

Chapter 6

Immigrants' self-employment and entrepreneurship activities

This chapter presents self-employment data on immigrants, covering those born in European Union Member States but outside of their current country of residence as well as those born outside of the European Union. The data presented in this chapter include the proportion of self-employed people who were born outside of their country of residence, self-employment rates and the proportion of self-employed immigrants who have employees. Data are presented at the European Union and country levels.

Note by Turkey:

The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union:

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Key messages

In the European Union, nearly 10% of the self-employed in 2016 were immigrants. Of these, approximately two-thirds were born outside of the EU.

In most EU Member States, there was essentially no difference in proportion of working people who were self-employed when comparing the immigrant population with those born in their country of residence. However, immigrants were much more likely to be self-employed than the native population in several countries such as Poland, the Czech Republic, the Slovak Republic, Croatia, Malta, the United Kingdom and Lithuania.

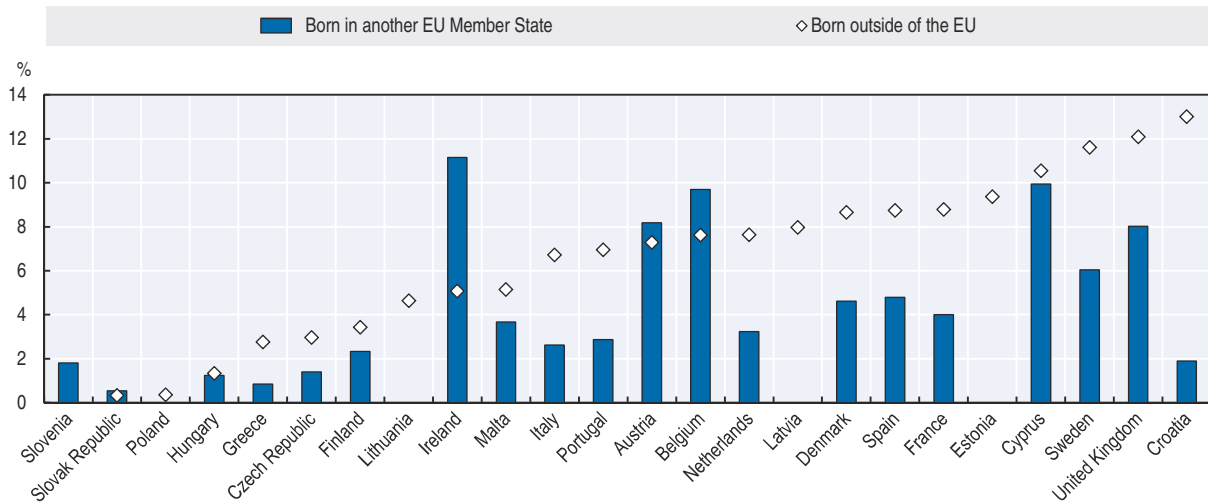
Self-employed immigrants in the European Union were as likely as native-born self-employed people to have employees. In 2016, slightly more than one-quarter did (28%). However, there are differences among self-employed immigrants. Those who were born outside of the European Union were more likely to have employees than the self-employed born in other European Union countries.

Self-employment among immigrants

- Nearly 10% of self-employed people in the European Union were born outside of their current country of residence. Of these, approximately two-thirds were born outside of the European Union.
- In 2016, there was little difference in the self-employment rates of immigrants and the domestically-born population in half of the European Union Member States. However, the self-employment rates of immigrants were much higher than for the domestically-born population in Poland, the Czech Republic, the Slovak Republic, Croatia, Malta, the United Kingdom and Lithuania.
- Approximately 28% of the self-employed immigrants in the European Union had employees in 2016, which was the same as the domestically-born self-employed. However, those who were born outside of the European Union were more likely to have employees.
- First-generation immigrants in the European Union are more likely to be self-employed than second-generation immigrants. Further, the self-employment rate of first-generation immigrants has increased over the last decade.


There were 30.6 million self-employed people in the European Union in 2016, of which 9.2% were born outside of their country where they live. Nearly two-thirds of these self-employed people were born outside of the European Union (Figure 6.1). The proportion of self-employed people who were immigrants varied substantially across Member States in 2016, ranging from less than 1% in Poland to approximately 20% in the United Kingdom (20.1%) and Cyprus (20.5%). In most countries, the proportion of self-employed that was born outside of the European Union exceeded the proportion of those born in other European Union Member States. The exceptions were Austria, Belgium, Ireland and the Slovak Republic.

Figure 6.1. **Significance of immigrant self-employment by country, 2016**
Proportion of the self-employed who are immigrants (15-64 years old)



Notes: 1. Data for Croatia, Lithuania, Poland, the Slovak Republic and Slovenia should be interpreted with caution because the estimates are based on small sample sizes. 2. Data are not presented for Germany because the place of birth is not collected in the Labour Force Survey in Germany. Therefore a total for the European Union is not reported. 3. The proportion of self-employed born outside of the EU are not reported for Slovenia because the sample is too small to derive a reliable estimate.

Source: Eurostat (2017), Special tabulations of Labour Force Survey 2016.

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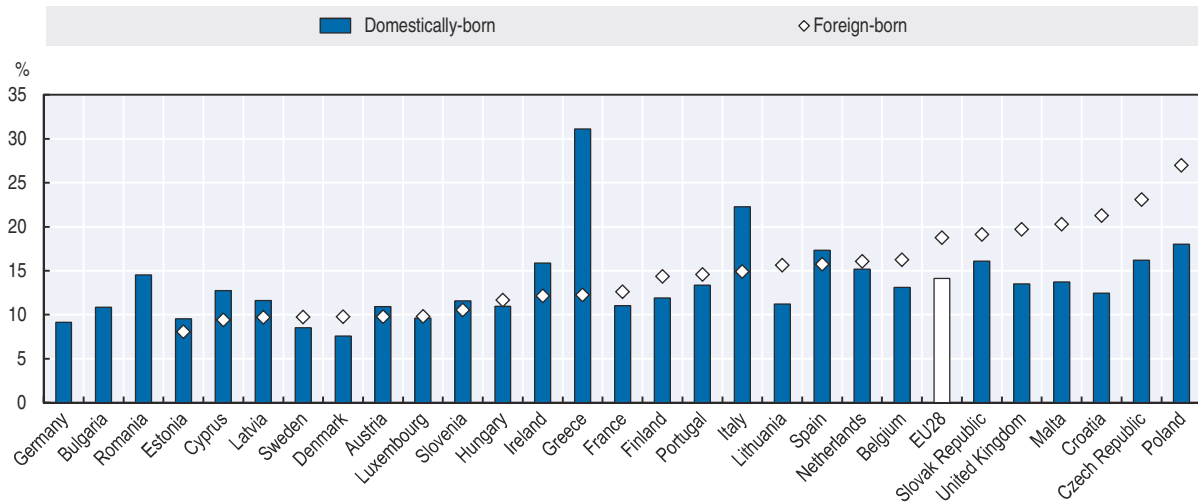
The self-employment rate for immigrants was higher than that of those who were born in their country of current residence. In 2016, 18.8% of working immigrants in the European Union (excluding Germany) worked as self-employed, which was greater than the proportion for domestically-born people (14.1%). However, immigrants were more likely to be self-employed than the native-born in Poland, the Czech Republic, the Slovak Republic, Croatia, Malta, the United Kingdom and Lithuania. They were much less likely in Italy and Greece.

Figure 6.2 presents the proportion of employed people who are self-employed according to place of birth. In slightly more than half of the Member States in 2015, immigrants who were born in other European Union Member States were more likely to be self-employed than those born outside of the European Union. The opposite was true in Hungary, Finland, the United Kingdom, the Slovak Republic, Croatia, the Czech Republic and Italy.

Over the last decade, the proportion of immigrants working in self-employment has increased across the European Union. However, there are differences across different groups of immigrants. The self-employment rate for first-generation immigrants in the European Union from non-EU countries increased from 14.0% in 2008 to 15.5% in 2014 (Eurostat, 2015). However, the self-employment rate has declined for second-generation immigrants from outside of the European Union. In 2008, 14.4% of working people from this group were self-employment but only 11.5% were in 2014 (Eurostat, 2015).

Across EU Member States, second-generation immigrants were less likely than first generation immigrants to be self-employed (Figure 6.3). However, there are also exceptions to this trend. In Cyprus, Greece, Italy and the United Kingdom, second-generation immigrants were more likely to be self-employed than first-generation immigrants, while there was no difference in Latvia and Finland. Note that caution is needed when analysing these differences at national level, as in many cases the self-employed sub-populations of migrants referred to are relatively small.

Figure 6.2. Self-employment rates for immigrants by country, 2015
Self-employed as a percentage of total employment (15-64 years old)

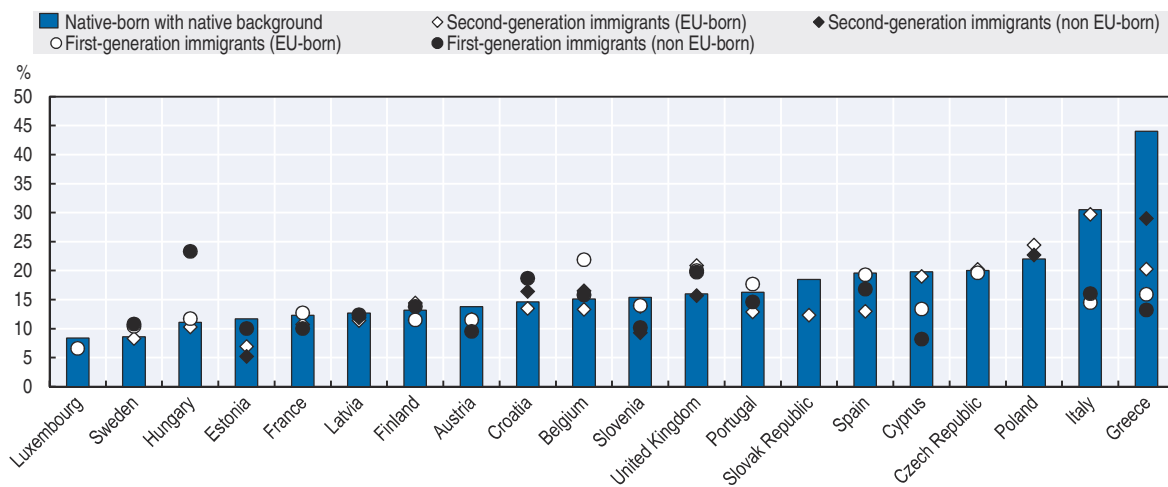


Notes: 1.Data are not presented for Germany because the place of birth is not collected in the Labour Force Survey in Germany. Therefore a total for the European Union is not reported. 2. Some data are not available for Bulgaria, Malta, Ireland because the samples are too small to derive reliable estimates.

Source: Eurostat (2016), Special tabulations of Labour Force Survey 2015.

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Figure 6.3. Self-employment rate for first and second generation immigrants, 2014
Self-employed as a percentage of total employment (25-54 years old)



Notes: 1. Data for Bulgaria, Denmark, Germany, Ireland, Lithuania, Malta, the Netherlands and Romania are not available. 2. Some data are not available for Austria, Croatia, Cyprus, the Czech Republic, Estonia, Finland, France, Italy, Hungary, Latvia, Luxembourg, Poland, Portugal, the Slovak Republic, Spain and Sweden because the samples are too small to derive reliable estimates.

Source: Eurostat (2016), "First and second-generation immigrants – statistics on employment conditions", available at: http://ec.europa.eu/eurostat/statistics-explained/index.php/First_and_second-generation_immigrants_-_statistics_on_employment_conditions.

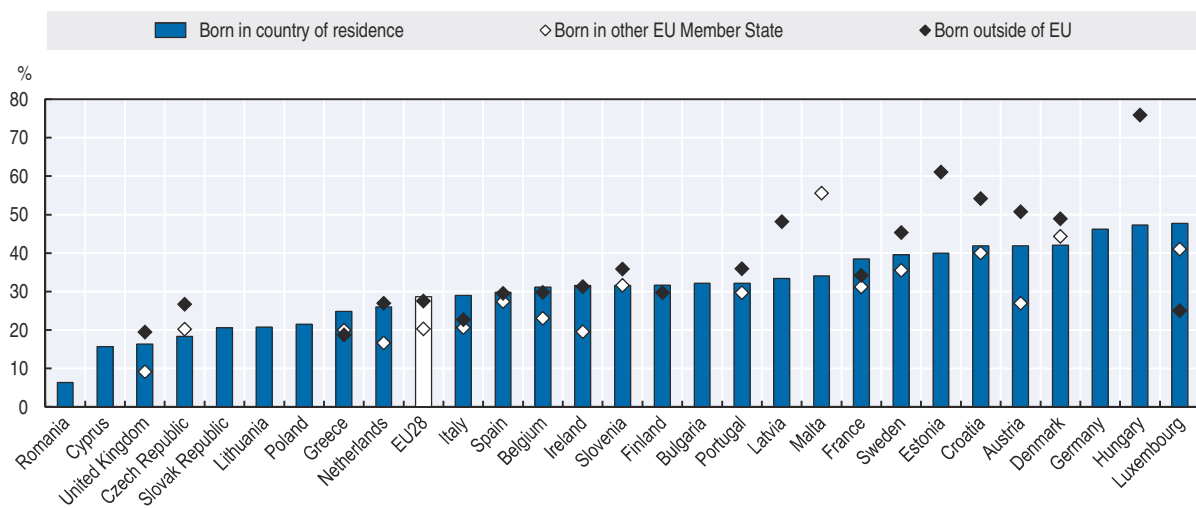
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Proportion of self-employed immigrants with employees

- In the European Union, self-employed immigrants were as likely as the native-born self-employed to have employees in 2016. Approximately 28% of the self-employed had employees, regardless of where they were born.
- However, self-employed immigrants who were born outside of the European Union were more likely to have employees than those who were born in another EU Member State in 2016 (27.5% vs. 20.3% for self-employed immigrants born in another EU Member State).

Overall, self-employed immigrants in the European Union were as likely as the native-born self-employed to have employees in 2016. Approximately 28% of the self-employed had employees, regardless of where they were born. However, those who were born outside of the European Union were more likely to have employees than those who were born in another European Union Member State (27.5% vs. 20.3%), and nearly as likely as those who were born in their country of residence (28.7%) (Figure 6.4). Again, this proportion varied greatly across Member States. More than half of the self-employed born outside of the European Union had employees in Austria (50.8%), Croatia (54.2%), Estonia (61.1%) and Hungary (75.9%).

Figure 6.4. **Proportion of foreign-born self-employed with employees by country, 2016**
Percentage of self-employed (15-64 years old)



Note: Some data are not available for Bulgaria, Cyprus, Denmark, Estonia, Finland, Hungary, Latvia, Lithuania, Malta, Poland, Romania and the Slovak Republic because the samples are too small to derive reliable estimates.

Source: Eurostat (2017), Labour Force Survey, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

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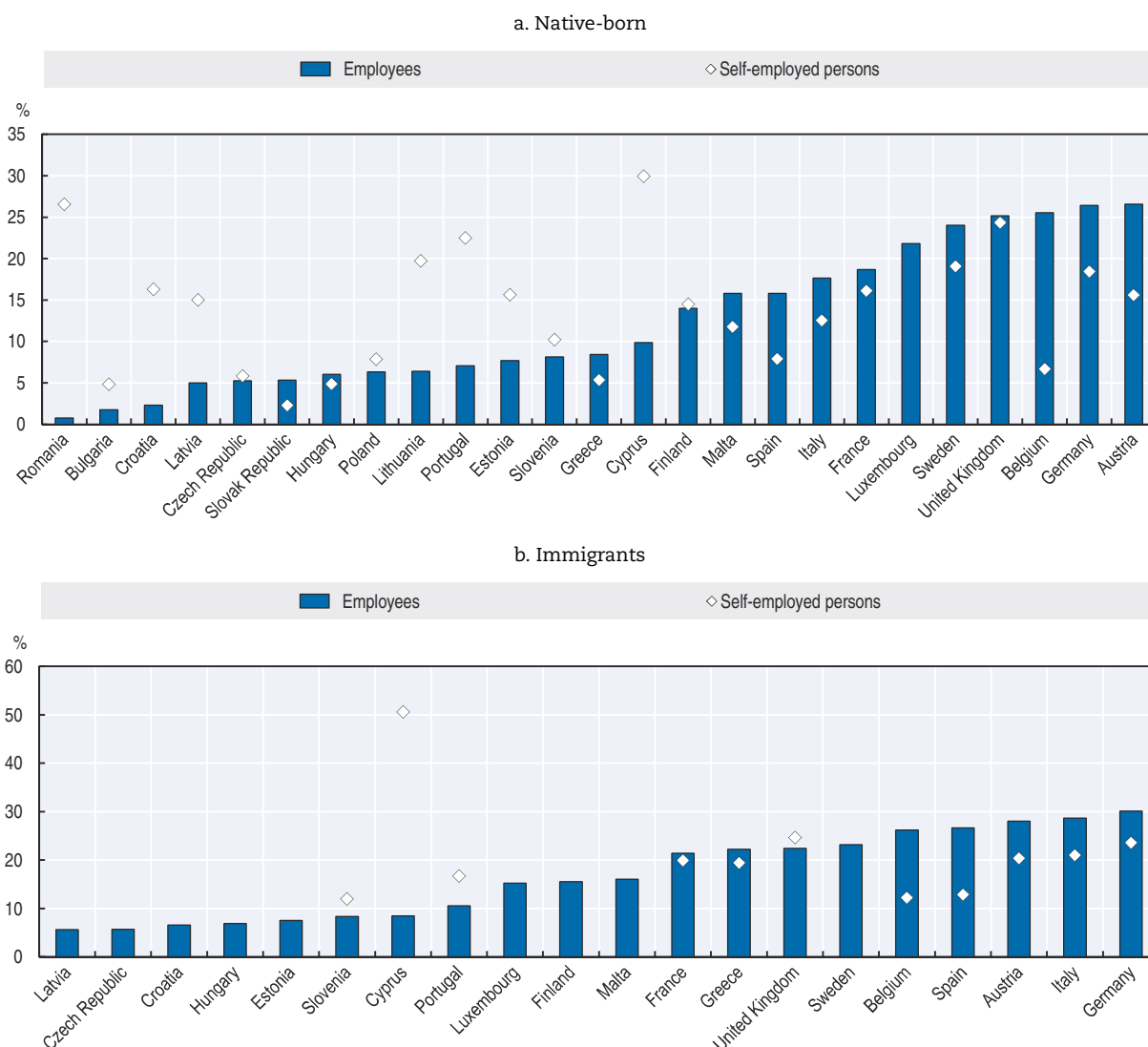
Part-time self-employment among immigrants

- Among the self-employed, immigrants were more likely than native-born people to work part-time in nearly all EU Member States in 2014.

In 2014, self-employed immigrants were more likely to work part-time than native-born people who were self-employed in 10 of the 11 EU Member States where data are available (Figures 6.5a and 6.5b). The gap was the greatest in Cyprus (20.6 percentage points) and Greece (14.1 percentage points). The only Member State where self-employed immigrants were less likely to work part-time than self-employed native-born people was Portugal.

However, in a majority of Member States, self-employed immigrants were less likely to work part-time than immigrants who work as employees (Figure 6.5b). The exceptions were Cyprus, where more than half of self-employed immigrants work part-time (50.6%) but few immigrants who work as employees do (8.5%), as well as Portugal, Slovenia and the United Kingdom.

Figure 6.5. **Proportion of part-time self-employment by place of birth, 2014**
Percentage of employees and self-employed persons (15-64 years old)



Note: In Panel A, data are not available for Denmark, Ireland and the Netherlands. In Panel B, data are not available for and Bulgaria, Denmark, Ireland, Lithuania, the Netherlands, Poland, Romania and the Slovak Republic.

Source: Eurostat (2015), Labour Force Survey 2014 ad hoc module on migration and labour market outcomes, available at: <http://ec.europa.eu/eurostat/web/lfs/data/database>.

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Conclusions

While there are differences across Member States and across first -and second-generations of immigrants, overall, immigrants in the European Union are as likely to be self-employed as the rest of the population.

Although many immigrants come from entrepreneurial cultures, this finding can be somewhat surprising as immigrant entrepreneurs typically face greater barriers to entrepreneurship than the mainstream population because they face a number of additional challenges when settling in their new country. This includes understanding the culture of their new country, the new institutional environment, as well as potentially learning a new language. These obstacles compound the typical barriers to business start-up because awareness of available support (e.g. entrepreneurship training programmes, grant schemes) is typically low and may not be accessible (e.g. support is not provided in various languages). To be effective, public policy actions must account for the complexity of immigrant's needs since they go beyond business start-up support. Keys to success for immigrant entrepreneurship support are effective outreach and strong linkages with integration policies and programmes.

For more information and policy discussion on immigrants' self-employment and entrepreneurship activities, please refer to OECD/EU (2014) and European Commission (2016).

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