



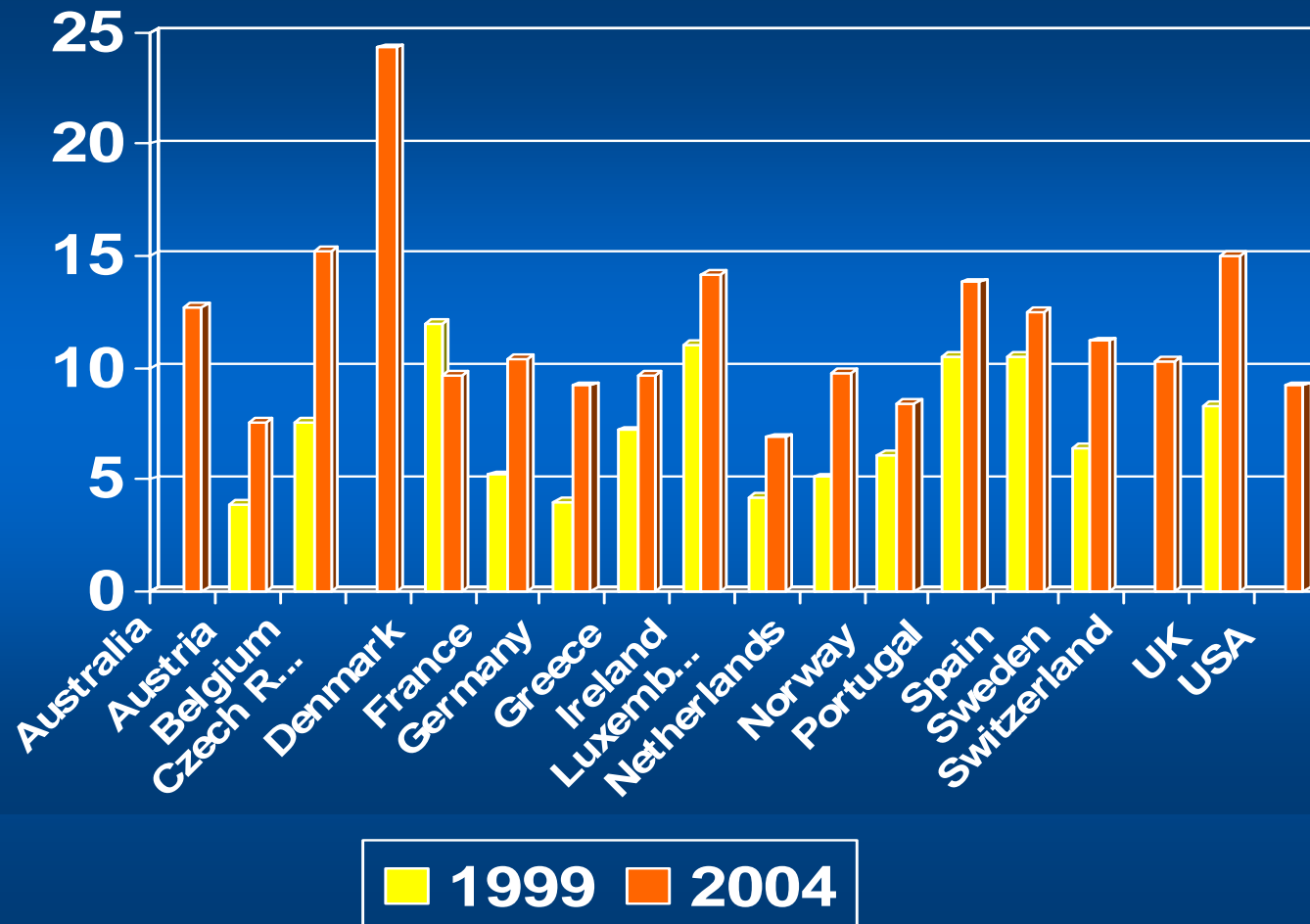
Migrant Entrepreneurship: An Overview

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Migrant entrepreneurship as a source of self-employment

- In many countries, migrants are more likely to be entrepreneurial than natives
- Migrants are also more likely to be self-employed than natives
- Self-employment includes entrepreneurship, but is not equivalent to it

Percentage self-employed among foreign-born workers



Self-employed

- The self-employed include a number of highly-skilled professional migrants whose earnings are generally high (lawyers, physicians, architects etc)
- In the USA, controlling for the presence of self-employed professionals, the self-employed have higher earnings than those of salaried workers with similar characteristics

Virtues of entrepreneurship

- Migrants “create” their own jobs
- Migrant entrepreneurs provide goods and services that might not exist or be limited in their absence (especially in regard to services)
- Migrant entrepreneurs may generate additional employment
- They can promote trade with countries of origin

Other potentially positive effects

- Entrepreneurship has moderate returns but the potential of generating high returns
- It gives a modicum of independence to migrants
- Migrant enterprises are training ground for new waves of migrants
- Enterprises in ethnic enclaves contribute to the cohesion of the community

Factors that underpin migrant entrepreneurship

- Higher tolerance to risk among migrants than among natives
- Cohesiveness of extended families
- For migrants from LDCs, larger families provide more sources of labour for a small business
- Community solidarity provides access to credit
- Community ties can lead to migrant dominance in certain activities

Why is entrepreneurship increasing among migrants?

- Entrepreneurship has a high potential payoff
- Provides a livelihood for migrants still unfamiliar with language and other host country mores
- It is a family strategy to accumulate wealth and set a foundation for the economic mobility of the next generation



Turkish migrants in Germany

- Late 1990s: over 50,000 entrepreneurs of Turkish origin in Germany
- Generate 185,000 jobs of which 20 per cent went to Germans
- 73 per cent relied on supplies from "German" businesses

Why does this matter?

- Entrepreneurship in receiving countries is beneficial for the migrant and most probably for the host community (job generation, provision of goods and services)
- Countries of origin derive benefits from expansion of trade
- Return migration could be made more beneficial by promoting entrepreneurship