business success Rauch and Frese (2007) show, that the personality does indeed play a role. These personality traits are not directly observable, but do influence business creation and success. In the specific area of immigrant entrepreneurship there is currently a lack of research on the role of entrepreneurial qualities and their role in a migrant's decision to open a business.

3.2 Market Conditions

3.2.1 Labour Market

One of the main problems many migrants face is the fact that they are discriminated against when trying to access the formal labour market (Zhou, 2004). There are three different types of discrimination that might affect them (Bruder and Raethke-Döppner, 2008):

Structural discrimination: The need for a visa, no access to certain jobs.

Taste discrimination: A bias on the side of employers towards people with certain backgrounds and/or language skills.

Statistical discrimination: Employers and job seekers have asymmetrical information about the worker's quality, qualifications might not be recognized.

Migrants facing discrimination may be pushed into entrepreneurship, even if they would otherwise not consider this their first and best option. In the United States for example, immigrants who are not fluent in English are increasingly taking up self-employment, because no employer will hire them (Mora and Davila, 2007). Migrant entrepreneurship can be used as "a way to circumvent these obstacles" (OECD, 2010: 9), as a way for migrants to overcome social exclusion and integrate better with their host community (Constant

et al., 2007) as well as a way to improve their socioeconomic mobility (Zhou, 2004). The majority of these are, however, necessity entrepreneurs, which are not likely to make significant contributions to the society in terms of sustainable economic growth.

3.2.2 Product Market

With more than 232 million international migrants and the overall globalization trend of more mobility, it is not surprising that there is an increasing demand for ethnic food products and specific services in countries of destination (Orozco, 2008). As a consequence in many instances, especially for micro-enterprises, the demand for the businesses of immigrant entrepreneurs largely stems from their own immigrant community, which is usually in cities. This includes things like food items, newspapers, books, clothes and jewellery. To supply these kinds of products, links to the country of origin are important. Someone from a different ethnic group would have a much harder time to offer the same products (Waldinger et al., 1990).

According to Orozco (2008) the demand for and consumption of ethnic goods functions as a manifestation of three realities that shape immigrant life: community, identity and transnationalism. This has direct implications on the economic development of home and host country alike. While exports of such goods might only be a small portion of all trade between the two countries, they impact directly on the immigrant and his/her communities in both countries on the local level.

Immigrant entrepreneurs are, however, of course not limited to supplying ethnic products to their own ethnic group. They may also supply the same goods and services to the general public in their local area. With globalization, many people are becoming more open in their consumption behaviours, including exotic products from abroad. As such the overall demand for these types of products is significantly increasing (Waldinger et al., 1990).

Furthermore, immigrant entrepreneurs can break out of the ethnic market completely and spot opportunities that other entrepreneurs might not have taken up yet. There are always market openings and like any entrepreneur, immigrants might be the one to fill them (Waldinger et al., 1990). This type of entrepreneur is much more likely to go into the direction of a high-growth business and introducing innovations into the market (Sanders, 2007).

3.2.3 Financial Market

Probably the main obstacle for aspiring entrepreneurs is a lack of start-up funding. For immigrant entrepreneurs this is often an even bigger problem than for natives. Immigrants often do not have any or little savings or other securities as a basis for obtaining a credit (Evans and Jovanovic, 1989; Evans and Leighton, 1989; Blanchflower and Oswald, 1998). In addition, banks tend to be more selective with the granting of credits to immigrants. This is, however, for good reason as the failure rates of immigrant entrepreneurs tend to be significantly higher than those of natives and as such pose a higher risk for banks. Immigrants also usually have limited or no credit history in the country of residence as they have only lived there for a part of their life and credit histories are seldom transferable between countries (Bruder et al., 2011; Desiderio, 2014).

There is also sometimes a selection bias solely based on ethnicity as bank employees tend to be more restrictive towards new clients in general and especially those with different ethnic background as they lack experience and knowledge of these groups. This might go as far as discrimination of immigrant entrepreneurs in obtaining credit (OECD, 2011). Evidence from the United States shows that controlling for other factors, including credit-worthiness, ethnic minorities face denial of credit twice as often as other non-minority applicants (Blanchflower et al., 2003). And even when they do obtain credit, interest rates tend to be higher (Albareto & Mistrulli, 2010; Blanchflower, 2009).

As a consequence, immigrant entrepreneurs rely on informal sources of funding much more often than natives. They obtain money from family, friends and their extended social networks instead of formal banks or other credit institutions. This often happens within their own ethnic group. A good example of this is Silicon Valley, where one third of immigrant entrepreneurs rely solely on their networks for funding (Saxenian, 2002). Strong social networks may therefore enable immigrants to overcome capital constraints and to start-up their business.

This shortage of funding does however sometimes have effects on the kinds of businesses immigrant entrepreneurs open. They tend to be those where initial investments are lower and as such the entry barrier is not as high. This includes sectors like construction, retail and catering (Desiderio, 2014; Ram et al., 2003).

3.3 Policies and Administrative Challenges

3.3.1 National Level

As the link between migration and entrepreneurship receives more attention by policy-makers and entrepreneurship is often linked to growth and development, an increasing number of countries are introducing specific policy measures for this group. In the process of developing migrant entrepreneurship policy, it is important to address two main points. First, the migration profile of the country needs to be taken into account. It is evident that migrants from some countries may be more likely to become entrepreneurs than others. At the same time countries might attract different types of migrants, some of which might be more likely to start a business than others. If a country traditionally encourages humanitarian or family migration rather than labour migration, it might be more of a challenge to introduce specific, attractive policies for immigrant entrepreneurs (OECD, 2010). Secondly, as immigrant entrepreneurship tends to cover a diversified set of types of businesses, policies should ideally be equally diverse (Collins, 2003).

Table 2 presents an overview of the criteria OECD countries introduced in their policies regulating the admission on the basis of self-employment as well as entrepreneurship. It is clear that these policies are selective in terms of admitting those migrants that bring sufficient human and/or financial capital and that are likely to make a contribution to the economy of the respective country.

Table 2: Admission Criteria of Immigration Policies for Self-Employment and Entrepreneurship in OECD countries

Admission Criteria	Countries Using Criteria	
	Self- Employment	Business Investment
Experience	Australia, Austria, Belgium, Canada, Denmark, Finland, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland	Australia, Canada, New Zealand (unless investment is over a threshold where no experience is required)
Minimum Investment	Czech Republic, New Zealand, United Kingdom (Generally it is required to submit proof of financial resources for living expenses and set-up of the business)	Australia, Canada, France, Greece, Ireland, Korea, Netherlands, New Zealand, Portugal, Spain, United Kingdom, United States
Business Plan	Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Netherlands, New Zealand, Norway, Poland, Spain, Sweden, Switzerland	Greece, Ireland, Netherlands
Restriction of Field of Activity	Australia, Canada, Czech Republic, Denmark, Japan	Australia, Korea
Show Relevance to Local Economy	Austria, Belgium, Denmark, Finland, Germany, Greece, Ireland, Netherlands, Poland, Switzerland	Greece, Ireland, Portugal, United States

Source: Compiled by authors based on government websites and OECD, 2011.

It is obvious that these types of policies attract a certain group of immigrant entrepreneurs. They focus on those that have previous experiences and start-up capital, which they are willing to invest in the country of destination. Looking at the profile of immigrant entrepreneurs, it is evident that the diversity of this population is not really addressed by this type of policy. A large share of immigrant entrepreneurs do not qualify for this type of visa, likely due to a lack of capital and experience, and usually enters the country through another channel. Some of these might still migrate with the intention of starting their own business. However, as described above, a significant share of immigrant entrepreneurs are also pushed into self-employment by a lack of other options or choose to go into it because they find an opportunity they want to pursue. They migrate for other reasons, like labour or family migration, and only turn to self-employment once in the country. Particularly among highly skilled immigrants, there may also be people with entrepreneurial spirit and ideas and ideally they are supported in pursuing them. In some cases, however, policy actually prevents this. Migrants entering on a work visa, for example, may not be allowed to start a business while on this specific visa. This may be a waste of their potential contribution to the local economy. For instance, in the Netherlands, "knowledge migrants'" labour is restricted to the company they currently work for and are not allowed to start their own business next to this employment while on a knowledge migrant visa. This seems counterproductive as it is especially common for academics at Universities to start their own businesses next to their University work (these also often being high growth areas), but this type of entrepreneurship would be restricted in the case of the Netherlands.

3.3.2 Local Level

In general, for immigrants already in the country of destination there is another set of more practically oriented policies and programmes at a more local level, which are presented in more detail in section 5. These support programmes that are available in many cities address the different needs of potential entrepreneurs and try to help them in overcoming the obstacles they are facing. There are many programmes that aim generally at supporting new start-ups. In addition, some cities offer specific programmes for the immigrant population in order to address their specific needs in terms of language, access to credit and country- and city-specific human capital. It has, however, been observed that in general immigrants are much less likely than natives to take up such programmes. This may be from a lack of knowledge about these programs in the first place. They rather turn to informal kinds of support and rely on their social, often ethnic, networks when opening a business (Deakins et al., 2007; Lassalle et al., 2011).

Another obstacle potential immigrant entrepreneurs often face is administrative challenges. In the process of setting up a business, there is a wide variety of procedures one has to go through and criteria that need to be fulfilled. Depending on the country this might include financial obligations, tax-related requirements, labour regulations, social security regulations, safety and health requirements as well as environmental factors. These factors pose a challenge to any new entrepreneur (European Commission, 2012), but immigrants may be even more burdened than natives. They often face language barriers and are disadvantaged in terms of country-specific knowledge (Desiderio, 2014). It is important to support immigrants in overcoming these challenges in order to maximize the positive effects of entrepreneurship both for the immigrant him-/herself and for the economy. This can be done for example through establishing a help desk or one-stop shop for foreigners at a local Chamber of Commerce or another city authority. Ideally different relevant actors, like immigration and integration authorities, chambers of commerce and economic authorities, will cooperate to provide all relevant information for starting a business to interested immigrants. Information should be provided in both physical at a well-accessible location and online in multiple languages, including English and the languages of the main immigrant groups in the respective country.

4. EFFECTS OF IMMIGRANT ENTREPRENEURSHIP

Immigrant entrepreneurship has been shown to be an efficient means of socioeconomic integration of the migrants themselves, while at the same time contributing to the local economy. This section therefore looks at these two aspects of migrant entrepreneurship.

4.1 Entrepreneurship and Socioeconomic Integration

Integration opens doors for migrants coming to a new country and a community within that country. The process of integration of immigrants is multidimensional. In general, three dimensions can be distinguished: socioeconomic, cultural and political (Phalet & Swyngedouw, 2003). In the context of immigrant entrepreneurship, socioeconomic integration is the most relevant as it is concerned with, among other issues, access to the host country labour market. As shown in the previous section, immigrants often face difficulties and even discrimination when searching for jobs. In that sense entrepreneurship open doors for integration of migrants in overcoming this barrier. For migrants arriving to a country specifically for entrepreneurship, this is also a good stepping-stone for integration (at the local level).

It has been shown - for example in the United States and the Netherlands - that entrepreneurship does indeed contribute to the socioeconomic integration of immigrants (Irastorza, 2010; Teder & Golik, 2006). This is particularly the case for those immigrants that take up entrepreneurship out of necessity as an alternative to unemployment and bad working conditions. For these immigrants, entrepreneurship becomes a way to advance in terms of their socioeconomic integration level (Constant & Zimmermann 2004; Bauder, 2005).

Overall, however, the evidence is still mixed on the impacts of entrepreneurship on immigrant integration. A common way to measure this is by looking at the wage level. In the case of Germany and the United States there is evidence that immigrant entrepreneurs have higher incomes than employed immigrants (Borjas, 1986; Constant et al., 2007). In Sweden the opposite is the case (Hammarstedt, 2001; Hjerm, 2004). It is likely that these differences are due to institutional factors in the respective country. Most importantly the welfare state in place is likely to have an impact on who becomes an entrepreneur as does the level of discrimination towards immigrants in the labour market and the bureaucracy involved in opening a business (Irastorza, 2010).

There is also evidence that migrants in smaller cities are often more likely to integrate economically than those that settle in large cities or metropolitan areas. While in general migrants are more likely to move to bigger cities, labour markets tend to function better in smaller cities: unemployment rates are lower, labour force participation and incomes are higher. In addition, it has been shown that immigrants assimilate to the wage level of natives faster in smaller cities (Bernard, 2008).

To some extent this is the result of self-selection, where only migrants with certain skills and abilities move to the smaller cities in the destination country, because they are confident they will be able to find a job there. Accordingly they will show better labour market performance and more successful economic integration than their counterparts in the bigger cities. This has been shown for migrants living outside the largest metropolitan areas of Canada and the United States (Lo & Li, 2011). It might also be the result of the clustering of immigrants in specific parts of mostly larger cities.

It is often the case that immigrants find more business opportunities in areas where members of their ethnic group have already established themselves. These concentrations of migrant entrepreneurs are known as ethnic enclaves. The ethnic enclave theory states that members of one ethnic group may dominate one industry. This has for example been observed for Jewish people in several big cities in the

United States, where they owned a significant share of tailor shops (Portes, 1995). At the same time, ethnic enclaves might also exist in one specific geographical area of a city or a country (Butler & Greene, 1997). Famous examples of this are China Town in New York or San Francisco. In such areas the networks between the different members of the enclave tend to be strong and build on trust and solidarity (Portes & Zhou 1992). Within these locations immigrants are then often employed by business owners of the same ethnicity (Lee, 2003).

The ethnic enclave theory was first introduced by Wilson and Portes in 1980, in a discussion of the Cuban population in Miami. In a study between 1973 and 1979 they found that out of the new arrivals from Cuba a large percentage found work in a co-ethnic business. They tended to stay with their employer for some time, before they learned the skills to set up their own business in the same area. Wilson and Portes (1980) found that the self-employment rate of Cubans increased from 8 per cent in 1973 to 21 per cent in 1979. All of these self-employed immigrants were previously employed by another Cuban in Miami. For those immigrants who were still employed by a co-ethnic business in 1979, it was evident that they were getting a better return than Cubans working in non-ethnic firms in the secondary sector (Wilson & Portes, 1980). Sanders and Nee (1987) on the other hand, did a comparative study on Chinese and Cuban workers who resided in the enclave and other locations, and found that the immigrant minority workers outside the ethnic enclave received higher returns on human capital. The ethnic enclave theory still holds for immigrant entrepreneurs themselves though. This finding is confirmed by Davis (2004), who looks at the Cuban population in the United States more broadly across different cities. Findings show that those Cubans living in areas with low concentration of other Cubans have relatively higher incomes than those living in ethnic enclaves. While the Cuban community in the United States is the most common example for the ethnic enclave theory, it has also been analysed in other countries. For example, the impact of living in an ethnic enclave on earnings growth of immigrants in Canada is examined by Warman (2007), who finds that enclaves have a negative impact on the earnings growth of immigrants. In the case of Denmark, Damm (2009) finds that immigrants with unfavorable unobserved characteristics self-select into ethnic enclaves. The bigger this ethnic enclave is, the more likely is an immigrant to have higher earnings (on average 18%) due to the dissemination of job information, which positively influences the job-worker match quality and consequently the wage.

4.2 Contribution of Immigrant Entrepreneurs to the Economic Performance of Cities

While it is important to look at how entrepreneurships impacts the migrants themselves, it is equally as important to look at the kind of contributions they make to the country of destination. Do migrant entrepreneurs contribute to economic growth and innovation in the country and city of residence? In how far do migrant businesses crowd out native ones? And does migrant entrepreneurship have an impact on trade relationships with and foreign direct investments from countries of origin? The following sections provides answered to these questions based on the existing literature.

4.2.1 Economic Growth and Innovation

In general, there is strong evidence that entrepreneurship does indeed contribute to economic growth (Audretsch & Thurik, 2004; Naudé, 2009a). On the other hand, the absence of entrepreneurship has negative implications for the economic growth of the respective area (Audretsch et al., 2002). It is important at this point to make the distinction between necessity and opportunity entrepreneurs again. While those entrepreneurs whose endeavours are based on spotting a good opportunity are indeed found to contribute to economic growth, this is not the case for those entrepreneurs that are pushed into this kind of occupation (Naudé, 2009b).

It is, therefore, particularly interesting to look at those entrepreneurs that might be more able to contribute something to the economy of their host society. This is very likely to be the case for high-tech firms, who often create employment opportunities, besides financial gains and bringing innovations. There is evidence that, at least in the United States, immigrants are over-represented among founders of high-tech (Saxenian, 2002; Wadhwa et al., 2007) and biotech firms (Stephan & Levin, 2001) as well as public venture-backed US companies (Anderson & Platzer 2006) and high-impact companies (Hart & Acs, 2011). Hart (2009), finds that around 16 per cent of high-tech firms in a recent USA sample had a migrant owner, and moreover a migrant owner with skills in science and engineering. As a consequence immigrants have also been observed to be over-represented among patent applications (Wadhwa et al., 2007).

Moreover, immigrants may bring new ideas, skills and innovation, from which the cities' and overall society and economy may benefit (Kloosterman et. al., 1998). Migrants coming with new and different skills, knowledge and ideas, may furthermore impact innovation in a specific city, region and/or country. There are several possible explanations for this relationship (Nathan, 2011):

- **Positive self-selection of migrants**: Migrants may positively self-select in terms of their skills and entrepreneurial abilities (Borjas, 1986). Where this is the case there may be beneficial effects on entrepreneurial behaviour among other things (Stephan & Levin, 2001).

- **Social networks**: Networks of individuals from the same country in a country of destination may lead to the formation of platforms for exchange and creation of ideas (Docquier & Rapoport, 2011). In general, social networks are important for new entrepreneurs and when there is a certain level of trust between the members of a diaspora group, this might be beneficial in terms of start-ups of innovative firms (Rodríguez-Pose and Storper, 2006; Kaiser et al., 2011).

- **Diversity and multicultural cities**: In general, diversity of economic agents leads to a larger pool of knowledge, skills and ideas (Lee et al., 2004). Heterogeneity in backgrounds, skills and culture can therefore lead to increased generation of ideas through complementarities of individuals coming together (Berliant and Fujita, 2009). Fujita and Weber (2003) argue that positive diversity effects will be most likely observed in 'knowledge-intensive' activities and industries. When a variety of ethnic groups come together in a city, they bring new ideas, knowledge and skills with them (Kloosterman, et al., 1998). This is not the case when immigrants are clustered in ethnic enclaves as described above (Zenou, 2011).

The evidence on the relationship between immigrant entrepreneurship and innovation is mixed. Hunt and Gauthier-Loiselle (2009) find that close to a quarter of patent applications in the United States were made by immigrants. This equals roughly twice their share in the population. Skilled immigrants, therefore, significantly contribute to innovation in the US context. This is not because immigrants are more able to become entrepreneurs than natives, but rather because of the positive selection of migrants. In comparison with the native population the share of people holding a degree in science or engineering is much higher among the immigrant population.

Despite the clear contributions that migrant entrepreneurships have made to innovation in the United States, a recent survey of high-tech entrepreneurship (the most innovative form of entrepreneurship) in the United States concluded that 'most previous studies have overstated the role of immigrants in high-tech entrepreneurship' (Hart, 2009: 3 or Hart & Acs, 2011: 116). Hart and Acs (2011) also cannot find evidence that migrant owned high-tech firms in the United States spend more on R&D or would be more likely to register patents than native owned firms.

On a more global level the 2012 GEM survey attempted to measure the innovation of enterprises as by the number of new products or services they introduced across 69 countries and whether the enterprises in question were owned by a migrant or non-migrant. Analyses of the survey results could not find significant difference between innovativeness of migrant and non-migrant entrepreneurs (Vorderwülbecke, 2012).

There is some preliminary research on the case of South Africa in the global South, which shows that immigrant entrepreneurship creates opportunities that have important implications for the country's economy. By contributing to job creation and innovation, immigrant entrepreneurs can be one aspect in reduction of inequality and poverty and a positive factor for economic growth of South Africa (Kalitanyi and Visser, 2010; Tengeh et al., 2012). However, at this stage the research is very limited and there is a need for further and more rigorous studies (Fatoki, 2014). This is also the case for other developing countries, where one can expect immigrant businesses to play a role, but evidence so far is limited or non-existent.

4.2.2 Immigrant Entrepreneurs, Trade and Foreign Direct Investments

Trade Links

Immigrant entrepreneurs and their businesses might also contribute to the host country economy through increased trade. Through their networks in home and host country, immigrants are able to establish trade links across borders easier than natives. They can utilize them for their own business by importing goods from abroad to sell or use for production. They may also export their own products and services to the home country, increasing host country exports. In addition, they may facilitate trade between third parties, for example business partners in both countries (and in the cities where they reside).

Evidence of the positive effects of immigrant entrepreneurs on exports is found in Rauch and Casella (1998) and Rauch and Trindade (2002) who show that co-ethnic networks promote bilateral trade by providing market information as well as by supplying matching and referral services. It is also evident that these higher levels of exports among immigrant entrepreneurs may help these firms better succeed in the long run. In the case of the United States, increased exports are important for alleviating the trade imbalance with the rest of the world (Fairlie & Lofstrom, 2013).

Foreign Direct Investment

When looking at the relationship between migration and foreign direct investments (FDI), the focus is often on the countries of origin. In that context FDI is seen as another link in the migration-development nexus. There is evidence that migration increases FDI inflows to countries of destination. Where this is the case, these increased FDI flows are a positive effect of migrant entrepreneurship for the cities reached by these investments.

The literature analysing the relationship between immigration and inflows of FDI is, however, still relatively limited at this stage. The majority of the studies that do exist look at a specific sector, country and/or time period and makes general statements difficult. Nevertheless, the underlying assumption is that immigrants can influence where FDI is directed through their networks both in the home and destination countries. Migrant entrepreneurs have an information advantage and can bridge information asymmetries on either side in order to foster mutually beneficial investments (Javorcik et al., 2011). This is not limited to highly-skilled migrants. Low-skilled migrants and migrant entrepreneurs are also able to provide this kind of information to counterparts in the origin country as long as they have an overview of the relevant factors, for example employee characteristics (Kugler & Rapoport, 2011).

A concrete example of this is presented by Santos-Neves and Rocha-Trindade (2008) describing an increase of FDI from China in Portugal. China, as a rapidly developing economy, is also increasingly investing abroad. Portugal profits from this by engaging with Chinese migrant entrepreneurs. By talking to them they, on the one hand, found out what the sectors of interest for Chinese investors are and on the other hand were able to disseminate information about the opportunities in these sectors in Portugal. What came out of this approach was the investment of a Chinese Technology company of more than 200 million Euros in a company in Portugal, which subsequently created around 580 jobs (Santos-Neves & Rocha-Trindade, 2008).

5. SUPPORTING IMMIGRANT ENTREPRENEURSHIP

It cannot be ignored that particularly in large cities entrepreneurship and immigration are two important aspects to be taken into consideration for local development. As countries are realizing the importance of entrepreneurship and the potential of immigrants as a pool of entrepreneurs, it is important to offer support to this specific group of the population (e.g. European Commission, 2008). There are two different levels on which this can be achieved. One is the policy level at the national and local level, which on the one hand attracts potential entrepreneurs from abroad and on the other hand provides an attractive environment for a new start-up firm. Second, there are specific types of practical support programmes for potential entrepreneurs in general and specifically for immigrants, which can provide help to overcome the obstacles discussed in section 3. The following two sections will present policy options for both of these levels.

5.1 Policies Encouraging Immigrant Entrepreneurship

An overview of policies implemented by different countries to attract immigrant entrepreneurs is presented in section 3.3 of this paper. In addition to these incentives for coming to a country as an immigrant entrepreneurs, it is important that the infrastructure in the country offers actual opportunities to potential immigrant entrepreneurs. Structural policies aiming at an environment fostering entrepreneurship and innovation are crucial to realize the potential benefits of new businesses, including those started by immigrants (Desiderio, 2014).

In this context, Kloosterman (2003) presents several policy options that will provide an increase in opportunities for entrepreneurship in general and specifically also for immigrants, who often face additional challenges as outlined in section 3. Table 3 presents three different policy areas and options for how these can be improved through direct, indirect and (non-)enforcement measures. Direct measures aim to increase the opportunities for businesses in this area, while indirect measures are aiming at a different goal, but still have spill over effects on the opportunities for entrepreneurs. Furthermore there are policy measures concerned with enforcement versus non-enforcement (Kloosterman, 2003). These are based on the predicament that in most states not all laws and regulations can be strictly enforced. Enforcement furthermore often shifts across time and places as it depends on the individual relevant authority (van der Leun, 2002). This does have direct effects on the operations of businesses, especially those run by immigrant entrepreneurs. As they often rely on informal markets, the enforcement of certain regulations has a direct impact on their activities (Kloosterman et al., 1998).

Table 3: Policies that may Influence the Opportunity Structure for Small Businesses and Immigrant Entrepreneurs

Policy Area	Description	Direct	Indirect	Non- (Enforcement)
Size of market domain	The more economic activities are transacted in the market domain, the extent of commodification, the more chances and openings occur for firms.	Privatization (e.g. by outsourcing garbage collecting to private firms).	Eroding self-provision by families by encouraging female labour participation and, thus creating opportunities for firms to provide child-care and housecleaning.	Turning a blind eye to the trade in products that are formally illegal (e.g. allowing small amounts of soft drugs).
Accessibility of markets	When openings exist, they may be blocked by requirements concerning setting up a business.	Deregulation (e.g. abolishing certain requirements regarding educational qualifications). Regulations to keep large firms in check.	Reducing the prices of resources such as capital and labour and promoting commercial premises.	Allowing forms of informal production (e.g. tolerating the employment of illegal workers).
Growth potential of markets	Openings should occur in market segments that are accessible but also offer growth potential in the foreseeable future.	Promoting export for SMEs. Specifically regarding migrant entrepreneurship: Contract compliance.	General macroeconomic policies; but also meso-level policies directed at urban economies or specific sectors.	By allowing more functions or firms than the zoning plan stipulates or types of diversification which enable firms to move to other market segments.

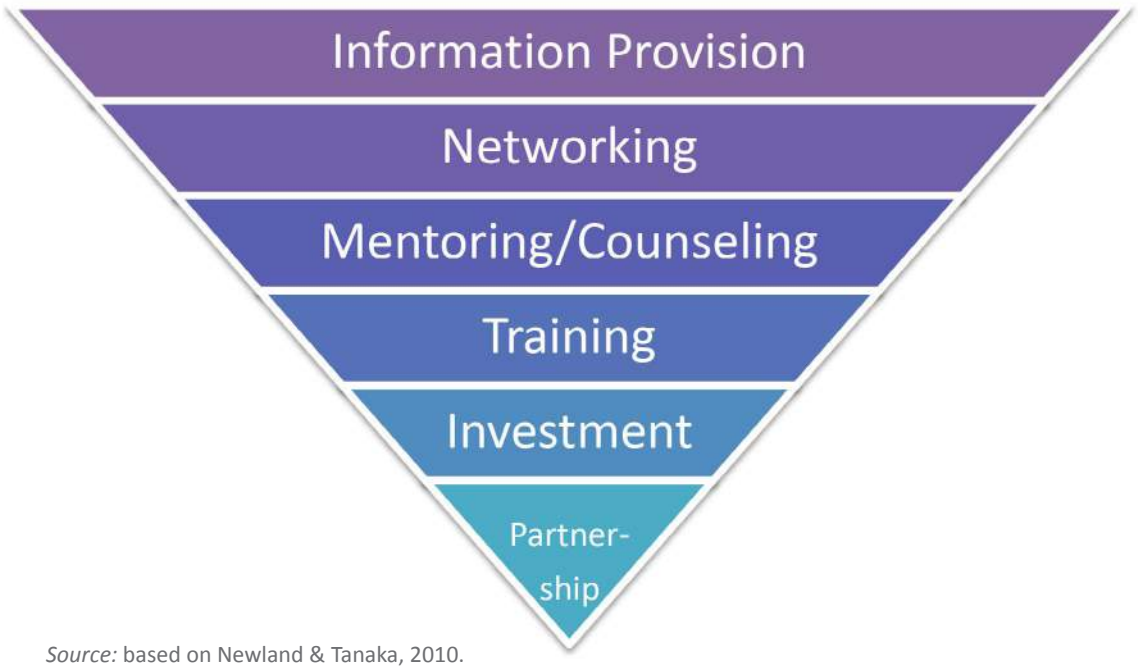
Source: Kloosterman, 2003.

5.2 Support Programmes for Immigrant Entrepreneurs

Considering the potential positive contributions immigrant entrepreneurs can make to society, it might be in the interest of host societies to support migrants wishing to establish their own business. It is, however, important when setting up such a programme, that it is kept in mind that immigrant entrepreneurs are an extremely diverse group. As such a successful support programme will address different motivations, needs and experiences and carefully select the appropriate participants for the respective programme.

It is important to mention that immigrant entrepreneurs can benefit from two different types of programmes: general ones and those directly aiming at migrants (Desiderio, 2014). Both of these kinds of programmes can roughly be divided into six different categories as shown in Figure 4. From top to bottom it can be said that the level of commitment by the service provider to the migrant entrepreneur and his/her project increases (Newland & Tanaka, 2010). The following sections will discuss these different kinds of programmes and services in detail and provide practical examples of each type of programme, thereby focusing on specifically targeting immigrants, while all of these kinds of programmes can also benefit entrepreneurs more generally.

Figure 4: Types of (Immigrant) Entrepreneurship Support Programmes



Source: based on Newland & Tanaka, 2010.

What is important to mention before doing so is that in general it can be said that immigrant entrepreneurs, in comparison to the average entrepreneur, rely more on informal networks and support mechanisms than on formal ones. This is on the one hand an information asymmetry, where immigrants simply might not know about certain types of support options. On the other hand, it might also be an issue of distrust in such programmes and a preference for assistance from people with the same ethnic background. It is, therefore, important that any kind of support programme is adapted to the specific context and the individual entrepreneur. Gaining the trust of community leaders in areas of strong ethnic concentrations is important as are other trust-building exercises. One strategy could also be to involve people from the respective ethnic group in the set-up of the programme. In addition, it should be ensured that the programmes are visible and information on them is readily available to the target group (European Commission, 2008).

5.2.1 Information Provision

This type of support mechanism aims to provide relevant information to potential new (migrant) entrepreneurs. There are general services providing information to all aspiring entrepreneurs, but also ones specifically focusing on immigrants. The idea behind this is that migrants might lack knowledge of local business opportunities and procedures, which in turn might hinder investments. Immigrants are often at a disadvantage in these aspects due to language problems and not knowing where to find certain types of information. Provision of information is especially important in the beginning stages of a business venture, but information services may also offer information in later stages of the business cycle.

In the light of encouraging new start-ups, many cities offer this kind of service, often for the general pool of potential entrepreneurs and in some cases also specifically for immigrants. In general, different actors can be the provider of this kind of service. Examples include administrative units, chambers of commerce, business associations, labour unions and private organizations (Desiderio, 2014).

Information can be provided through different means to potential (immigrant) entrepreneurs. A very common practice is the organization of specific events where relevant information is provided. These are sometimes also given for specific trades, which are especially common start-ups. Another approach is the development of a website that brings together all of the important information in one place that is easily accessible. This kind of service is also easy to provide in several languages aiming to reach a wider audience. There are also telephone hotlines as well as information sheets, which are usually more general and provide guidance on where to find further information (Rath, Eurofund, 2011).

Box 1. Dublin City Public Libraries Business Information Centre

Location
Dublin, Ireland

Background
The Dublin City Libraries first started to disseminate enterprise start-up information through the library network in 1996. Libraries are a space for everyone and this was seen as an approach to reach people who might otherwise lack the confidence to approach the formal start-up of a business.

More recently, the Irish economy was affected significantly by the economic crisis and business start-ups in the Dublin area fell by 45 per cent between 2005 and 2010. Together with the Dublin City Enterprise Board, the public libraries address the recession's challenges by encouraging self-employment and providing necessary information.

The Programme
The Business Information Centre is a reference service run by Dublin City Public Libraries, specialising in company and market research information. The Centre holds books, directories, business magazines, databases, Irish City and County Council Development Plans, newspapers, and has a collection of Irish company reports.

In addition, the Dublin City Council Central Library offers free lectures that are delivered in six branch libraries by experts drawn from the private sector, area partnerships and state agencies. The lectures are held annually in spring and autumn and are for anyone, young or old, native or immigrant, considering self-employment or who has recently started a small business. The objective is to enable potential entrepreneurs to start a viable business and help existing entrepreneurs to expand their business and create employment.

Type of Support
Provision of relevant information and free lectures on topics such as:

- suitability for self-employment
- idea generation
- market research
- finance and business planning
- ethnic entrepreneurship

Source: Dublin City, 2014; Eurocities, 2013.

5.2.2 Networking

A different kind of support for immigrant entrepreneurs is provided by networking organizations. They offer an opportunity for potential and new immigrant entrepreneurs to meet other, either immigrant or native, entrepreneurs. In addition, they can provide contacts with suppliers and potential customers. In that sense, networking organizations provide a platform to discuss one's own ideas and challenges, but also to discuss potential partnerships and finding relevant business partners. They also offer a possibility to establish local connections which helps with reducing costs and uncertainties, which will make them more competitive in the long run (Rath, Eurofund, 2011).

These networking organizations can have very different forms. They can have meetings in person or virtual through online services. Physical events can also be more or less formal, depending on the organizers, the sector and the participants of such an event. Often they are focused on a specific business sector (Newland & Tanaka, 2010).

Box 2: Prince Edward Island Connectors

Location
Prince Edward Island, Canada

Background
The Prince Edward Island (PEI) Connectors Program was started in 2011 and is run by the Greater Charlottetown Area Chamber of Commerce (GCACC). The aim from the beginning was to support immigrant entrepreneurs in all parts of PEI. The vast majority of immigrant entrepreneurs in PEI are originally from China and Iran, but people from several other countries in Asia, Europe, and South America are also present.

The Programme
PEI Connectors offers networking and advisory services to immigrant entrepreneurs. The main goal is to facilitate connections between immigrant entrepreneurs and the PEI business community.

So far more than 300 immigrant entrepreneurs benefited from the services and more than 70 businesses were started. These businesses are diverse and cross all sectors of the Prince Edward Island economy.

Type of Support
PEI Conncetors have a variety of support mechanisms to new and existing immigrant entrepreneurs as well as other business. They include:

- Networking events
- Advisory services
- Research-based services
- Workshops, information sessions
- Guest speakers

Source: PEI Connectors, 2014.

5.2.3 Mentoring/Counselling

Mentoring and Counselling organizations usually have a pool of experienced business people that are willing to take an aspiring entrepreneur under their wing and guide them through the process. The new entrepreneur is matched up with a mentor that is usually somehow related to him/her, may it be through the same business sector, ethnic background or language abilities. Usually the relationship between a mentor and mentee is for a limited period of time. During this time period, there is frequent interaction on a variety of relevant issues. These kinds of programmes appear to be especially common targeting immigrant entrepreneurs or entrepreneurs in disadvantaged urban areas (Rath, Eurofund, 2011).

Box 3: Mentoring for Migrants

Location
Vienna, Austria

Background
About 1.4 million people in Austria have a migration background and the trend is increasing. In order to integrate into society finding a job is one of the most essential criteria and a continuous dialogue between immigrants and the host society is crucial for this process. Based on this, the "Mentoring for Migrants" programme was established in 2008 at the initiative of the Federal Economic Chamber in cooperation with the Austrian Integration Fund and the Austrian Labour Market Service.

The Programme
The aim of Mentoring for Migrants is to ensure that well-connected members of the business community support qualified people with a migration background in their efforts to participate in the Austrian labour market, whether as wage employee or in self-employment. "Mentoring for Migrants" is a unique project in the German-speaking region. To date, over 300 mentoring pairs have been formed, and numerous mentees have already gained a foothold on the Austrian labour market, not least thanks to support from their mentors.

Type of Support
The central element of the programme is the matching process which brings together a mentor and a mentee. Key for the success of the process is to find good mentors and to match them to the right person, so that a meaningful relationship can be developed. To obtain a good match, special attention is paid to occupational (e.g. sector, education) and regional factors (e.g. target markets of the company, origin of the mentee) as well as language skills. Once a match is established the programme usually runs for six months, with an average of five hours of mentoring per month.

Source: Wirtschaftskammern Österreich, 2014.

5.2.4 Training

Entrepreneurship training programmes are very common and exist for different target groups, one specific one being immigrants. They help aspiring entrepreneurs to gain relevant knowledge and skills necessary for the start-up of a successful business. They often include different components, including things like market research, business plan development, administrative support and business management. A very important aspect is also the provision of information on possibilities for financing. Funding itself is usually not part of a training programme, but is provided by different types of organizations.

Box 4: Ethnic Entrepreneurship Programme

Location
Glasgow, Scotland

Background
Glasgow has the highest ethnic minority population in Scotland and the number of the ethnic minorities living in the city has increased from 31,510 in 2001 to 68,684 in 2012. The contribution of immigrant businesses to the Scottish economy overall and especially to Glasgow is significant. Research showed that many of the immigrants had prior run businesses in their home country and wished to do the same in Glasgow. Based on this the Ethnic Entrepreneurship Programme was established in 2005 by the Business Gateway.

The Programme
The Glasgow Business Gateway has employed a specialist ethnic adviser to investigate and tackle barriers to self-employment and attempt to promote strategies for integration into wider Scottish society through business creation. The target group of the programme are recognized refugees, Scots from ethnic minorities, EU immigrants as well as individuals on a post-study visa. Though they have very diverse backgrounds these groups face some common challenges in entering the labour market and self-employment is a viable option for many. The Ethnic Entrepreneurship Programme offers assistance and training to put this into practice.

Type of Support
The Ethnic Entrepreneurship Programme offers a wide variety of services all aiming at the support and training of potential new immigrant entrepreneurs. It is a a low-tech approach where personal relationships and trust are built up over an extended period of time. The specific components of the programme are:

- Regular drop-ins in the community where clients can speak directly with an adviser in a non-threatening environment
- Attendance at community events disseminating information and making contacts
- Running business advice workshops in local areas to raise awareness of services
- Ensuring buy-in from the range of community and social enterprises working with the client group
- Engaging with community leaders to gain credibility and acceptance
- Working with clients over a longer period and more intensively with the aim of enabling them to join mainstream support services
- Addressing issues regarding business culture and expectations of Scottish business community
- Providing signposting and supporting clients to access public sector support where appropriate
- Facilitating funding applications
- Initiating a dialogue with institutional bodies to address issues of perceived racism or lack of understanding regarding the needs of the client group.

Source: Personal Communication with the Project Manager, 2014.

5.2.5 Investment

Investment organizations pool together private and public funds that are then given to new entrepreneurs in order to fund their business venture. As access to credit is one of the major challenges faced by aspiring entrepreneurs and especially immigrants, this type of programme is crucial for many new businesses. Usually the business plans of possible investments are inspected carefully by a team of experts with regard to multiple factors that are determined by each organization individually. As funding is usually limited, only the most promising proposals can be offered money. Organizations oversee the use of the money differently. While some keep a very close eye on the way the investment is used, others leave it fully up to the entrepreneur (Newland & Tanaka, 2010).

Box 5: NordHand

Location
Dortmund, Germany

Background
The North of Dortmund has the most difficult socio-demographic situation in the city: it has the highest unemployment rate (25%), the highest proportion of migrants (70%), and the lowest purchasing power. Around 53,000 people live there and 3,500 companies exist, one third of which are run by immigrants. In 2006, city authorities in Dortmund created the NordHand credit union with the aim of helping to establish or expand small businesses in this part of town specifically. It provides microloans with the aim of helping entrepreneurs to overcome short-term financial problems.

The Programme
NordHand is a completely new model of microfinancing, which was developed by Dortmund's economic development agency, taking into account Germany's legal structure. Together with partners a credit union that could provide microfinancing to local businesse was developed. Loans of up to €20,000 for 36 months can help entrepreneurs with their start-up finance or to avoid insolvency. NordHand is a membership association and its services are open to all members. To become a member one has to buy at least one cooperative share and pay a monthly membership fee of at least 5 EUR.

Type of Support
NordHand provides a broader portfolio of services to its member, with the financing tool being the central element:

- Microloans
- Start-up Advice
- Business consulting
- Workshops, guest lectures
- Networking

Source: NordHand, 2014; Eurocities, 2013.

5.2.6 Partnership

A final type of entrepreneurship support programme is that of partnership organizations. They go further than just simply funding a business venture. They invest only in projects that promise to bring revenues. To ensure this the organization is then involved in developing the business project and managing it, especially in the early stages. This type of organization usually has a strong network of experts to rely on when necessary (Newland & Tanaka, 2010). Specific kind of organizations that fit into this category are business incubators and business angels.

Box 6: ChancenNutzer

Location
Frankfurt, Germany

Background
The share of people with a migration background in Frankfurt is currently 42.7 per cent and is therefore higher than the national average. Among the population under 25 years people with migration background are already the majority. At the same time, many of them are disadvantaged in terms of language skills, education level and their overall integration. As a consequence they face much more problems in terms of labour market integration than natives. In December 2013 the official unemployment rate of immigrants in Frankfurt was at 11.5 per cent compared to 7.7 per cent of German nationals.

Based on this the social impact GmbH started a project in 2013 addressing the specific group of young immigrants for the ChancenNutzer programme which offers support in becoming self-employed. The social impact GmbH had prior experience in the field of start-ups, particularly with social enterprises.

The Programme
The aim of ChancenNutzer is to offer young people with an immigrant background an alternative way out of unemployment. The programme focuses on the strength of the individual and does therefore not limit its activities to one specific sector, business ideas can be from a wide variety of fields. So far examples includes a translator, a delicatessen store and a fitness, nutrition and life coach.

In cases where it becomes clear in the process of the programme that self-employment is not the right path for a specific candidate, s/he receives support in finding other labour market opportunities.

Type of Support
The social lab offers the potential entrepreneurs an inspiring location where they can develop, test and realize their business idea with the help of competent coaches and mentors. It offers an office space with internet access, specialized and individually designed services, group formats to stimulate the communication and cooperation and it opens doors to other stakeholders and potential clients.

Specifically the support package offered by the Chancennutzer Programme is composed of:

- Personal coaching
- Trainings, workshops, seminars
- Expert advice
- Mentoring
- Free workplace
- Microfinance
- Start-up incubator

Source: ChancenNutzer, 2014.

5.3 Public-Private Partnerships for Immigrant Entrepreneurship

In general, a public-private partnership is a liaison between a government authority and a private-sector entity who come together for a specific purpose that will serve the wider public. Often public-private partnerships are a way to implement a project faster or make it possible at all, when public funding is lacking. One strength of this kind of partnership is that different kinds of actors come together for a common goal. This usually leads to stronger projects (World Bank, 2012). At the same time, a public-private partnership also implies that risks are shared as are the rewards of the project delivery. The design of a public-private partnerships is flexible, which make it possible to adjust as necessary to the nature of the involved actors and the specific topic that is to be addressed (Juzwiak et al, 2014).

In terms of immigrant entrepreneurship actors on very different levels are involved. There are national, regional and local government authorities, agencies like chambers of commerce and unions, non-profit organizations as well as private-sector companies. If these different actors come together to provide some sort of support programme for aspiring immigrant entrepreneurs all stakeholders may be able to benefit. It decreases public spending on this kind of service and it may increase the quality of said service by involving the expertise of the different actors in its design (Desiderio, 2014). Besides funding, private sector entities are able to contribute through their knowledge of the local labour market and by providing training and education opportunities that will help potential migrant entrepreneurs in implementing their projects (Juzwiak et al., 2014). When this is the case the immigrant entrepreneurs also receive the maximized benefits from this better type of support programme (Desiderio, 2014).

A study looking into the role of cities and businesses in migrant integration found that in Chicago in the United States of America, political leaders, educational institutions, businesses and rights' advocates jointly recognize the role of immigrant entrepreneurs in the city (Juzwiak et al., 2014). As a consequence, public and private-sector groups have established several services aiming at the support of immigrant entrepreneurs. There are business 'incubators', sponsored networking opportunities with local employers as well as support with administrative procedures, all with the aim of maximizing the contributions immigrant entrepreneurs can make to the city's economy (Chicago Council on Global Affairs, 2011).

6. CONCLUSION

Immigrants are often perceived as being highly entrepreneurial and potential contributors to economic growth and innovation in the host country (and city). The importance of this group is increasingly reflected in immigration policies and the development of specific visas that aim to attract immigrant entrepreneurs. As a consequence of this increased attention, a significant body of research on immigrant entrepreneurship has developed over the years. This paper provides an overview of the state of the art of the research field on immigration and entrepreneurship in cities.

While data on immigrant entrepreneurship is in general limited, there is evidence that in many developed countries immigrants are indeed over-represented among entrepreneurs. At the same time, in other countries they are less likely than natives to be entrepreneurs. This largely depends on the country context, the background of the migrants and the opportunity structure in the country of destination. Those migrants that are entrepreneurs may be self-employed or create business that employ others also, ranging from those that create only a few jobs to high-growth firms. Their potential of contribution to the economy rises in parallel with this trend. In general, migrants are often assumed to be more entrepreneurial than natives. This is based on the argument of positive selection of migrants. Migration itself is a risky activity and reflects a certain risk attitude, also important for entrepreneurship. At the same time, someone that took an opportunity to migrate, may also be more likely to spot a good business opportunity. In reality

immigrants often face labour market discrimination and are pushed into entrepreneurship rather than going into it because they spotted a great opportunity.

Immigrant entrepreneurship tends to be an urban phenomenon. Even more so, many immigrant businesses can be found in specific areas of cities where certain ethnic groups are found. The diversity that comes with larger city centres, comes a diversity of backgrounds, skills and experiences, which has been found to be a contributing factor to creativity and innovation.

Entrepreneurship does however come with challenges, with one of the key challenges being a lack of funding and difficulties in accessing formal credit. Immigrant entrepreneurs are much more likely to rely on informal sources of funding as they are less likely to obtain formal loans. They are furthermore often disadvantaged when it comes to obtaining information and administrative procedures simply due to language and educational differences as well as information asymmetries.

Because of these different challenges and the acknowledged importance of immigrant entrepreneurs, a variety of different kinds of support programmes for potential and existing migrant entrepreneurs has been developed in many countries (and cities). They vary in scope and intensity from simply providing information to joining into a partnership with the start-up immigrant entrepreneur.

It is important that the opportunities that immigrant entrepreneurs present for cities are cultivated more. In order to do that it is important to attract the right people with good ideas and the skills to implement them. In addition, those entrepreneurial immigrants already in cities should be activated by implementing encouraging policies and programmes. For both groups it is essential that the general business environment is friendly and offers opportunities to start a new business without too much administrative burden. Taking into account the main challenges faced by immigrant entrepreneurs, local authorities wanting to maximize their contributions should consider the following recommendations:

- Gain an understanding of the profile of the immigrant population in the respective city in order to be able to design policies and programmes that are actually attractive to the specific population.
- Increase cooperation between relevant actors like immigration authorities, chambers of commerce, economic authorities and financial institutions, potentially in the form of public-private partnerships, in order to be able to provide comprehensive information and join forces to make support stronger.
- Make sure existing support mechanisms are visible to the target group and are communicated clearly, so that they are accessible to immigrants. Find ways to encourage them to take up support offers by, for example, having staff with a migration background.
- Provide support for the dealing with administrative procedures so that they are not a discouraging factor.
- Access to credit remains one of the main obstacles for starting a business. Increasing this access is therefore one of the key factors in increasing immigrant entrepreneurship. This can be done by encouraging banks to consider giving more loans to immigrants for business start-ups or by the provision of microcredits by other types of organizations.

It should also be mentioned that while research efforts in the field are increasing, there is still a lot to be done. One point is that a lot of the literature is focused on a limited number of host countries and cities. The United States is the most commonly analysed country in the context and even there is a focus on cities like Miami, New York and Los Angeles. It would be extremely interesting to learn about the types of immigrant entrepreneurship, their motivations for this decision as well as their contributions in a wider

range of countries and cities. Of particular importance would be to also look into this in the context of different developing countries, where immigrant entrepreneurship certainly does exist, particularly in the growing urban centres, but is at this stage not documented in the literature.

Understanding immigrant entrepreneurship in cities better is important in order to be able to develop effective support mechanisms and partnerships to foster it further and maximize the potential positive contributions.

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