

# Migrant entrepreneurs, the new supermen and wonder women...?

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## Migrant entrepreneurs need to be assisted...?

Many institutions, organisations and policy makers in Europe consider it important to develop mechanisms to assist newcomers, refugees and asylum seekers<sup>2</sup> in setting up and developing their own businesses. The final aim of these mechanisms is inclusion: to enable newcomers to start their own business and generate their own income. As such, they can become full, active members of society. The research group Financial Inclusion and New Entrepreneurship (FINE) of The Hague University of Applied Sciences is member of a consortium of European Union (EU) based organisations that seeks to document and systematize and eventually replicate good practices in this area. The project, known as the European Migrant Entrepreneurship Network (EMEN) has indeed a challenging objective: *The aim is to develop, share and promote support schemes not only for individual migrant entrepreneurs but also for social and inclusive enterprises benefitting migrants. Ultimately the knowledge gained will be of use for those developing and promoting support schemes for migrant entrepreneurs, leading to a more inclusive society.*

Part of our activities is to assist the foundation MigrantInc in The Hague in developing a modular system to assist newcomers in setting up their businesses. We study their methods and students accompany prospective entrepreneurs in the process of developing their viable business plans and setting up their enterprises. MigrantInc is ambitious: *By offering an integrated approach in support of migrant entrepreneurs assisting the latter to become independently operating self-employed persons who are included in the local economy/ society.*

Why are we participating in such projects? Do we believe that migrant entrepreneurs are different from other entrepreneurs? Do we think that they need to be assisted in a different way with other support methods? Do they need other business development services? Other types of financing?

## New immigrant business support programmes

To justify the support for migrants wishing to establish their own businesses, initiators and stakeholders refer to a range of arguments such as: ethnic entrepreneurs contribute to the economic growth of their local area, often rejuvenate neglected crafts and trades, and can stimulate the provision of higher value-added services (EU, 2016). Migrant entrepreneurs offer additional services and products to the host population, and can create an important bridge to global markets. In addition, those propagating support to migrant entrepreneurs claim that ethnic entrepreneurs not only create employment for themselves but also increasingly for immigrants and the native, indigenous

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<sup>2</sup> Preferably newcomers with a more permanent status

population. Some highlight the relevance of ethnic entrepreneurship for reducing unemployment and providing access to employment for other vulnerable groups in society such as women or youth from specific ethnic groups and help to alleviate them from the poverty trap<sup>3</sup>.

Migrant entrepreneurs have an enormous task since they are expected to:

- Create their own jobs and jobs for others;
- Contribute to different forms of social capital to immigrant ethnic communities;
- Be role models and show that even coming from less-developed countries they can be active agents and shape their own destinies by setting up their own businesses;
- Use their expert knowledge, direct or through networks, to expand consumer choice by providing goods and services that indigenous entrepreneurs are less likely to offer;
- Introduce new products and new ways of marketing;
- Engage in lines of business that indigenous entrepreneurs are not willing to engage in (because of location or working hours);
- Add vitality to neighbourhoods. They are a focus for local social networks, creating social capital;
- Revitalise certain business sectors – such as tailoring / repair services.

The expectations related to migrant entrepreneurs are high and apparently the migrant entrepreneur is seen as a kind of supermen or wonder women. In order to assist the migrant entrepreneurs a variety of special projects and programmes have been launched over the past decennia. The titles, project descriptions and promotion materials make it clear that they are uniquely targeted at migrants. They seem to need special assistance: special methods in business creation and enterprise development, special entrepreneurship education / training and special business advice. And then special programmes are set up and promoted as migrant entrepreneurship development programmes. But in these programmes, not much attention is dedicated to carrying out in-depth *needs* assessments as was argued in the comprehensive study “Entrepreneurial Diversity in a Unified Europe, Ethnic Minority Entrepreneurship and Migrant Entrepreneurship” (IMES, FACET, 2008). One gets the impression that prospective migrant entrepreneurs are best attended to by offering different entrepreneurship development methods and different enterprise education and training. Migrant entrepreneurs are presented as individuals different from the entrepreneurs we are used to know and used to see around us.

### With special entrepreneurship training or education ...?

The view of policy makers and practitioners in small business promotion in the 1970s was that businesses would emerge and develop if there would be adequate services such as infrastructure, financing, technological support and market opportunities. People would then see those opportunities and start businesses (Stanley, 1965). Economists assumed that people were rational and would exploit any improvement in the environment as an opportunity and this again would generate economic development (Molenaar, 1983). In many parts of the world many people did not react automatically to such changes in the environment.

The focus shifted towards entrepreneurship training (EET) in the 1980s, particularly in small enterprise development programmes based on the Achievement Theory of McClelland (McClelland, 1961). Individuals were expected to respond in a consistent manner to a variety of situations. Particularly in developing countries those ideas were adopted and integrated in small enterprise

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<sup>3</sup> Hooper, Desiderio, & Salant, 2017; Kloosterman & Rath; 2014, Portes, 1995; Rath & Schutjens, 2016

development programmes (like in India: Patel, 1987) , the Competency-based Economies through Formation of Entrepreneurs (CEFE) programmes supported by the German development agency (GtZ) or those initiated and supported by the ILO in for instance Kenya (Molenaar, 2009). There is a strong focus on Achievement Motivation Training (AMT), intending to activate and develop the need for achievement in people as a start to engage in self-employment or setting up one’s own business. Certain entrepreneurial characteristics were considered relevant and determining the possibility that one would indeed successfully start a business.

Based on field research and evidence based data collected in various Micro and Small Enterprise (MSE) development projects and Entrepreneurship Development (EDP) promotion programmes, MSI (Management Systems International -New York) came to conclude that ten Personal Entrepreneurial Characteristics (PECS) were dominant for starting a successful business (MSI, 1990). Over the years it has become evident and commonly accepted that a set of uniform entrepreneurial traits and characteristics exist.

Entrepreneurship education and training has since then become an integral part of comprehensive business creation and enterprise development programmes. Those trainings then preceded the more functional management and business planning training leading to the actual formulation of the business plans. In some even special attention was paid to using the entrepreneurial characteristics and traits in selection modules.

See table 1 for an overview of the various entrepreneurship characteristics as applied and accepted by the various organizations over the years.

**Table 1 Entrepreneurial characteristics as applied by selected organisations and programmes**

Entrepreneurial elements as included in CEFE programmes worldwide	Entrepreneurial characteristics in programmes in developing countries which ILO played a leading role such as IYB/ KAB and projects like ABC and SPAREK – later used by organisations in the Netherlands such as SEON and IntEnt	PECs as defined by MSI and formulated on the basis of comprehensive studies and projects in developing countries
<ul style="list-style-type: none"> <li>• Self-starter?</li> <li>• Self-confident?</li> <li>• Persistent?</li> <li>• Achievement motivation?</li> <li>• Independent?</li> <li>• How feelings about other people?</li> <li>• How about leading others?</li> <li>• Take responsibility?</li> <li>• How in organizing?</li> <li>• Good hard worker?</li> <li>• Can make decisions?</li> <li>• People can trust?</li> <li>• Keep promises?</li> <li>• Health conditions?</li> <li>• Starting up new things?</li> </ul>	<ul style="list-style-type: none"> <li>• Risk taking</li> <li>• Self-confident</li> <li>• Optimistic</li> <li>• High achievement needs</li> <li>• High independence needs</li> <li>• Power needs</li> <li>• Creativeness</li> <li>• Foresight</li> <li>• Managerial abilities</li> <li>• Persistence and hard working</li> <li>• Taking personal responsibilities</li> <li>• Ability to motivate and persuade</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity-seeking</li> <li>• Persistence</li> <li>• Commitment to work/contract</li> <li>• Demand for quality and efficiency</li> <li>• Risk taking</li> <li>• Information seeking</li> <li>• Goal setting</li> <li>• Systematic, planning and monitoring</li> <li>• Networking and persuasion</li> <li>• Self-confidence</li> </ul>
Elements mainly used in entrepreneurship training modules preceding functional business management and planning sessions	Entrepreneurial characteristics applied in selection modules preceding the actual business creation programmes	Training programme focused on detecting one’s PECs and seeking ways to either strengthening them or dealing with missing/ weak PECS

When these questions are answered mainly with 'yes 'or 'high ' → you might have entrepreneurial traits 'by nature '	When scoring is mainly 'yes 'or 'high ' → might have entrepreneurial traits; by nature, or as a result of actions you took to 'scale up 'personal traits.	If many PECs in possession 'without much effort ' , → might entrepreneurial traits by nature?  PECs can be developed
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*Source: Adapted by author (2017) – based on table 5 in They are not yet seen...but. Hybrid Entrepreneurship emerging in a changing society (Molenaar N. , 2016)*

It is interesting to note that the focus on entrepreneurship development and training emerged first in countries such as Kenya, Nepal or Malawi. These experiences and insights were later applied in enterprise education in industrialized countries. The insights were not only incorporated in special programmes for minorities, migrants or refugees but also taken up in regular and formal education at primary and secondary schools. All without any adaptation to the students attending. And not without reason: there was and is a general acceptance that entrepreneurial characteristics and traits are universal. Of course, the way they are dealt with and presented at schools, universities and other vocational institutions may differ, but the same elements are presented.

We now know that entrepreneurship education can have manifold objectives ranging from instilling an enterprising attitude needed to function properly in an ever-changing environment to unleashing entrepreneurial initiatives resulting in creating of new businesses. It is not something that can be taught and studied at one single moment but forms part of lifelong learning processes (EU, 2014) .

In the period 1990 to 2005 a variety of special programmes in support of migrant entrepreneurs, asylum seekers or refugees wishing to set up and develop their own business have been experimented in Europe. In the Netherlands both SEON and IntEnt Foundation were leading in this field. (Molenaar, 2009). They both offered a modular business creation programme with a strong entrepreneurship development focus reaching out to either long term unemployed, asylum seekers staying a longer period in the country, newcomers or migrants wishing to set up a business in the country of origin. Like in various similar programmes it became evident that irrespective of the target groups attended, similar elements were incorporated in the entrepreneurship education modules. That was based on long term understanding that the same characteristics and traits apply for all kind of prospective entrepreneurs, to realistically translate an idea into a plan and have that plan come through. They all need to have the vision, creativity, willingness to work hard, quality to mobilize resources, perseverance and motivation.

### Or is it a matter of barriers...?

But the real issue in those programmes are the barriers that specific target groups face. Each entrepreneur faces barriers, and migrant entrepreneurs are not an exception. But it has become notable that the barriers prospective (migrant) entrepreneurs have to overcome and demolish are different though than those of native groups. The most noteworthy are:

- Limited capacity and capability to build a necessary asset base to start businesses. As a migrant (entrepreneur) there is a clear disruption in one's economic life, affecting the possibilities to save capital over longer periods.
- Difficulties in communicating. Language is most commonly referred to as a barrier limiting the possibility for migrant enterprises to emerge and flourish. Nevertheless, it appears to be more complicated than one would expect: it is not only the actual spoken language but also the business language used by service providers, their latter understanding of the migrant entrepreneurs and the understanding of the latter of processes and procedures to follow.

- Perceptions and prejudgements about starting small entrepreneurs or migrant entrepreneurs play a very dominant role in the initial stages of the assessment processes of service rendering institutions (role models could play a key role portraying migrants as enterprising people).
- Lack of enabling environment not necessarily providing a level playing field for small or migrant entrepreneurs (including practical things such as difficulties in obtaining recognition of qualifications, difficulties to be able to start as early as possible e.g. before official status is obtained, not being allowed to start on part time basis without jeopardising eligibility for – partly- coal welfare benefits).

The barriers are manifold and often interrelated and may be the cause of limited difficult access to the financial and business development services. In addition, even when access is there, the effective use of such services is affected by the fact that those responsible for offering them do not really understand the plight of the migrant entrepreneur or have the wrong perception of them.

The barriers that people may meet (or create by themselves) on their way can be divided into four categories<sup>4</sup>, as shown in table 2. Experience has taught us that not only are policies needed that take down such barriers, it is also clear that the specific groups being affected need to play a proactive role in overcoming or demolishing them.<sup>5</sup>

**Table 2** Barriers and required steps or consequences for migrant entrepreneurs to overcome

Levels of intervention <sup>6</sup>	Barriers with service provider	Barriers with migrant (entrepreneur)	What migrant entrepreneurs can or should do
<b>AWARENESS AND CULTURE</b>	Perceived prejudgments	Perceived prejudgments about providers	Set up groups/associations to participate in promotion and publicity campaigns for the general public
	Perception of the real client is negative	Attitude towards service suppliers	Organise training and information campaigns among migrants
<b>POLICIES</b>	Rules and procedures	Rules and regulations	Participate in working groups that review of rules and regulation and feed back to migrant entrepreneurs
	Evaluation systems in financial institutions		Assist financial sector in review of systems
		Capacity to lobby/ advocacy	Assist sector in organising
<b>ORGANISATION/ INSTITUTIONS</b>	Understanding of reality limited	Mutual support	Organising seminars/ conference

<sup>4</sup> See also: Molenaar, N. (2014) SME Financing for Disadvantaged and underrepresented groups, paper prepared for OECD on *Access to Business Start-up Finance for Inclusive Entrepreneurship*

<sup>5</sup> Besides this one must take into account that with a growing interest in self-employment the composition of those who will start a business will change over time.

<sup>6</sup> In describing the barriers we have followed the structure of the APIS model as developed by the author, making distinction between Awareness, Political, Institutional and Service level (Molenaar N. , *The APIS Model for microfinance programmes*, 2000)

	Language, culture creating distance		Participate in training programmes of service providers
		Mainstreaming not accepted	Inform the migrant entrepreneur society of the importance to make use of mainstream services
<b>SERVICES AND PRODUCTS</b>	Attitude of staff	Knowledge and skills limited	Assist in the design of training programmes
	Location	Language spoken different/with difficulty	Organise special training programmes for migrant entrepreneurs
	Products / services offered uniform/ "one size fits all"	Capital / asset base limited, way of running businesses different	Assist service sector with product/ service design

Source: Adapted by author – see also Molenaar, N. (2014). *SME Financing for Disadvantaged and underrepresented groups, for OECD Policy Brief on Access to Business Start-up Finance for Inclusive Entrepreneurship.*

We may observe that none of the barriers nor the actions required is related to the need to develop a special entrepreneurship education programme for migrant entrepreneur. Neither is there a need for a special business creation method for them. The barriers are mainly related to the regulatory environment, the way institutions operate, the attitude of staff towards migrants and to a lesser extent to the service / product development. However, much depends on the active participation of migrant entrepreneurs.

### What next?

In special programmes for migrant and newcomers the focus is too much on entrepreneurship development and training and not on the art of detecting, recognising and overcoming barriers. Too much on developing *special programmes* and not on concentrating of the real challenged. A different approach is needed to ensure that indeed migrant entrepreneurs are included in our society and can add value to the economy.

Together with programmes and projects such as EMEN or MigrantInc assisting newcomers and migrants to become active members of society, we will ensure that this lesson is taken into account: The primarily focus should be on overcoming barriers, just that.

Assistance to migrants and newcomers wishing to engage self-employment activities or setting up their new businesses is warranted but in the end, they have to overcome the barriers themselves. They need to be proactive to identify the barriers and eventually remove them (often alone, sometime with outside help) to participate fully in our society. *Indeed, they have to be supermen and wonder women.*

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