



MEGA

MIGRANT ENTREPRENEURSHIP GROWTH AGENDA

Financial Inclusion of Migrant Entrepreneurs: Barriers, Challenges and Support Measures

Handbook

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INTRODUCTION

Migrant entrepreneurship has been recognised as a viable alternative of decent and sustainable employment for migrants (Rath, Schutjens, 2016). Migrant entrepreneurship is not only a powerful way towards empowerment, self-realisation, income creation and improvement of the social status for migrants themselves, but also a decision positively impacting the economy of the country of destination (Allen, Busse, 2016; Basu 2011; European Commission, 2016; Ram, Jones Villares-Varela, 2017). However, the potential contribution of migrant entrepreneurship to migrants' lives and country of destination is often hindered by several challenges and barriers, including an overall lack of migrants' financial inclusion (Solano, Wolffhardt, Khani, 2019).

Several policies and measures worldwide have tried to support entrepreneurs in their effort to set up their own activities in the country of destination and to overcome existing barriers. This Handbook builds on MEGA's first Handbook on measures to support early-stage migrant entrepreneurs (Solano, Wolffhardt, Khani, 2019) to further develop the topic of measures aimed to enhance migrant entrepreneurs' business development, with a particular focus on the access to funding and facilities. This handbook is based on a review of more than 170 initiatives in European and non-European countries, based on an extensive desk research, including literature review and collection of measures by MEGA project partners.

The importance of further exploring this issue rests in the fact that the literature has shown that access to finance is the main difficulty that migrant entrepreneurs face (OECD, 2010). This is due to the presence of several general and financial-related barriers preventing beneficiaries from receiving adequate economic support they may need and accessing mainstream financial support. These barriers are related to both migrants' cultural, educational and social condition and to the inadequate financial system for this category of entrepreneurs. The Handbook addresses these barriers in Section 1, where the description of the main obstacles is followed by a brief discussion on the consequences that the current unfavourable conditions characterising formal credit institutions have on migrant entrepreneurs' businesses, such as limited capacity of expansion or the heavy reliance on family's savings.

Several types of support represent viable financial solutions for individuals who cannot easily access traditional and mainstream financial instruments (UNCTAD, 2018). Although financial support is of the utmost importance, only by combining it with other forms of assistance are positive results normally more easily achieved and risks mitigated (Solano et al., 2019). Direct financial instruments which provide funding to migrant entrepreneurs in the form of microcredit loans, grants or non-repayable subsidies, guarantees and counter-guarantees, and equity investments are particularly relevant.

Migrant entrepreneurs can be also supported in the process of applying for funding, either for writing a grant application or by making sure they meet all the requirements to ask for financial instruments. An insufficient understanding of administrative procedures or a non-compliant business plan can lead to a refusal for funds.

Finally, the provision of facilities for free or at convenient price or advice to find suitable office spaces, storage spaces or plant areas represent other forms of support which allow migrants to save a considerable amount of money and have adequate facilities or equipment at their disposal to develop their business ideas and make them real.

Financial support measures are illustrated in Section 2. For each category of support, several examples are presented to better illustrate how initiatives to financially support migrant entrepreneurs can work in practice. Initiatives, programmes and institutions considered are drawn from OECD countries; some of them target entrepreneurs in general, while others specifically support migrant entrepreneurs or certain sub-categories such as migrant women or refugee entrepreneurs.

This Handbook concludes with some reflections and remarks on the different forms of financial support for different migrant entrepreneurs' profiles and for different stages characterizing the life cycle of a business activity illustrated.

1. BARRIERS AND CONSEQUENCES OF AN UNFAVOURABLE FINANCIAL SECTOR FOR MIGRANT ENTREPRENEURS

Nowadays, in OECD countries, immigrants usually set up businesses more often than their native-born peers, but they tend to face greater obstacles when establishing, running or expanding their activities (Eurostat, 2017). The businesses of the former also have lower survival rates than enterprises created and run by the latter (OECD, 2010 and 2013). In fact, there are several obstacles that undermine the possibility of migrant entrepreneurs to fulfil their potential (Rath, Solano, Schutjens, 2019; Solano et al, 2019).

Some of them are linked to the financial sphere of the business, especially in terms of accessing funding or having adequate facilities at their disposal. Even if migrant entrepreneurs have a very good business idea and the skills to put it in practice, the investment in terms of capital and location are often not affordable for them. These barriers can be associated with the market, culture and skills. Among the most recurring are the following (MPI, Desiderio, 2014; Rath, Swagerman, CLIP, 2011; UNCTAD, 2018):

- **Financial capital constraints**, which may not allow migrant entrepreneurs to have the necessary financial resources at their disposal to concretely implement their business ideas;
- **Limited social capital in the country of destination** due to the dearth of relationships and networks with experts and locals, who could represent a point of reference in dealing with the bureaucratic processes of accessing funding;
- Difficulties in **dealing with the regulatory framework** due to insufficient knowledge and understanding of procedures and rules characterising the country of destination and the administrative steps to start a business. This may hamper the possibility to receive adequate financial support;
- Presence of **language and cultural barriers**, which may hamper the relation between migrant entrepreneurs and banks;
- **Immigrants' legal status**, as before setting up a business in a third country, migrants need to have a clear roadmap

in mind regarding their short-term and long-term immigration options, to make sure to comply with regulations and not to find themselves unable to continue to operate in the territory of another country once their business is already set up.

When it comes to **accessing credit from financial institutions**, several specific barriers both linked to the entrepreneurs and the financial institutions can be identified. On the one hand, it is possible to highlight the following factors hindering migrants from receiving the financial instruments they require (Desiderio, MPI, 2014; Rath, Swagerman, CLIP, 2011;):

- **Short credit history** in the country of destination. As migrant entrepreneurs may not have been living in the country of destination for a long time, they are often unable to show their entire credit history. This situation, which does not allow to appear reliable for credit institutions, makes available financing options limited and expensive, and results in difficulties in assessing the documentation provided by a third country in this regard;
- **Poor bookkeeping**, which corresponds to the difficulty for some entrepreneurs to record and track up-to-date financial records. The lack of a complete and detailed overview of the entries of receipts, payments, income or expenses can possibly lead to refusal when requesting financing, as banks will always want to check balance sheets and financial records;
- **Possible lack of collaterals**, normally savings or properties useful in securing loans and reducing loan losses in case the borrower defaults (houses, cars, bank saving deposits, investment accounts etc.). If collaterals are absent or scarce, loans requests are likely to be rejected;
- **Substandard business plans**, which may be poorly written, vague, incomplete or contain unrealistic assumptions or goals. As migrant entrepreneurs may not be entirely used to the business culture of the country of destination or not completely able to draft proficiently a business proposal, resulting business plans below the standard may jeopardize the access to finance.

On the other hand, there are obstacles in accessing financial instruments that can be directly linked to the credit institutions, which equally hamper attempts to get the adequate resources to set up a business (Molenaar, EMEN, 2018; Rath, Swagerman, CLIP, 2011; Solano et al., 2019; UNCTAD, 2018):

- **Excessive risk management** and the perception that migrant enterprises are characterised by high risk from the perspective of formal financial institutions. Banks may be excessively concerned with the potential risk associated with migrant-owned businesses and can therefore implement strict policies to mitigate the risk.
- **Prejudice and biased attitude** of suppliers of financial services towards migrant entrepreneurs. Aspiring entrepreneurs with a migration background do not usually have a good reputation in the context of conventional financial institutions, as they are not always seen as regular clients but treated as individuals associated with high levels of risk, unreliability, demanding and time-consuming procedures. This may not always hold true, but perceptions may indirectly lead to a *de facto* discrimination;
- **Overall lack of expertise and competence** in understanding and meeting the needs of migrant businesses in the context of credit institutions. Ideally, staff should have a combination of ad-hoc intercultural and business-related competencies, suitable language skills and a certain degree of sensitivity and expertise on business and migration);

- **Unfavourable and unfit policies** and procedures characterising credit institutions, which end up excluding migrant entrepreneurs from the formal financial sector and force them to avoid dealing with formal banking institutions and to turn to alternative or non-formal funding sources. Policies governing the financial sector may not be entirely ready to offer services to foreign entrepreneurs, and therefore can fail to understand their business needs or to grant the same access to their services as compared to natives.

Existing barriers to accessing adequate financial instruments and therefore the possible lack of financial capital can result in migrant entrepreneurs' heavy reliance on personal **savings or on the financial support informally provided by family members, friends or acquaintances** (MPI, Desiderio, 2014; Nijhoff, 2019; Solano, 2015). Although the use of these sources of funding may present fewer financial hurdles and allow for more flexible repayment schedules (possibly even without interest rates), this is not cost-free, as, for instance, support can come together with claims from the lenders (e.g., request for free goods or hiring a specific person, social norms), which can have a negative impact on the business in the long run.

Secondly, an insufficient amount of capital can also **limit the capacity of expansion**, as well as the **sustainability** of a business. This situation can, in turn, limit the investment of migrant entrepreneurs **in sectors where financial requirements and barriers are less demanding** or characterized by low profitable activities. In these cases, only **small initial investments** are usually needed, and **diplomas/certificates** rarely required.

2. FINANCIAL SUPPORT AND RELATED MEASURES

Overall, our research shows that more than half of the analysed measures (57%, 100/176) include a direct or indirect form of financial support and related measures. The financial-related support provided to migrant entrepreneurs to help them set up and expand their business can be threefold.

First, capitals can be **directly provided to migrant entrepreneurs**, through different instruments, by different institutions and envisaging diverse conditions. In our analysis, almost 50% of the financial-related measures include direct provisions of financial support (48/100).

Secondly, migrant entrepreneurs can be supported by institutions of different nature in the **process of applying for funding**, thus improving migrants' familiarity with rules and procedures and making sure that they meet necessary requirements to access it. This type of measures is included in 44% of the 100 analysed measures that provide financial-related support.

Thirdly, **facilities (or equipment)** can be also provided to assist the initial phase and to reduce the costs of managing the business. However, this kind of support seems slightly less employed, as it is only provided in 33% of financial-related measures.

To have a more thorough overview of the financial measures that migrant entrepreneurs can receive, it is also useful to illustrate some examples of initiatives drawn from OECD countries that have been implemented in the recent past (Solano et al., 2019). It is important to underline that some of the initiatives, business centres or organisations offering support to migrant entrepreneurs may generally target all entrepreneurs, not specifically those with a migrant background, while others are created for the sole purpose of supporting migrant-owned businesses.

2.1 Direct financial support

Migrant entrepreneurs can be supported financially through direct support. In this case, they are provided with a direct source of funding, which they may or may not need to pay it back. Among the most recurring instruments are (Molenaar, EMEN, 2018; Rath, Swagerman, CLIP, 2011; Solano et al., 2019; UNCTAD, 2018):

- **Zero- or low-interest small loans**, which allow migrant entrepreneurs to only pay back the principal to their borrower or the principal and a small interest below the average;
- **Grants or non-repayable subsidies**, financial contributions which are disbursed by an institution and do not require to be paid back;
- **Guarantees and counter-guarantees** to financial intermediaries to foster the provision of credit to migrant entrepreneurs that face difficulties in accessing the conventional credit market;

- **Equity investments**, that is to say, money invested in a business by purchasing part of its shares in the stock market;
- In the case of governmental institutions, it is possible to provide **welfare money** to set up businesses, to reduce the enterprise costs by **exempting** the entrepreneurs from **paying taxes or by providing subsidies**.

In this regard, it is worth noting that migrant entrepreneurs may look for **comprehensive financial packages**, rather than a single service provided by a single institution and that the needs of an enterprise may change over time, thus changing the appropriate financial services that may be required. It could be therefore useful for institutions of a different kind to join efforts and create synergies to provide diversified products.

Furthermore, migrant entrepreneurs may also seek support through **alternative funding mechanisms** based on the web or relying on peers, governmental entities or private investors.

Among the possible options of non-traditional funding instruments are the following (Marchese, OECD, European Union 2014; UNCTAD, 2018):

- **Peer-to-peer lending** (also known as P2P lending), through which migrant entrepreneurs can be lent money through online services that match lenders with borrowers, usually at an affordable price compared to the costs of traditional financial institutions;
- **Lending groups**, where members – usually low-income individuals – borrow collectively and guarantee each other’s loan repayment;
- **Business angels** (or angel investors), who are normally wealthy individuals who provide capital for businesses – especially in the start-up phase – possibly in exchange for convertible debt or ownership equity, but who may be investing for reasons going beyond a monetary return. Business angels usually invest in unquoted businesses and, combined with financial resources, they usually also provide advice and networks;
- **Islamic banking and finance**, referring to financing tools which are Sharia-law compliant and therefore forbidding interest rates. The range of instruments falling under this category can be particularly effective among Muslim groups. Islamic finance can have a positive impact on the integration of hard-to-reach entrepreneurs who would not look for credit unless it complies with the rules of their religious beliefs (Marchese, OECD, European Union 2014);

In general, most of the programmes/institutions offer small loans or provide microcredit to start a business and to make it grow. There is a strong use of **microcredit instruments**, which are useful to support self-employment and small business creation, especially in case of lack of collaterals, steady employment or verifiable credit history. Overall, microcredit aims to tackle market barriers and cultural barriers at the same time, as formal banks lend against the provision of collateral and with a type of business mindset that does not necessarily fit migrants’ needs. While in eastern countries, for-profit organisations and credit unions are mainly present in this sector, in western countries the market mainly consists of non-

governmental organisations and non-banking financial institutions (Marchese, OECD, European Union 2014).

Some initiatives providing direct financial support to migrant entrepreneurs are NordHand, offering micro-loans to those struggling to access the formal banking sector, The Human Safety Net’s Refugee Start-Ups Project providing convenient loans, 1 Week to Meet Financial Partners Initiative allowing aspiring migrant entrepreneurs to meet financial partners who can sponsor their activities, First-Step Microfinance Programme, which considers applications by those who have been rejected a loan by banks or the Entrepreneurship Support Programme for Refugee Empowerment (ESPRE) and the Thrive Refugee Enterprise, both providing small loans to refugees or the grants provided by Work-Lan Bizkaia.

- ❖ **NordHand – Germany** → NordHand is a cooperative credit union created by the authorities in Dortmund city providing microloans to small and micro-business owners who struggle to access credit through mainstream banking services.
- ❖ **The Human Safety Net – Refugee Start-Ups Project – France** → This program empowers refugees, helping them become successful entrepreneurs. The project allows to develop business ideas and business plans, test ideas in special workshops, connect with experts who can provide support to develop a business. Moreover, the incubation program allows to have access to co-working spaces, be assigned a dedicated individual advisor, get the chance to network with peers and mentors and be offered a convenient loan.
- ❖ **1 Week to Meet Financial Partners Initiative (Regional School of Projects) – France** → This non-governmental initiative implemented in Île-de-France Region in June 2019 gives migrant entrepreneurs the chance to present their business to financial partners invited in the context of the initiative with a view to convincing them to support their activities, be it through grants, loans, crowdfunding etc. Under a “speed dating” form, each entrepreneur has one minute to present their ideas: it is a way to test their pitch and to be prepared to further develop their business in the subsequent 6 months of training called “Regional School of

Projects: Migrant Entrepreneurs” organized by Grdr and Île-de-France.

- ❖ **First-Step Microfinance Programme – Ireland** → The programme provides microcredit to small and medium-sized businesses across Ireland, including migrants, through the Government’s Microenterprise Loan Fund. The purpose of the fund is to help start-ups and established businesses to start up a small business or expand an existing business. The programme also considers applications from businesses that may have been declined a loan from their Bank.
- ❖ **Migrant women. Creating cooperatives associated work – Spain** → This initiative, implemented by the Spanish non-governmental organisation Work-Lan Bizkaia, promote the creation, consolidation and growth of employment of migrant women through associated work cooperatives dedicated to home care/services. Participants are not only provided with training, workshops, mentoring, but also with direct financial support such as grants and bank financing without endorsement.
- ❖ **Fondazione Welfare Ambrosiano – Italy** → This organisation provides grants and mentoring for entrepreneur’s beneficiaries of microcredit. Besides the grants, entrepreneurs are supported in the following activities: fiscal aspects related to administration, finance and control; management of

liquidity and cash flows; project activities implementation.

- ❖ **Entrepreneurship Support Programme for Refugee Empowerment (ESPRES) – Japan** → Japan’s first government-authorized micro financial institution supporting entrepreneurs with a refugee-background since 2012, ESPRES, the Entrepreneurship Support Program for Refugee Empowerment, was launched by a partnership with Japan Association for Refugee (JAR) and Social Venture Partners Tokyo LLC (SVP Tokyo). ESPRES provides very small loans to marginalized people, especially refugees, to start or expand small, self-sufficient businesses. ESPRES seeks to empower refugees and provide them with the opportunity to start a business.
- ❖ **Thrive Refugee Enterprise – Australia** → This not-for-profit organisation located in Sydney and Melbourne helps refugees and asylum seekers realise their dreams by providing small business loans to enable them to start and grow successful businesses and become financially independent, while actively contributing to Australia’s economy and community life. It also provides information about the Australian business market and the knowledge and steps required to start or expand a business, as well as post-loan mentoring to guide entrepreneurs towards business success.

2.2 Support in the process of applying for funding

Some institutions and organisations do not have the means or the objective to provide direct financial support, but act as facilitators or support in the process of applying for loans and grants provided by other institutions, generally banks. This support usually translates in the possibility for migrant entrepreneurs to be helped with writing a grant application or to meet all the requirements to ask for a loan.

Securing funding through a bank can be a challenging procedure whenever there is no deep understanding about how the system works and no familiarity with the paperwork and documentation which need to be submitted. Some of them

support migrant entrepreneurs to apply for funds provided by governmental institutions, offer legal and funding advice and help them navigate in the financial formalities of the country of destination.

Among the initiatives in OECD countries entailing similar services are SINGA Factory, Esther Foundation, JUMPP’s Projects, RE-LAB Project, CNA World Dedalo or the one facilitating access to microfinancing for migrant entrepreneurs implemented by the Asociación Ad Los Molinos.

- ❖ **SINGA Factory – Switzerland** → The SINGA Factory in Zürich and Geneva is a start-up program for entrepreneurs from refugee and migrant backgrounds who want to start a business in Switzerland. SINGApreneurs (program participants) are connected to established local professionals who have experience, knowledge, skills and networks, and want to contribute to their community. Over the part-time program, SINGApreneurs benefit from business workshops, coworking, one-to-one mentoring, legal and funding advice, and access to a network of specialists, partners and businesses. In particular, SINGApreneurs receive the professional advice they need about Swiss regulations and formalities from legal, accounting, tax and insurance experts, allowing them to confidently start their businesses. The program is specially designed to take account of the specific needs of entrepreneurs from refugee and migrant backgrounds.
- ❖ **Esther Foundation – Sweden** → The objective of the Ester Foundation is to give unemployed women with a migrant background an opportunity to become self-employed and/or self-supported. Ester considers itself not to be a traditional charity project, but rather a training institution, with the goal to help immigrant women start profitable businesses and enter regular financial institutions. Upon successful assessment of the business plan, the beneficiary is supported in applying for the start-up grant provided by the Swedish Employment Agency.
- ❖ **JUMPP – Germany** → This non-profit association carries out two projects “Migrant Project” and “Refugee Project” aimed at supporting respectively female migrants and female refugees to start their own business, thus promoting their integration and equal opportunities. Mentoring, workshops, individual advice, events are an integral part of the projects, but support to get access to loans and state subsidies is also provided.
- ❖ **RE-LAB – Italy** → The RE-LAB project (2012-2014), funded by the European Refugee Fund and the Italian Ministry of Interior, sponsored business ventures by people holding international protection. It provided them with the skills and tools they need to start up a business, supporting them through an orientation and training course. The RE-LAB project offers aspiring refugee entrepreneurs a mix of entrepreneurship training, business plan development support, technical assistance and mentoring, with each element phased in according to the participant’s stage of business development. It also connects aspiring refugee entrepreneurs with emerging financing alternatives such as cooperative credit banks.
- ❖ **CNA World Dedalo – Italy** → The initiative aims to assist migrants in starting up and running their own businesses. It offers counselling, support services and training programmes for entrepreneurs. Among its objectives are fostering ethnic minority entrepreneurship, improve migrants’ business management skills and their access to finance. As regards the last point, in cooperation with Sanpaolo Bank, the programme helps immigrant business owners from outside the EU to apply for (micro-) credit. To this end, CNA makes use of a well-developed network of Italian banks.
- ❖ **Asociación Ad Los Molinos – Spain** → This non-governmental organisation advises migrant entrepreneurs through personalised and continuous support to develop their business ideas, shape their business model and achieve the technical and economic viability of their business project. The participants are accompanied in the process of requesting financing from banking institutions, usually microcredits aimed at entrepreneurs.
- ❖ **Fondazione Welfare Ambrosiano – Italy** → This organisation provides support in the process of applying for funding, loans and grants provided by banks and microcredit institutions. Entrepreneurs are supported through a wide variety of activities, such as: strategic and financial management; consulting/supporting services; developing business skills.

2.3 Provision of facilities or support to find them

Support providers can also help migrant entrepreneurs by providing them with the possibility to set up and run their business in facilities which are given for free, at a lower rate/favourable price or even exempted from value-added taxes, as may be the case for government-owned spaces. This can be an office space, a shop, a co-working space, a manufactory space or a storage space, depending on the type of activity and the resources of the initiatives.

Providing migrant entrepreneurs with a place where they can work as self-employed or start a business is critical to reducing the costs of conducting the activity. This is particularly effective in the start-up phase, to allow migrants to have more financial capital available for the initial investment required. Similarly, if premises are not directly provided, it is possible for migrant entrepreneurs to be supported to find office spaces, co-working spaces, storage spaces or plant areas: leasing office or retail space in a new country may be indeed a very daunting experience (Rath, Swagerman, CLIP, 2011; Rath, Swagerman, 2016).

Sometimes, working spaces provide desks with computers and internet connection on their premises available for migrant entrepreneurs to use. Additionally, some initiatives are able to offer more than simple working spaces: incubators can enhance the entrepreneurial atmosphere and allow migrant entrepreneurs to be surrounded by their peers and mentors (European Commission, 2016).

Some initiatives or institutions which entail the provision of facilities are the Indian Business Centre, the Macken Entrepreneurship Centre, the PEI Initiative, the Stuttgart's Economic Development Department and the Nuoret Yrittajat Projekti (Young Entrepreneurs Project, NYP), offering both office spaces – free or at a lower rate – and also equipment essential to make their plan concretely work.

- ❖ **Indian Business Centre – Germany** → The Indian Business Centre in Stuttgart provides legal and administrative advice to business owners and helps them enter the German market. It also provides equipped office space for business, technical infrastructure, translation services, support to help entrepreneurs find schools for their children.
- ❖ **Macken Entrepreneurship Centre- Sweden** → This social entrepreneurship/co-operative has been offering from 2005 business training, mentoring, individual business support to aspiring entrepreneurs, especially for marginalised groups and migrants. In addition, it also provides legal advice and facilities to study and work for those who need them. Macken has also started a pop-up shop where several different entrepreneurs can share a space while they market their business and explore their ideas.
- ❖ **PEI Initiative – Portugal** → Portuguese PEI (Project Promoting the Immigrant Entrepreneurship) initiative has been supporting immigrants in structuring and implementing a business idea. Established by ACM (High Commission for Migrations), the initiative is designed to help develop entrepreneurial mindsets and capabilities among migrants and to support migrants in the implementation of their business ideas. A focus is given to promoting sustainable forms of entrepreneurship and to formalizing existing businesses in the informal economy. The initiative includes business skills training, individual support sessions, workshops and events. Facilities for participants, office space, computers and internet connectivity are also provided to further support migrant entrepreneurs develop their business plan.
- ❖ **Stuttgart's Economic Development Department – Germany** → This department in Stuttgart supports entrepreneurs to find premises by providing comprehensive information on the provision of services addressing different aspects related to how to start a business in the city (funding opportunities, work permits, taxes, staff, bank accounts etc.).
- ❖ **Nuoret Yrittajat Projekti (Young Entrepreneurs Project, NYP) – Finland** → NYP Business Services (NYP) originally started its activities in 1993 under the name Nuoret Yrittajat Projekti (Young Entrepreneurs Project) and was part of the City of Helsinki Youth Department. At first, NYP only served young entrepreneurs, but later it started offering

services to both native and migrant entrepreneurs. NYP offers three types of services: business counselling, courses in entrepreneurship and incubator services. NYP itself does not offer financial support for start-ups but its counsellors assist

entrepreneurs in preparing documentation when applying for a loan or a grant elsewhere. As the premises are the property of the municipality, office space is provided at a lower rate and the fees are exempt from value-added taxes.

3. DIFFERENT PROFILES, STAGES AND NEEDS FOR ENTREPRENEURS

Existing literature, researchers and policy makers often address migrant entrepreneurs as a homogenous group. However, each entrepreneur has a different background, competences and skills, degree of experience, financial resources, knowledge of the business sector and networks. Some migrant entrepreneurs are pushed to start a business by the challenges that they face to find a (decent) job and/or the discrimination that they encounter in the job market. In this case, they primarily aim at creating their own means to sustain their livelihood. Other migrant entrepreneurs may be pulled to start a business by the possibility of seizing opportunities. Some migrant entrepreneurs have clear, innovative business ideas and the ambition and skills to set them up (e.g., in the ICT sector).

Different profiles of migrant entrepreneurs require different kinds of support. Some migrants may need just small loans to regain self-confidence and start small economic activities to fend for themselves and integrate into the society of destination, while others may be more resourceful and educated, but still lacking access to formal financial services.

Therefore, it is possible to distinguish three profiles of migrant entrepreneurs (Molenaar, EMEN, 2018), each of them characterised by specific needs and suitable for certain support measures:

- **Necessity-driven migrant entrepreneurs** → This category chooses to set up a business mainly out of necessity. These entrepreneurs need income-generating activities, due to their relatively unfavourable condition in the job market, their limited competences and financial resources, etc. Necessity driven entrepreneurs are more likely to access low-profitable sectors that do not require considerable initial investments. Therefore,

they probably can access these markets without requesting a loan. Furthermore, they are not usually suitable for grants. Entrepreneurs of this type are normally better-off when provided with free or cheap premises, enabling them to bring down the initial costs to start and conduct the business.

- **Opportunity-driven migrant entrepreneurs** → Some aspiring entrepreneurs may have a clear idea of the available opportunities and the right skills and resources to seize those. In this case, the main driver for starting the business is the possibility to seize an opportunity. Opportunity-driven migrant entrepreneurs are more likely to need money to seize the opportunities they have in mind, especially in the start-up phase, and therefore grants and loans could represent a more viable option for them. For example, opportunity-driven migrant entrepreneurs often engage in import/export business activities; this kind of entrepreneurs needs initial financial support to buy the products to start the business (Solano, 2016).
- **Growth-oriented migrant entrepreneurs** → Some migrant entrepreneurs are more growth-oriented, as they have solid business knowledge, a clear understanding of the market, and innovative growth-oriented business ideas. This profile of migrant entrepreneurs may aim at setting up activities with great innovation capacity and job creation potential. Growth-oriented entrepreneurs often have the skills to engage with innovative businesses, but they might lack the financial resources to do so or may have scarce knowledge of the bureaucratic requirements to get financial support. For this category, grants to develop

their business ideas or equity to invest in their business seem particularly adequate. Furthermore, they would particularly benefit from the presence of an ad hoc support to write business plans and grant/loan application to access significant amounts of financial resources or services of several kinds. The provision of a workplace in the context of incubators is a viable means not only to support the business financially but also to enhance the possibilities to set up an innovative activity.

Furthermore, migrant enterprises have also different needs which vary according to the phase of their business. In this respect, literature normally distinguishes between start-up and **early-stage businesses** and **consolidated businesses** (Schutjens & Stam, 2003). Start-up and early stage businesses require different kinds of financial support than more consolidated ones:

- **Start-up and early-stage businesses** are enterprises that are less than 3 years old. Starting a business is a demanding and time-consuming activity, necessarily requiring an initial investment and additional resources to kick off. Early stage entrepreneurs strongly need to be provided with direct financial support. Generally, this translates into the request for loans which could help them obtain the necessary financial support to start the business. Having adequate financial means also lessens the risk of being forced to enter low-profitable market by necessity. Moreover, if financial support is coupled with the provision of low-cost or free premises avoiding further costs for the entrepreneur, the possibility of survival of the business may be enhanced. As businesses are rarely profitable since the beginning, provision of low-cost or free premises may help the entrepreneurs to sustain themselves with the business.

Furthermore, studies show that early-stage migrant-owned businesses are the ones that are less likely to mainstream financial support. As already explained, this is due to a lack of solid credit history and inability to prove being reliable enough in the eyes of banking institutions. Therefore, start-up and early-stage migrant entrepreneurs would benefit from the presence of a guarantor or a guarantee mechanism covering losses if the borrower defaults on a loan, as well as from an administrative support in dealing with banking procedures and applications.

Therefore, early-stage entrepreneurs are likely to need not only one single service or financial instrument, but rather a more comprehensive package providing both economic resources and financial-related support, not necessarily offered by a single institution.

- **Consolidated businesses** are businesses that are more than 3 years old. As regards migrant entrepreneurs owing a more consolidated business, obstacles regarding the access to financial credit and expertise in dealing with business-related bureaucracy are usually less insurmountable. Research shows that consolidated entrepreneurs are less likely to have difficulties in accessing mainstream financial services, as they already have a credit history in the country, and they are acquainted with the administrative requirements of the country of destination. In addition, being more consolidated businesses, premises and facilities where activities can be run are often already well-established and therefore entrepreneurs may not need further support in this respect. However, loans, grants and equity are effective instruments to let them invest in the business and make it grow.

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