

3 Immigrants' self-employment and entrepreneurship activities

The scale and nature of immigrant entrepreneurship has changed dramatically over the past two decades. For example, the share of immigrants among the self-employed has more than doubled in the European Union. At the same time, there is a small but growing body of evidence suggesting that contributions to innovation and job creation by immigrant entrepreneurs are increasing. Policy makers need to be aware of these trends so that policies and schemes for immigrant entrepreneurship are adjusted accordingly. This chapter presents comparable self-employment indicators for immigrants across countries, including self-employment rates, the proportion of self-employed immigrants with employees, sector and occupation. These data are complemented with insights gained from country-specific research on immigrant entrepreneurship.

Key messages

- **The data presented in this chapter are largely based on Eurostat Labour Force Survey data covering the self-employed.** These data paint a picture of self-employment activities by people born in another country, including the share who are self-employed, the share who have employees and some of the characteristics of these activities such as sector and occupation. These data are complemented with country-specific statistics to provide additional insights. Relative to other groups such as women and youth, much less data are available.
- **About 12% of working immigrants in the European Union (EU) were self-employed in 2020, which was slightly below the proportion of non-immigrants (14%).** Comparing immigrants born outside of the EU with those born in another EU Member States shows that the likelihood of being self-employed is almost the same.
- **The share of immigrants among the self-employed in the EU more than doubled between 2006 and 2020.** This increase was slightly greater among those born in other EU Member States (213% increase) relative to those born outside of the EU (198%). This increase was slightly greater than the increase in the share of immigrants among employees (190%).
- **The gender gap among the self-employed was slightly smaller among immigrants relative to non-immigrants.** Immigrant men were about 1.6 times more likely to be self-employed than immigrant women, relative to a gap of 1.8 times among non-immigrants.
- **The self-employment rate for immigrants born outside of the EU varied greatly across countries in 2020, ranging from about 8% in Austria, Germany, Luxembourg and Sweden to 28% in the Czech Republic.** This variation is influenced by a range of factors, notably the scale of immigration and the strength of labour market integration measures.
- **Almost one-third of self-employed immigrants in the EU employed at least one employee in 2020, which was about the same proportion as non-immigrants.** Nearly 32% of self-employed immigrants from outside of the EU had employees in 2020, which was slightly above the share of those from other EU Member States (28%). Both proportions are essentially equal to the share of non-immigrant self-employed people that employ others (30% in 2020).
- **The characteristics of self-employment activities in terms of sector do not vary significantly from those of non-immigrants.** In 2020, the self-employment rates in the EU across sectors were essentially the same between immigrants and non-immigrants. However, there are some differences across occupations. Relative to non-immigrants, self-employed immigrants are more likely to work in Professional and Service and sales occupations.
- **The use of tailored schemes to support immigrant entrepreneurs is widespread among EU Member States.** While there are examples of schemes that have been effective, the vast majority of schemes that support immigrants in entrepreneurship are very small and often struggle with their own sustainability. Priorities for governments include scaling-up support for immigrant entrepreneurs to reflect the changing picture of entrepreneurship. It is also critical that financial support measures are used to steer immigrant entrepreneurs away from sectors that already have an over-supply.

Policy context immigrant entrepreneurship support

Tapping into the potential of the “missing” immigrant entrepreneurs

The picture of immigrant entrepreneurship varies greatly across European Union (EU) Member States, reflecting differences in economic and labour market contexts, migration flows and the characteristics of immigrants. It is also important to recognise within the EU context that EU citizens can move freely from one Member State to another. Therefore, it is important to consider immigrants from outside the EU separately from those moving within the EU since EU citizens face far fewer barriers in the immigration process.

Measuring immigrant entrepreneurship is even more challenging than measuring entrepreneurship overall. In addition to the challenges of defining and measuring entrepreneurship (see Reader’s Guide), immigrant entrepreneurship poses two additional challenges. First, the concepts of immigrant and ethnic minority can be related and but do not always overlap. It is possible for someone to be an immigrant but not from an ethnic minority group and it is also possible to be from an ethnic minority group but not be an immigrant. Often times these concepts are combined in policy discussions but they are distinct and the challenges faced in entrepreneurship can vary. Second, immigrant entrepreneurship is not always clearly defined in terms of how many generations are considered immigrants. For this chapter, only first-generation immigrants (i.e. those people who moved from one country to another) are considered to be immigrant entrepreneurs. Finally, data about individual’s ethnicity or immigration background are not collected in many EU Member States due to anti-discrimination policies. Therefore much less data are available on immigrant entrepreneurship than other population groups such as women, youth and seniors. The data in this chapter are largely based on self-employment estimates by place of birth. This has some limitations on depicting the scale, scope and characteristics of immigrant entrepreneurship.

Despite measurement challenges, there is evidence that immigrant entrepreneurs have potential to contribute to job creation and innovation. This is best illustrated by the tech sector in the United States. Estimates from 2016 show that the 50 out of 91 technology companies with a market value over USD 1 billion (“unicorns”) were founded by immigrants (Anderson, 2016^[1]). Similarly, immigrant founders have a disproportionate impact on job creation and commercialising innovation in many large European cities such as Berlin (KPMG, 2017^[2]).

Despite these strong overall contributions to the economy, immigrants in the EU are slightly less likely than non-immigrants to be entrepreneurs as measured by self-employment. Overall, immigrants are less likely to be self-employed in the EU than those born in the reporting country and there is very little difference between those born in another EU Member State and those born outside of the EU. If the self-employed who were born outside of the EU were self-employed at the same rate as those born in the reporting country, there would be about 340 000 more self-employed people.

The COVID-19 pandemic has significantly interrupted new immigrant entrepreneurship activities. However, the self-employment and business creation data for immigrants do not yet capture the impact of COVID-19 on immigrant entrepreneurship activities. The data reported in this chapter cover the pre-COVID environment. Nonetheless, some initial evidence is emerging to show that immigrant entrepreneurs have been disproportionately impacted by the pandemic, largely due to sector effects. For additional information on the impacts of COVID-19 on immigrant entrepreneurs, please see Chapter 8.

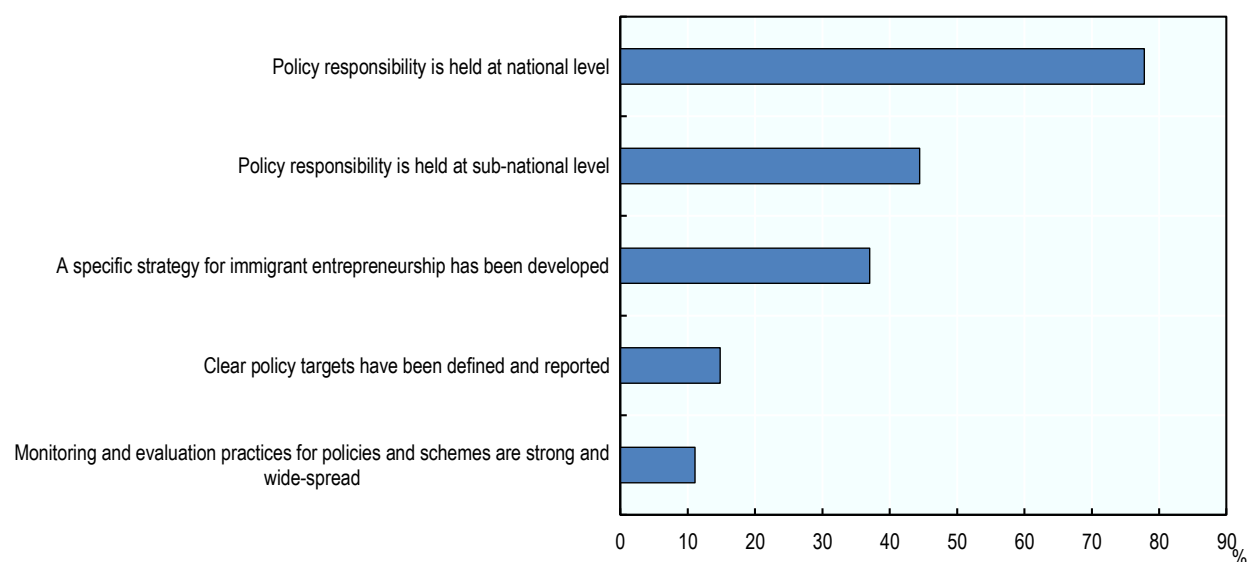
Policy objectives for immigrant entrepreneurship are not well defined in EU Member States

Public policy in the EU to support immigrant entrepreneurs largely seeks to provide an option for moving into work but there is growing interest among governments in targeting support at high potential immigrant entrepreneurs. An OECD assessment of inclusive entrepreneurship policies across

EU Member States examined approaches to promoting and supporting inclusive entrepreneurship, including immigrant entrepreneurship (see Reader's Guide). The assessments found that policies and schemes for immigrant entrepreneurs are often driven by national governments in co-operation with non-government organisations. In addition, policy responsibility also rests with sub-national governments in nearly one-third of Member States (Figure 3.1). However, only about one-third of Member States have a clear entrepreneurship strategy for immigrants in place and most policy strategies remain very general, often lacking clear policy objectives and targets. In most of these countries, the policy focus remains on labour market integration and business creation is offered as one potential route. Governments, therefore, typically focus on ensuring that immigrants can access business creation supports, but there is room for governments to be more strategic in their use of policy measures to target greater support on high potential immigrant entrepreneurs that can stimulate job creation and innovation (see Chapter 8).

Figure 3.1. Policy objectives for immigrant entrepreneurship support are often not well defined across EU Member States

Proportion of EU Member States, 2020



Note: It is possible for countries to have clear policy responsibility at both the national and sub-national levels; these are not mutually exclusive.
Source: (OECD, 2020^[3])

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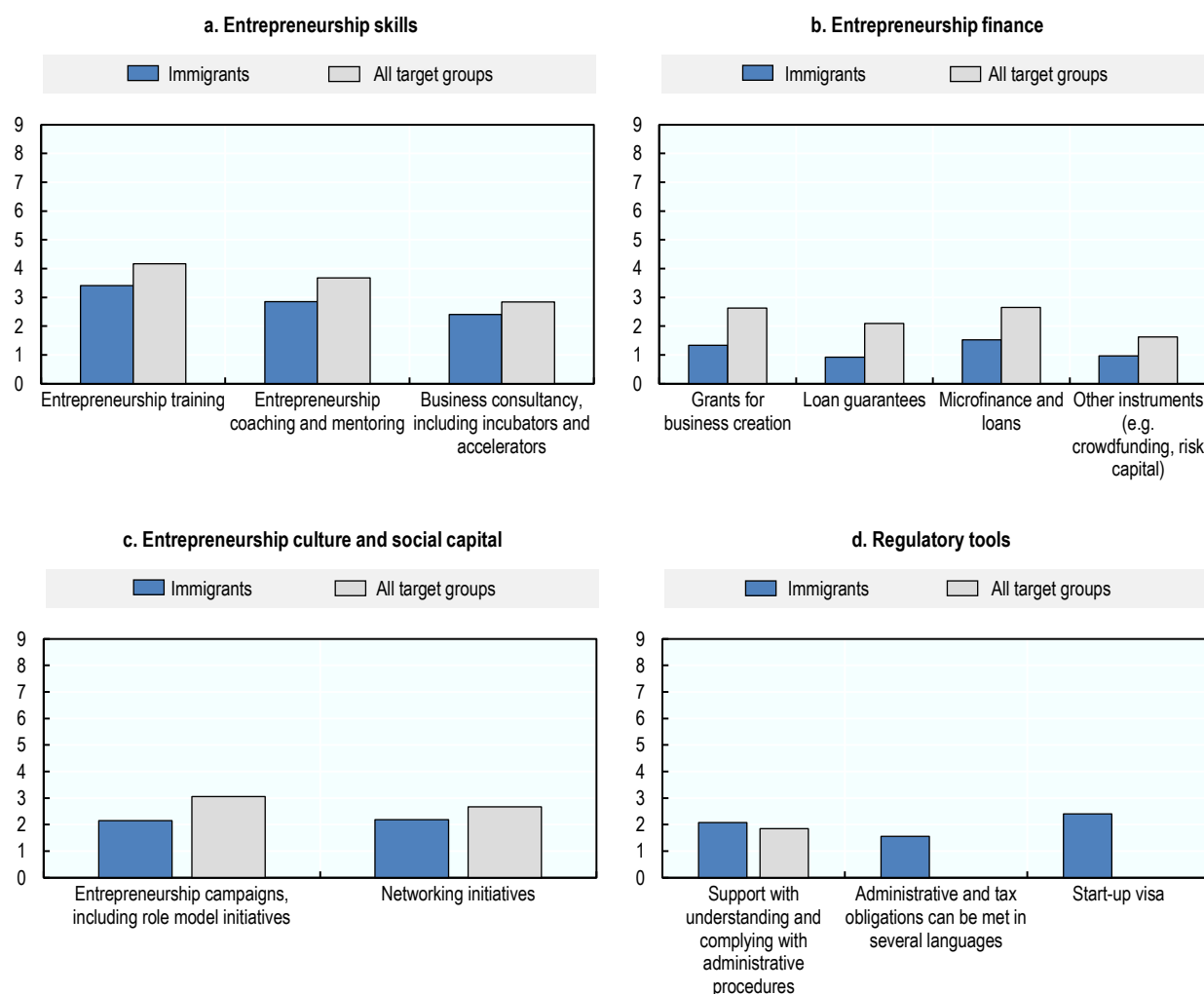
Schemes for immigrant entrepreneurs tend to be small and less developed than for other target groups

Tailored schemes for immigrant entrepreneurs are widely offered across EU Member States. The OECD inclusive entrepreneurship policy assessments across the EU found that schemes tend to cover a wide range of basic entrepreneurship supports, including training, coaching and mentoring and various measures to improve access to finance. Using the OECD's 9-point assessment criteria (see Reader's Guide), schemes to support immigrant entrepreneurs tend to score lower than inclusive entrepreneurship schemes overall (Figure 3.2). Schemes to support immigrant entrepreneurs are often small-scale projects that are often not well-evaluated so it is difficult to assess the impacts of these schemes. Strong take-up of tailored entrepreneurship support for immigrants was reported in only a few countries but this may be partially explained by the role that non-government actors play in many EU Member States in supporting the labour market integration of immigrants. However, another factor for low take-up rates is that public

schemes generally do not appear to sufficiently leverage existing infrastructures within various immigrant communities for their outreach and communications.

Figure 3.2. Immigrant entrepreneurship schemes less developed than for other target groups

Average OECD assessment scores for inclusive entrepreneurship schemes across EU Member States, 2020



Note: The panels in this figure present an unweighted average of policy assessment scores for EU Member States. Each policy instrument (e.g. Entrepreneurship training) is assessed a scored out of 9 as described in the Reader's Guide. The figure shows the average score for schemes for immigrant entrepreneurs relative to the score for all inclusive entrepreneurship groups combined (i.e. women, immigrants, youth, seniors and the unemployed). Some of the policy instruments in panel d are designed specifically for immigrant entrepreneurs so there is no comparative policy assessment score for all inclusive entrepreneurship target groups.

Source: (OECD, 2020^[3])

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Building entrepreneurship skills

The most commonly offered support for immigrant entrepreneurs in the EU is entrepreneurship training. Entrepreneurship training programmes for immigrants typically provide a broad base of entrepreneurship skills (e.g. business and financial planning) but also place a strong focus on access resources in the local ecosystem (e.g. how to access finance, advice) and meeting administrative requirements, which are usually different from their native country. Training programmes for immigrant

entrepreneurs often include some basic language training to support immigrant entrepreneurs in meeting administrative obligations and building their networks.

Entrepreneurship coaching for immigrant entrepreneurs is less frequently offered than training programmes but are occasionally integrated with training programmes. Although the evaluation evidence on entrepreneurship coaching for immigrants is thin, most programme managers believe that it is a critical element of supporting immigrant entrepreneurs. Entrepreneurship coaches not only play an important role in supporting the creation of a business, but provide broader support to help immigrants settle in their community (OECD/The European Commission, 2013^[4]; OECD/European Union, 2014^[5]). This includes, for example, introducing the new entrepreneur to community organisations and helping them to register the entrepreneurs' children in school. Coaches often belong to the same community, which helps to build trust quickly with the new entrepreneur and the ability to speak the same language further facilitates the building of a strong and effective relationship (OECD/The European Commission, 2013^[4]).

While there are examples of dedicated business incubators for immigrant entrepreneurs, it is not commonly part of the support offers in the EU. Most tailored incubator programmes for immigrant entrepreneurs are very small and tend to be linked to higher education institutions. Evaluation evidence from such incubators tend to suggest that they are effective given their focus providing a package of complementary supports (e.g. training, coaching, networking, finance) but they can be expensive and little is known about the long-term impact of these programmes. For further discussion, please see the Policy Brief on Business Incubators and Accelerators that support Inclusive Entrepreneurship (OECD/EU, 2019^[6]).

Facilitating access to start-up finance

Relative to other inclusive entrepreneurship target groups, access to finance schemes for immigrant entrepreneurs tend to be very small-scale and insufficient for demand. The most common approaches are to offer small grants and to support microfinance institutions in the provision of small loans to immigrant-owned businesses. However, the vast majority of these schemes tend to, on average, support a small number of entrepreneurs and are not well-linked with other support schemes (Figure 3.2). See Chapter 7 for further discussion on microfinance.

Promoting entrepreneurship and expanding entrepreneurship networks

Entrepreneurship is promoted to immigrants through tailored approaches in the EU, often through public employment services, incubator programmes or through special visa programmes that seek to attract high-potential entrepreneurs. About one-third of countries have specific actions to inform immigrants about the potential of entrepreneurship and these initiatives are typically well-linked to support schemes so that interested potential entrepreneurs can easily access further support (Figure 3.2). While many Member States believe that such actions can attract high-potential entrepreneurs to their Member States, there is little evidence to support this anecdotal view.

Schemes to support the development of entrepreneurship networks for immigrant entrepreneurs tend to be uncommon in the EU. However, other types of initiatives such as coaching and business incubator programmes do seek to support beneficiaries in growing their entrepreneurship networks. As noted earlier, these actions appear to be rather small-scale. While it is clear that individual immigrant entrepreneurs can benefit greatly from networking opportunities, the overall impact is not clear because few evaluations assess the impact of networking initiatives for immigrant entrepreneurs.

Supporting immigrant entrepreneurs with regulatory tools

Immigrant entrepreneurs can access individual support in meeting their administrative obligations through several different mechanisms. These include government websites that offer advice in different languages, help desks in government offices and through entrepreneurship coaches and advisers. More

than one-third of EU Member States provide these types of support services to immigrant entrepreneurs and they typically have fairly strong take-up. However, the scale of support appears to be below demand.

More than half of EU Member States offer start-up visas to attract immigrant entrepreneurs. The rationale for these types of programmes is that governments are seeking to attract high-potential entrepreneurs with a streamlined and fast-tracked visa process. Some of these programmes also offer other incentives, such as financial support (e.g. grants) and access to business incubator programmes. While increasing popular, most start-up visa programmes are very small-scale and evaluation evidence often shows a short-term impact as many entrants leave after the initial visa period expires, which almost always results in a business closure.

For further discussion on entrepreneurship policies and schemes and the barriers that they address, please see Chapter 8.

Recent developments in immigrant entrepreneurship policy

Entrepreneurship policy over the past two years has been dominated by the COVID-19 pandemic, yet very little attention has been given to the specific challenges and needs of immigrant entrepreneurs. As noted in Chapter 1, there are very few examples of governments in EU Member States introducing tailored emergency support for immigrant entrepreneurs despite them being impacted disproportionately. One example is the “ReCOVer20” Programme in Cyprus, which finances small-scale pilot actions (up to EUR 5 000) to seek to address the effects of the COVID-19 pandemic for vulnerable groups, including asylum seekers and refugees. This scheme is managed by the Youth Board of Cyprus (a public legal entity) (OECD, 2020^[3]).

Prior to the COVID-19 pandemic, there was a growing interest in many countries in finding ways to attract high potential immigrant entrepreneurs. A commonly used tool is a special start-up visa and there are now 16 start-up visa programmes in the EU, including Start-up Entrepreneur Programme (STEP) in Ireland (2012), Italia Start-up Visa (launched in 2014), Start-up Visa in Portugal (2017), French Tech Visa in France (2017) and many more. Among these countries, some such as Estonia have launched special programmes that allow for a virtual presence including digital entrepreneurs. Further discussions on start-up visas, please see Chapter 8.

Trends in self-employment by immigrants

Immigrants in the EU are slightly less likely than non-immigrants to be self-employed

Immigration to the EU has increased over the past 20 years and more than 4.2 million immigrants arrived in EU Member States in 2019. Of those arrivals in 2019, about two-thirds were born outside of the EU. Employment rates vary greatly across immigrant groups. Those born in another EU Member State have slightly higher employment rates (71% in 2020) than non-immigrants (69%), while those born outside of the EU lag behind (61%). Immigrants also face higher rates of unemployment in all EU Member States than non-immigrants (8% in 2020 for those born in another EU Member State and 14% for those born outside of the EU relative to 6% of non-immigrants). The gap in these outcomes between immigrants and non-immigrants has narrowed for immigrants born in another EU Member State but has increased for those born outside of the EU.

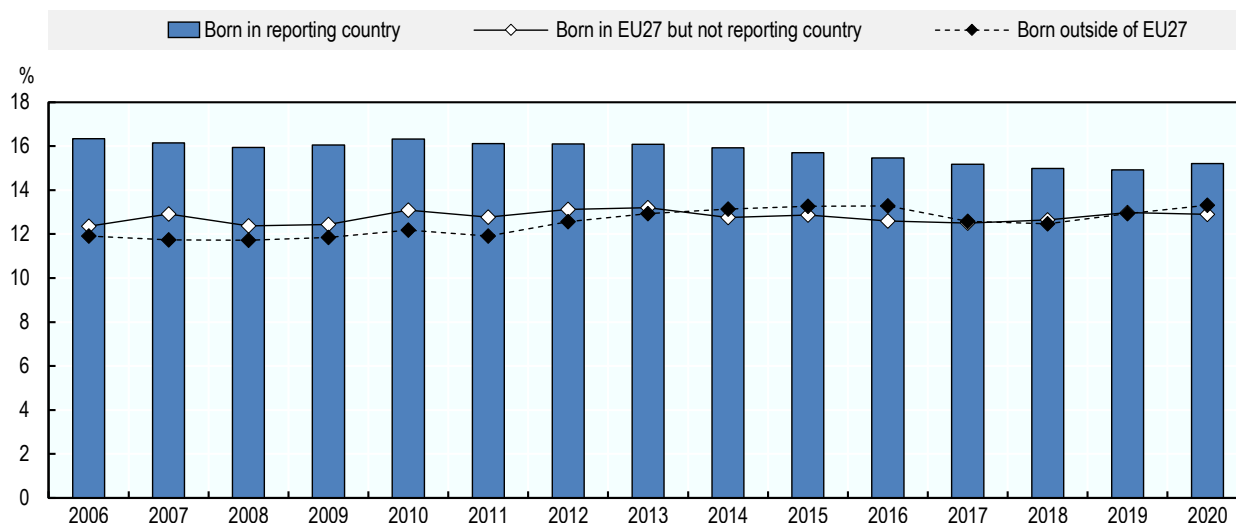
Immigrants are slightly less likely than non-immigrants to be self-employed in the EU. Just under 12% of immigrants in the EU were self-employed in 2020 relative to 14% of non-immigrants (Figure 3.3). The likelihood of being self-employed is approximately the same for those immigrants born in another EU Member State and those born outside of the EU. However, the difference in self-employment rates between immigrants and non-immigrants has converged over the past 15 years. The self-employment rates for

immigrants have been fairly stable over the past decade, but a small decline in the self-employment rate for immigrants was observed after 2016. This is consistent with the overall decline in self-employment.

Self-employment data on immigrants pick up a wide range of different profiles, which vary greatly across countries. Some are wealthy investors that immigrate on special economic or investor visas and may operate businesses in several countries. These self-employed immigrants typically operate larger businesses that have greater potential for creating employment. Some countries such as Canada have a relatively high proportion of immigrant business owners that fit this profile, due largely to their immigration policies. For example, immigrant business owners are twice as likely to be educated in STEM fields and three times more likely to be educated in engineering or computer science relative to Canadian-born business owners (Ostrovsky and Picot, 2020^[7]). Other immigrant entrepreneurs have a much lower level of resources at their disposal (i.e. human capital, social capital, financial capital) and face greater difficulties overcoming these resource gaps. However, even among groups such as refugees, some appear to have the potential to create successful businesses that create employment for others (OECD, 2019^[8]). Please see Chapter 8 for discussion on how skills levels of immigrants entrepreneurs varies across countries.

Figure 3.3. Immigrants are less likely to be self-employed than non-immigrants in the EU

Self-employment in the EU as a percentage of employment (15-64 years old)



Note: The data presented in this figure do not include Germany to maintain comparability over time since self-employment data by place of birth were not reported for Germany prior to 2017.

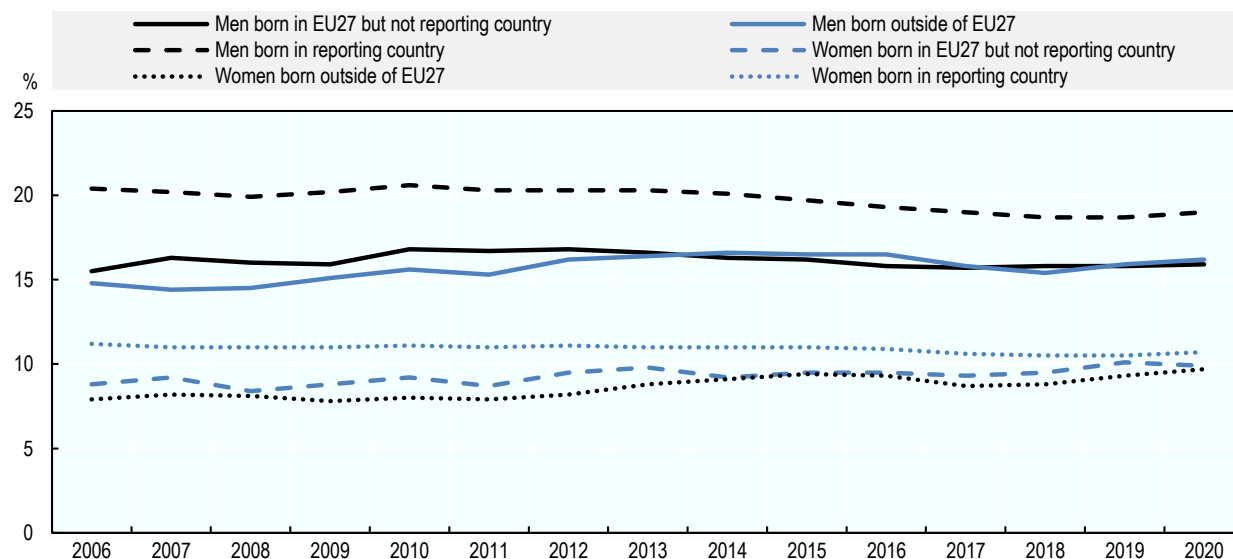
Source: (Eurostat, 2021^[9])

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As with the overall population of the self-employed, there is a gender gap among those who are immigrants. In 2020, about 16% of working immigrant men (regardless of where they were born) were self-employed (Figure 3.4). This was about 1.6 times greater than the proportion of immigrant women who were self-employed and below the proportion (19%) who were born in the reporting country (i.e. non-immigrants). While the gender gap in self-employment for immigrants has changed little since over the past 15 years, the convergence in self-employment rates between immigrants and non-immigrants has been greater for women than for men.

Figure 3.4. The gender gap in self-employment has changed little but immigrant women are now as likely as their non-immigrant peers to be self-employed

Self-employment in the EU as a percentage of employment (15-64 years old)



Note: The data presented in this figure do not include Germany to maintain comparability over time since self-employment data by detailed place of birth were not reported for Germany prior to 2017.

Source: (Eurostat, 2021^[9])

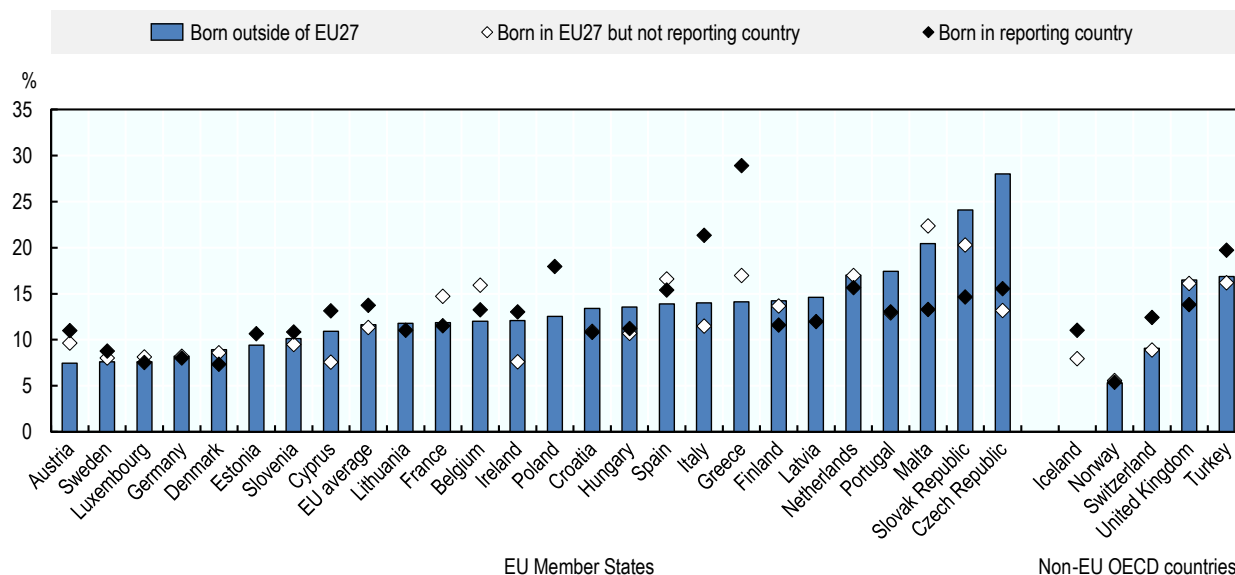
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Self-employment rates for immigrants varied greatly across EU Member States in 2020, reflecting variations in context such as immigration flows, labour market conditions and the scope and scale of supports offered to immigrants. Self-employment rates for immigrants were highest in Malta (20% for those born outside of the EU), Slovak Republic (24%) and Czech Republic (28%), where the proportion of immigrants (born outside of the EU) working as self-employed was nearly double the proportion of non-immigrants (Figure 3.5). Conversely, immigrants were the least likely to be self-employed in Austria, Sweden, Luxembourg and Germany, where about 8% of immigrants born outside of the EU were self-employed in 2020. These proportions were well below the self-employment rates for non-immigrants.

Differences across countries can be explained by a number of factors, including labour market conditions, expected earnings in self-employment relative to employment, and the strength of labour market supports. Research focusing on country-specific contexts helps to illustrate these factors. Much like non-immigrants, the decision to become self-employed is strongly influenced by the quality of employment opportunities. Recent research from Sweden shows that different immigrant groups are influenced in different ways by labour market conditions as measured by unemployment in the local area (Box 3.1). Moreover, German research highlights the role of expected earnings in self-employment relative to working as an employee. Over a 30-year period, immigrants entering self-employment due to perceived earnings potential tended to earn more than Germans in self-employment, but this effect is uneven across countries of origin (Hopp and Martin, 2017^[10]). The effect tended to be greatest for Turkish migrants and smallest from those born in southern EU Member States. Other factors that explain the variation across countries include the strength of labour market integration measures, including the availability and accessibility of entrepreneurship support programmes for immigrants. In Canada, for example, recent research has identified an unmet demand for entrepreneurship support schemes from immigrant women (Box 3.2). This gap is explained by several factors, notably constraints faced by project managers such as competing priorities and a lack of resources.

Figure 3.5. Self-employment rates for immigrants vary greatly across countries

Self-employment as a percentage of employment (15-64 years old), 2020



Note: The EU average does not match the data in Figure 3.3 because data for Germany are included in this total. Data on place of birth for the self-employed are not available for Bulgaria and Romania. Data for Germany are provisional estimates and data for Croatia, Poland, Slovak Republic and Slovenia have a low level of reliability. Data for the United Kingdom are for 2019.

Source: (Eurostat, 2021^[9])

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Box 3.1. Country spotlight: Immigrant self-employment and local unemployment, Sweden

A recent study examines the relationship between self-employment and unemployment in Sweden, investigating if immigrants are more likely to be pushed or pulled into self-employment (Miao, 2020^[11]). The analysis uses population register data in the period 1996–2007 at the individual level from the Longitudinal Integration Database for Health Insurance and Labour Market Studies (LISA) from Statistics Sweden and annual unemployment data from the Swedish Public Employment Office (*Arbetsförmedlingen*). The dataset covers 2 172 420 men and 2 092 032 women (30–60 years old). In 2019, about 20% of the Swedish population was foreign-born with around 55% of immigrants coming from non-European countries. Through an individual fixed effect model, the unemployment effect on self-employment is found using variations of the unemployment rate within individuals over time.

The study shows that the local unemployment rates impacts self-employment decisions differently across the population. Swedish natives and European immigrants are more likely to become self-employed when the economy is improving, i.e. local unemployment is falling. Immigrants from the Middle East, however, are more likely to become self-employed as unemployment increases. Possible reasons for these differences include differences in labour market attachment across population groups. However, there may also be sectors effects. Data show immigrants from the Middle East are over-represented in less capital-intensive sectors with lower barriers to entry (e.g. service sector), which may be less affected by recessions. Moreover, the study finds self-employment among women is less affected by economic conditions than among men, aligning with previous research that indicates women and men often enter employment for different reasons.

Source: (Miao, 2020^[11])

Box 3.2. Country spotlight: Entrepreneurship programming for immigrant women, Canada

A new study in Canada sought to identify the greatest obstacles faced in business creation by immigrant women and assess the demand and supply dynamics of entrepreneurship support services for new immigrant women in the Toronto Census Metropolitan Area, Ontario, Canada (Kalu and Okafor, 2021^[12]). This study uses a bottom-up mixed method approach to explore the available entrepreneurship support services through a series of open- and close-ended questions to all immigrant settlement service providers in the Toronto area.

The study identified the following perceived challenges faced by new immigrant women entrepreneurs:

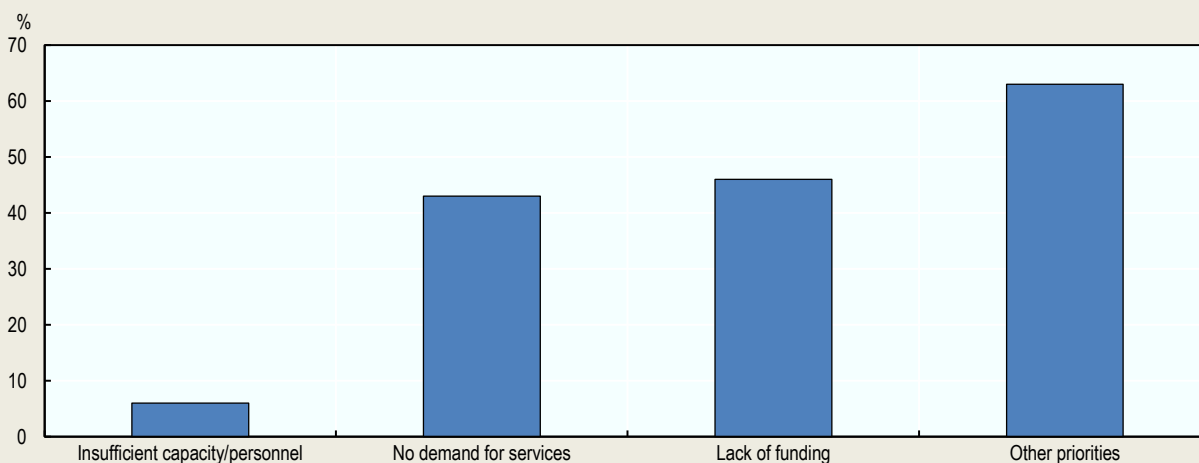
- Unfamiliarity with the local environment (average score of 6.19 out of 7);
- Small scale of business activity (4.80);
- Discrimination (3.95); and
- Barriers in settlement policies and business regulations (3.88).

A key finding of the study is that although the majority of settlement service providers (57%) agree that there is a demand for entrepreneurship support services, but 76% of them do not currently provide any entrepreneurship support services. The main reason for this low supply of entrepreneurship support services is reported as competing priorities (63%) and a lack of funding (46%) (Figure 3.6).

Nonetheless, the support organisations had ideas on how new immigrant women entrepreneurs could be better supported. About 60% of support organisations indicated that language training should be boosted and one-third noted that they need better information on how to access entrepreneurship support services, networking events and funding opportunities.

Figure 3.6. Most immigrant settlement services do not support entrepreneurship due to other priorities and a lack of funding

Perceived reasons for lack of entrepreneurship services towards immigrant women, 2020



Source: (Kalu and Okafor, 2021^[12])

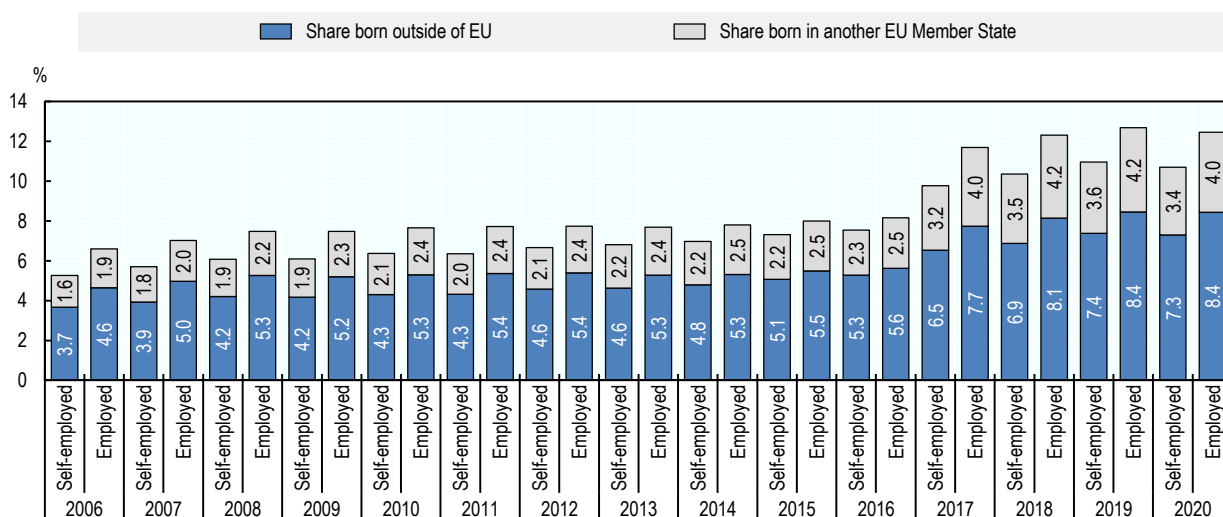
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The share of immigrants among the self-employed continues to grow

Immigrants account for an increasing share of the self-employed in the EU. There were 25.6 million self-employed people in the EU in 2020, of which 2.7 million were immigrants (10.6%). This was comprised of 1.8 million people born outside of the EU (68% of self-employed immigrants) and 885 200 people born in another EU Member State (32%). The share of immigrants among the self-employed in the EU more than doubled between 2006 and 2020 (Figure 3.7). This increase was slightly greater among those born in other EU Member States (increase by 113%) relative to those born outside of the EU (increase by 98%). This increase was slightly greater than the increase in the share of immigrants among employees (increase by 95%).

Figure 3.7. Immigrants account for a growing share of the self-employed

Share of immigrants among the self-employed (15-64 years old) in the EU



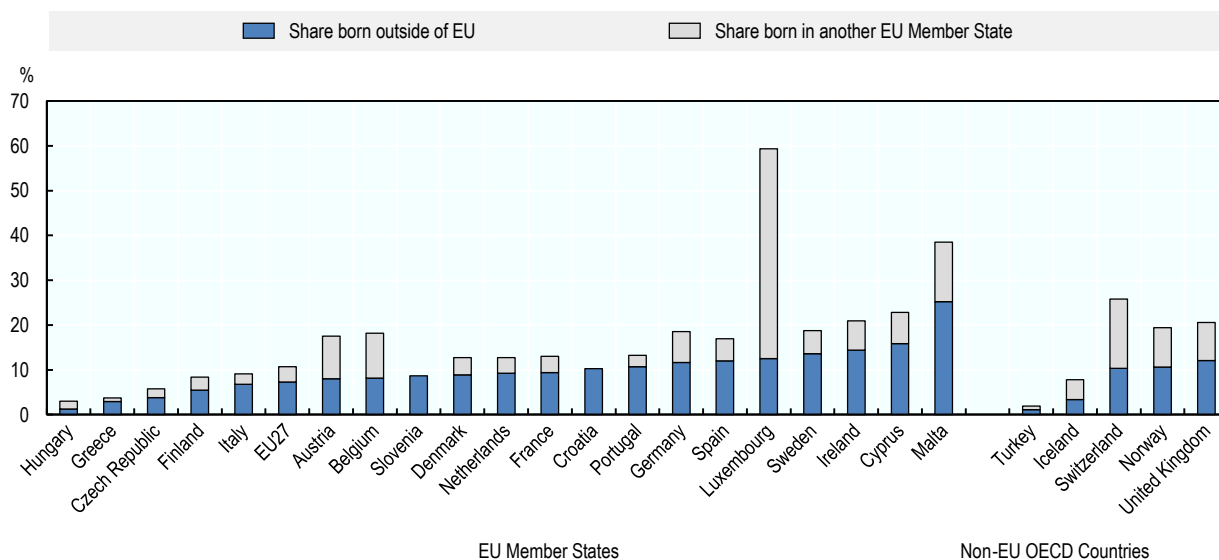
Source: (Eurostat, 2021^[9])

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The proportion of self-employed people who were born in another country varies substantially across EU Member States. The Member States with the highest shares of immigrants from outside of the EU among the self-employed were Malta (25%), Cyprus (16%) and Ireland (15%) (Figure 3.8), which tend to have an above average number of immigrants arriving from outside of the EU. Country-level research often identifies a strong link between the overall share of immigrants in the labour market and the share of self-employed people that were born in another country. This includes for example, research in Belgium (SPF Economie, 2019^[13]), Finland (Statistics Finland, 2020^[14]) and Germany (Hopp and Martin, 2017^[10]).

Figure 3.8. Immigrants from outside the EU account for the majority of self-employed immigrants in nearly all EU Member States

Share of immigrants among the self-employed (15-64 years old), 2020



Note: The EU average does not match the data in Figure 6.1 because data for Germany is included in this total. Data for Bulgaria, Estonia, Latvia, Lithuania, Poland, Romania, Slovenia and the Slovak Republic are not reported because the estimates are unreliable due to a small sample size. Similarly, the share of immigrants to Croatia that were born in other EU Member States among the self-employed is not reported due to reliability issues. Data for the United Kingdom are for 2019.

Source: (Eurostat, 2021^[9])

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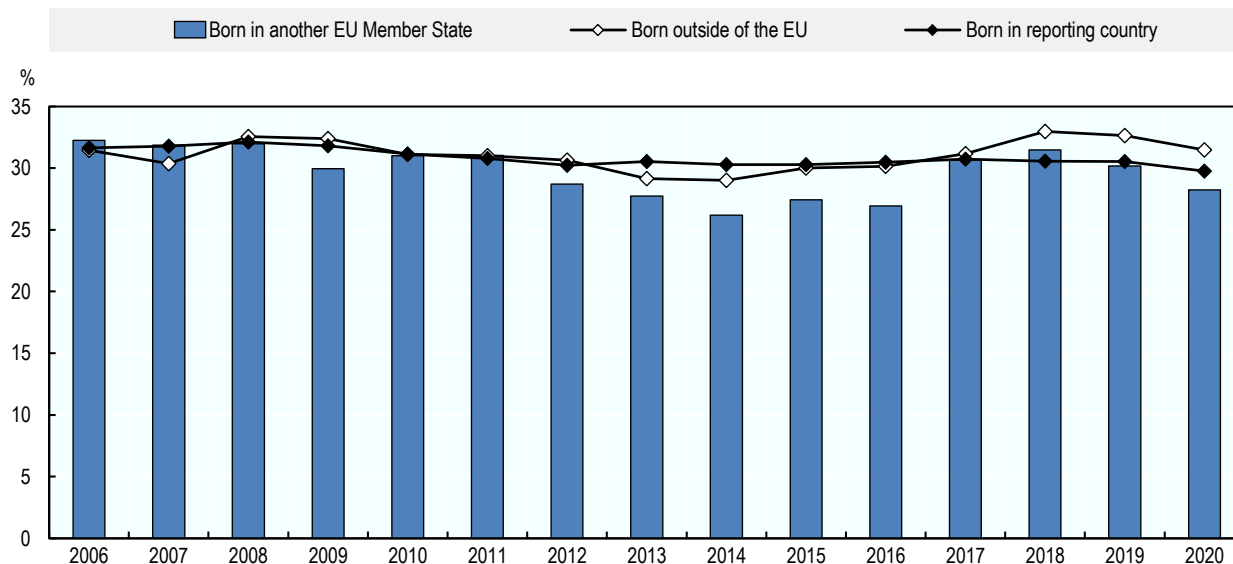
Characteristics of self-employed immigrants and their activities

Self-employed immigrants are as likely as non-immigrants to have employees

Nearly one-third of self-employed immigrants in the EU employed at least one employee in 2020, which was about the same proportion as non-immigrants. Nearly 32% of self-employed immigrants from outside of the EU had employees in 2020, which was slightly above the share of those from other EU Member States (28%). Both rates are relatively equal to the share of non-immigrant self-employed people that employ others (30% in 2020) (Figure 3.9).

Figure 3.9. Nearly one-third of self-employed immigrants in the EU are employers

Share of self-employed (15-64 years old) in the EU with employees



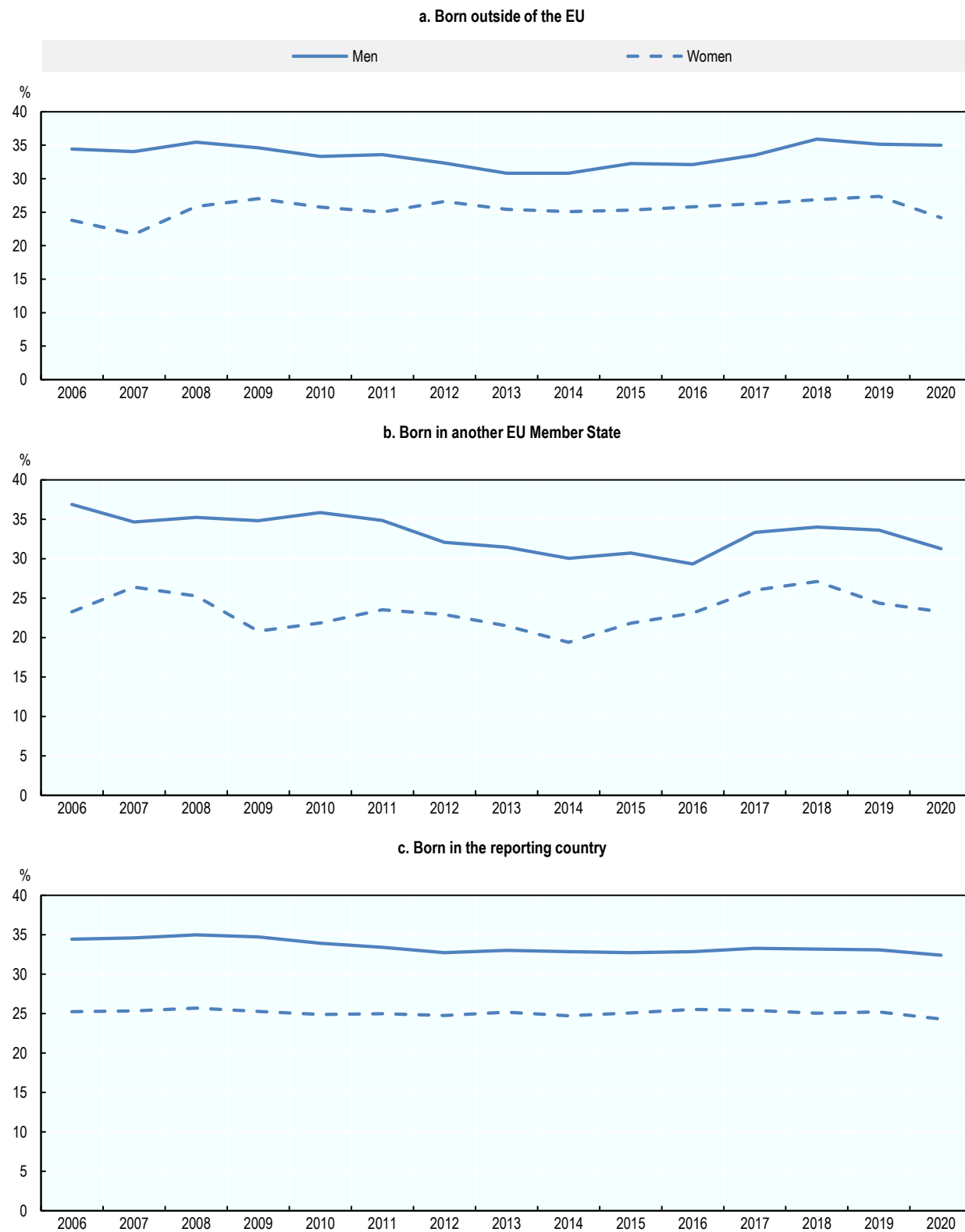
Source: (Eurostat, 2021^[9])

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Self-employed immigrant women are two-thirds as likely as self-employed immigrant men to be employers. In 2020, place of birth did not have a significant impact on the proportion of self-employed women who had employees – 24% of self-employed women born outside of the EU had at least one employee, as did 24% of those born in the reporting country and 23% born in another EU Member State (Figure 3.10). Each of these rates were all about below the share of self-employed immigrant men with employees – 35% of those born outside of the EU, 32% born in the reporting country and 31% born in another EU Member State. This gender gap is consistent with the overall gender gap in the share of self-employed workers who are employers (see Chapter 2).

Figure 3.10. One-quarter of self-employed immigrant women are employers

Share of self-employed (15-64 years old) in the EU with at least one employee



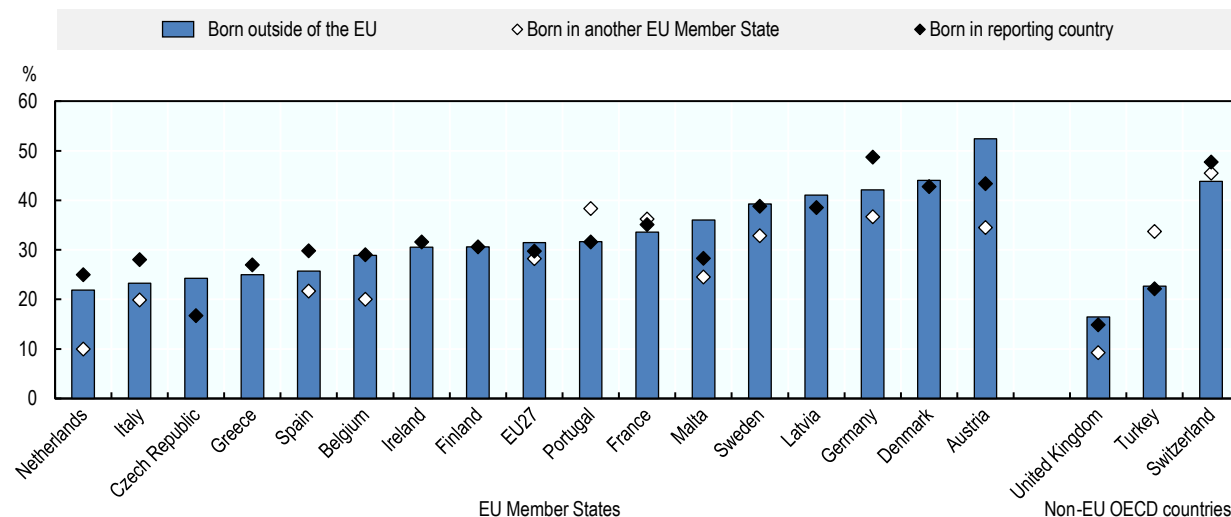
Source: (Eurostat, 2021^[9])

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The share of self-employed immigrants with employees varied substantially across EU Member States in 2020. Considering self-employed immigrants born outside of the EU, the proportion with employees ranged from about 22% in the Netherlands to 52% in Austria (Figure 3.11). This share was greater than the proportion of self-employed immigrants who were born in another Member State in all Member States (where data are available) except for France and Portugal.

Figure 3.11. Self-employed immigrants are less likely to be employers in the majority of EU Member States

Share of self-employed who employ others, 2020



Note: Data for the United Kingdom are for 2019.

Source: (Eurostat, 2021^[9])

StatLink  <https://doi.org/10.1787/888934280308>

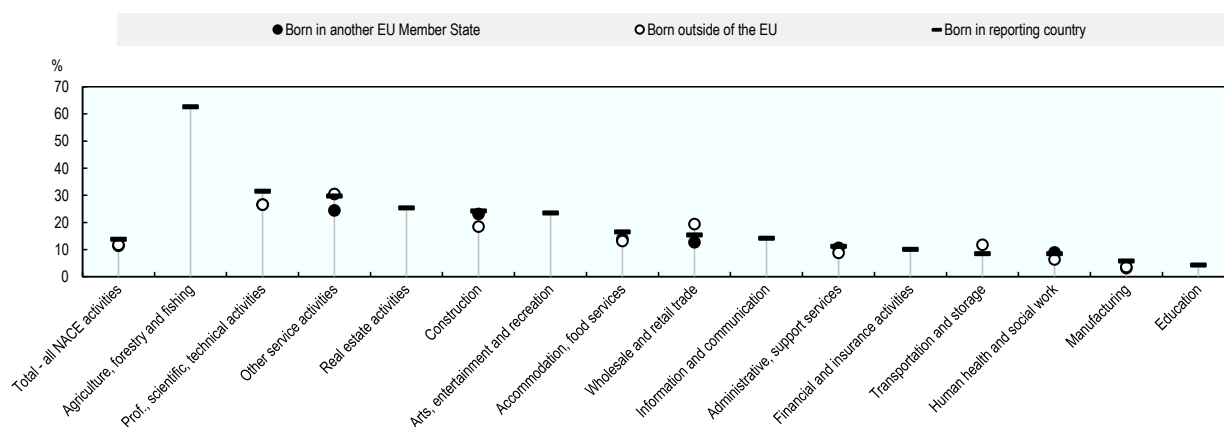
Business activities by self-employed immigrants

Immigrants have similar self-employment rates by sector as non-immigrants

Overall, self-employment rates for immigrants by sector were similar to those who were born in the reporting country in 2020. However, some differences can be observed for those born outside of the EU. For example, the self-employment rate for this group is slightly lower in professional, scientific and technical activities (27% vs. 32% for those born in the reporting country) and construction (18% vs. 24%) (Figure 3.12). On the other hand, the self-employment rate is slightly higher in wholesale and retail trade (19% vs. 15%). Similarly, among those born in another EU Member State, the self-employment rate was lower in professional, scientific and technical activities (27% vs. 32% for those born in the reporting country) and manufacturing (3% vs. 6%). However, data for some significant sectors including agriculture, forestry and fishing and ICT sectors are suppressed due to the low level of reliability of the estimates.

Figure 3.12. Self-employment rates by sector vary little by place of birth

Self-employment in the EU as a percentage of employment (15-64 years old) by section, 2019



Note: The following sectors were excluded because the self-employment rate was less than 1% or the data were could not be reported due to a low reliability of the estimate: Public administration and defence, compulsory social security; Mining and quarrying; and Electricity, gas, steam and air conditioning supply.

Source: (Eurostat, 2021^[9])

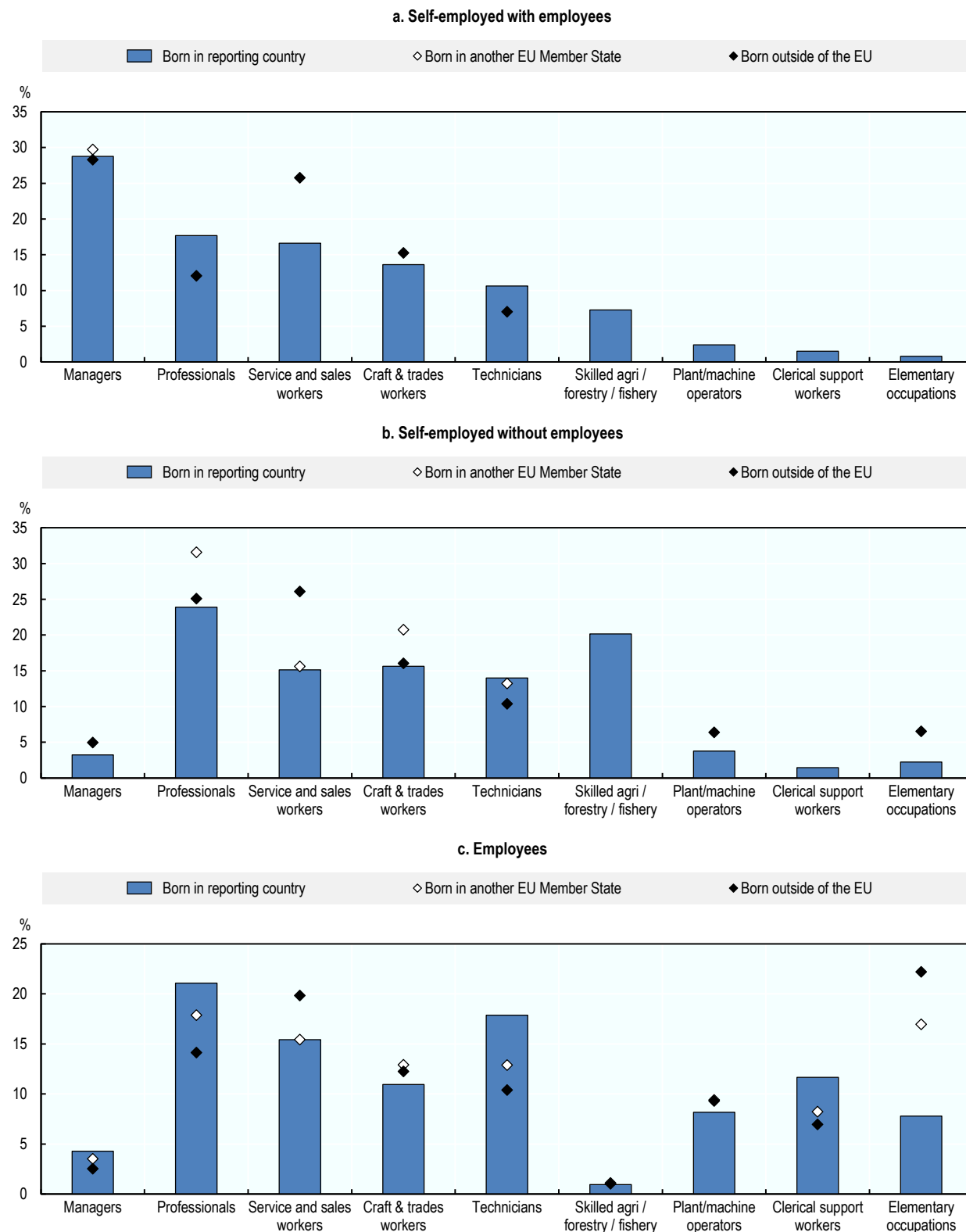
StatLink  <https://doi.org/10.1787/888934280327>

Self-employed immigrants are more likely than non-immigrants to work as Professionals or Service and sales workers

The distribution of self-employed immigrants by occupation largely consistent with the distribution of non-immigrants. The majority of self-employed immigrants with employees are managers (28% of those born outside of the EU and 30% of those born in another EU Member States), which is the same as self-employed non-immigrants (29%) (Figure 3.13). However, self-employed immigrants who were working as professionals in 2020 were less likely to have employees than non-immigrants but those working as service and sales workers were much more likely to have employees.

Figure 3.13. Solo self-employed immigrants are over-represented in professional occupations

Distribution of workers (15-64 years old) by sector in the EU, 2020



Source: (Eurostat, 2021^[9])

StatLink  <https://doi.org/10.1787/888934280346>

Conclusions

Overall, immigrants are slightly less likely to be self-employed in the EU than people who were born in their country of residence. Immigrant entrepreneurs often face greater barriers to entrepreneurship than the non-immigrants. These challenges are linked to language barriers, adjusting to a new culture, navigating a new institutional environment, a lack of credit history, legal status and eligibility to work, and small professional networks. These obstacles compound the typical barriers to business creation. Moreover, immigrants often have low levels of awareness of available support (e.g. entrepreneurship training programmes, grant schemes), and report that it is not accessible (e.g. support is not provided in multiple languages) or sufficiently adapted to their needs. However, these barriers vary greatly within the population of immigrants since some have very high levels of human, social and financial capital (e.g. international investors), while others typically have low levels of capital (e.g. refugees). Priority actions for governments include:

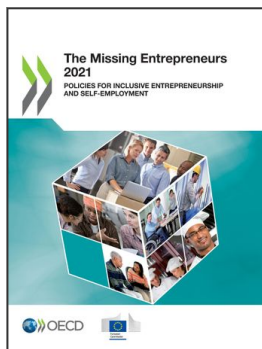
- Increasing the scale of immigrant entrepreneurship support to keep pace with the relative and absolute growth in immigrant entrepreneurship;
- Use financial supports for immigrant entrepreneurs to steer them away from sectors with over-supply.

For more information and policy discussion on immigrants' self-employment and entrepreneurship activities and policy, please refer to Chapter 8. Additional information on policies to support entrepreneurship by refugees can be found in a recent OECD policy brief (OECD, 2019^[8]).

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