

3 Immigrants' self-employment and entrepreneurship activities

The proportion of immigrants who are self-employed varies greatly across countries but overall, the number of immigrant entrepreneurs is increasing. In addition, a growing amount of evidence shows that immigrant entrepreneurs starting impactful businesses. This chapter presents comparable self-employment indicators for immigrant entrepreneurs and the self-employed across European Union Member States and OECD countries, as well as country-specific research on immigrant entrepreneurship.

Key messages

- **This chapter presents a snapshot of immigrant entrepreneurship** in European Union (EU) Member States and selected OECD countries using data from Labour Force Surveys. It also presents a brief overview of immigrant entrepreneurship policies and programmes in the EU, including recent developments.
- **About 13% of working immigrants in the EU were self-employed in 2022, which was slightly below the proportion of non-immigrants (15%).** Comparing the self-employment rates of immigrants born outside of the EU with those born in another EU Member States reveals little difference between the two groups in 2022. The self-employment rate for immigrants born outside of the EU varied greatly across countries in 2022, ranging from about 8% in Austria, Germany, Luxembourg and Sweden to 28% in the Czech Republic. This variation across countries is influenced by a range of factors including differences in the profile of immigrants arriving (e.g. age, gender) and the strength of labour market integration measures.
- **The share of immigrants among the self-employed in the EU nearly doubled over the past decade.** In 2013, about 2% of the self-employed in the EU were born in another EU Member State and 5% were born outside of the EU and these shares increased to 4% and 8% in 2022.
- **Immigrant entrepreneurs face a range of barriers to business creation, some of which are unique to relative to non-immigrants.** Some of the main challenges include language barriers that can inhibit the development of networks and difficulties obtaining credential recognition that can prevent the acquisition of some licenses.
- **The gender gap among self-employed immigrants in the EU is closing faster than among the native-born.** In 2022, men born outside of the EU were about 1.6 times more likely than women born outside of the EU to be self-employed. This is down from 1.9 times in 2013 and appears to have converged with the ratio among native-born self-employed people. In 2022, native-born men were 1.7 times more likely than native-born women to be self-employed relative to 1.8 times in 2013.
- **The characteristics of self-employment activities in terms of sector do not vary significantly from those of non-immigrants.** In 2022, 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.
- **Moreover, nearly one-third of self-employed immigrants in the EU employed at least one employee in 2022, which was about the same proportion as non-immigrants.** Moreover, recent research from Germany suggests that immigrant-owned businesses are more likely to achieve high levels of growth than firms led by non-immigrants.
- **The use of tailored schemes to support immigrant entrepreneurs is common among EU Member States.** However, many schemes are relatively small-scale initiatives that predominately offer training and coaching. Yet, these types of initiatives remain an important part of local entrepreneurship ecosystems. This is demonstrated by new initiatives to support Ukrainian refugees in many countries, including Estonia, Finland, Ireland and Poland.
- **Nonetheless, governments could do more to leverage the potential of immigrant entrepreneurs by adjusting support schemes to reflect the growth in immigrant entrepreneurship.** This could include offering greater networking support to strengthen their ties within local entrepreneurship ecosystems to increase the chances of creating opportunities for all entrepreneurs.

The nature of immigrant entrepreneurship is evolving

Immigrant entrepreneurship is increasingly recognised as a source of innovation and job creation...

Immigrant entrepreneurship has traditionally been associated with economic adversity, where self-employment was used to earn a living due to a lack of opportunities in the job market. There is a body of research that supports this perspective (Barrett, Jones and McEvoy, 1996^[11]) and others note that some immigrants pursue self-employment to escape low-wage employment and discrimination at work (OECD, 2011^[2]; OECD/European Commission, 2023^[3]). The implication is that immigrant-owned businesses serve specific local ethnic markets (e.g. shops providing speciality food products) and have a limited economic impact (Clark and Drinkwater, 2000^[4]; Basu and Altinay, 2002^[5]; Dalhammar, 2004^[6]).

While this perspective remains true for some immigrant entrepreneurs, the picture of immigrant entrepreneurship is changing and becoming more complex. Labour market outcomes of immigrants are at the highest levels since 2001, particularly among immigrant women (OECD, 2023^[7]) and the number of immigrant entrepreneurs and business owners has nearly doubled over the past decade in the European Union (EU). This is largely explained by an increase in international migration flows over this period. Moreover, the economic impact of immigrant-owned businesses appears to be increasing in many countries. For example, recent research in Sweden shows that immigrant-owned firms, and especially those owned by non-European immigrants, are more likely to employ others and have more employees than native-owned firms (Neuman, 2021^[8]). Further, recent German evidence suggests that immigrant founders are more likely to have high growth ambitions relative to those born in Germany (75% vs. 55%) and that 60% of German unicorns have at least one immigrant founder (Startup Verband, 2023^[9]). These studies are consistent with a recent study in the United States that found that immigrant entrepreneurs are more likely than native-born entrepreneurs to be pursuing economic opportunities and create more opportunities for all entrepreneurs (Box 3.1). Please see (OECD/European Commission, 2021^[10]) for further discussion on the different types of immigrant entrepreneurs.

Box 3.1. Immigrant entrepreneurship creates opportunities for others, United States

A recent study examines the relationship between the immigrant population and entrepreneurial development in the United States. The analysis uses individual level microdata from the 2000 Decennial Census (2000) and the Census Bureau's American Community Survey Census (2007, 2011, 2017) to create an aggregated longitudinal dataset at the metropolitan level (metropolitan statistical areas, MSAs). The dataset covers 1 052 metropolitan areas in the United States. The study used a two-way fixed effects model to investigate if the foreign-born population is more entrepreneurial than the native born population and whether migrant entrepreneurship is driven by opportunity (incorporated self-employment) or by necessity (unincorporated self-employment).

The study shows that the foreign-born population is 5% more likely than the native-born population to be self-employed across MSAs. Moreover, the analysis finds a positive relationship between the foreign-born population and self-employment, i.e. as the foreign-born population grows, self-employment increases.

Foreign-born entrepreneurs are about as likely as native-born entrepreneurs to engage in necessity entrepreneurship/unincorporated self-employment (6.4% vs. 6.0%), while they are half as likely to participate in opportunity entrepreneurship/incorporated self-employment (2.0% vs. 4.2%). However, the analysis finds migrant entrepreneurship is driven largely by opportunity as incorporated self-employment increases as the migrant population grows within MSAs. This could be due to supply

and demand side factors, including access to more and higher quality networks, ease in building a customer base and higher demand for products or services within migrant communities. Necessity entrepreneurship among migrant populations only increases within the MSAs that have the highest shares of foreign-born people (i.e. top quartile). Overall, the study finds that as immigrant communities become larger, a more significant presence of foreign-born people is strongly associated with opportunity entrepreneurship (incorporated self-employment).

Source: (Kugler et al., 2022^[11])

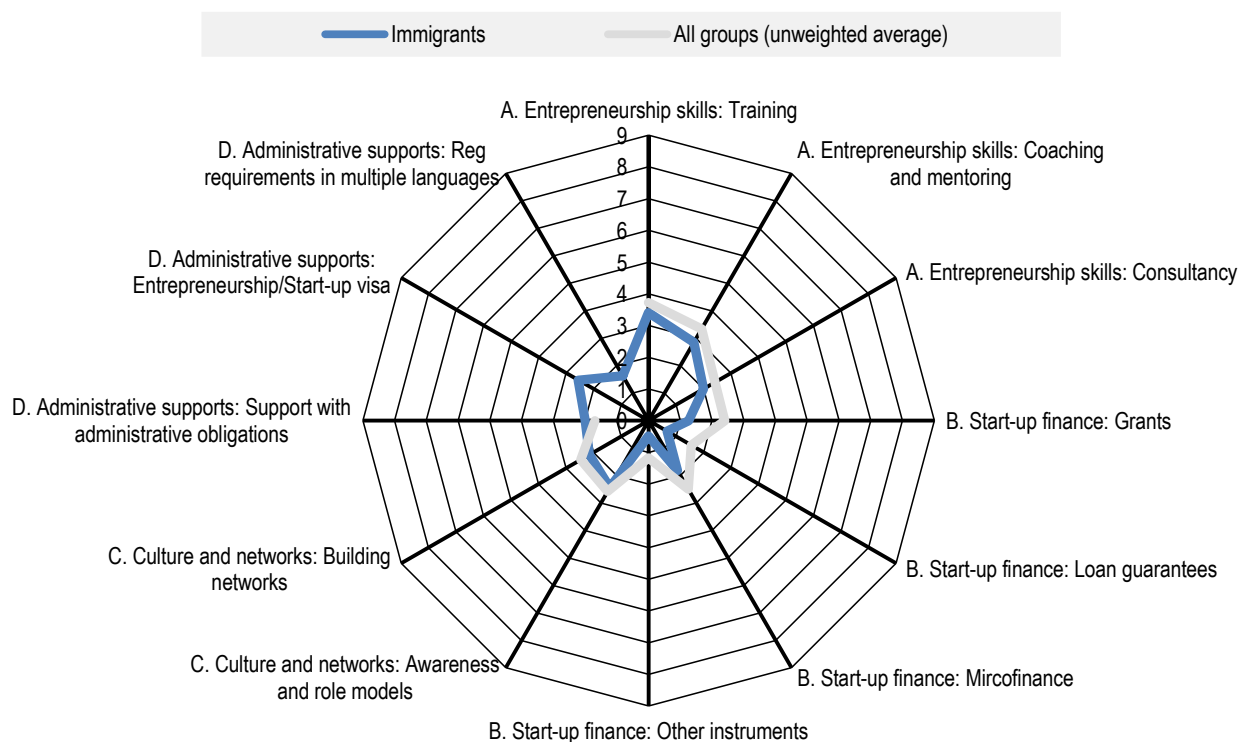
...but public policy is not yet effectively leveraging this potential

Public support for immigrant entrepreneurs has traditionally been limited in scale and scope. In most EU Member States and OECD countries, support – when it existed – was typically comprised of training and mentoring schemes operated largely by non-government actors. There are certainly examples of effective schemes, but most are not able to meet demand. Overall, support for immigrant entrepreneurs in the EU is less available than for other target groups (e.g. women, youth) and offers vary substantially in quality due to a scarcity of resources (Figure 3.1). The most significant gap in the support system is in the areas of access to finance, where microfinance is an important tool in most EU Member States. While microfinance can support many profiles of immigrant entrepreneurs, it is less likely to effectively support those with innovative business ideas.

Governments can also do more to harness the job creation potential of skilled immigrant entrepreneurs. The new EU Blue Card came into force in 2023 and is an example of policy efforts to facilitate entrepreneurship among highly skilled immigrants. It aims to help EU Member States attract and retain highly skilled workers, and it is now possible for recipients to use self-employment as a complementary activity to beneficiaries' main employment activity (Box 3.2). Moreover, there has been a rise in the introduction of start-up and talent visas over the past decade in EU Member States and OECD countries, which aim to attract immigrants with in-demand skills and experiences (OECD, 2023^[7]; OECD/European Commission, 2021^[10]). Among EU Member States, there also appears to be an increase in the use of specialised instruments to support high-potential immigrant entrepreneurs, including dedicated incubation and acceleration programmes. Examples include the new Migrant Accelerator programme (TMA, 2023^[13]) launched to support the German Federal Start-up Strategy (*Die Start-up-Strategie der Bundesregierung*) (BMWK, 2022^[14]). This initiative ran its first cohort in June-August 2023, offering workshops and individual mentoring with a diverse group of mentors that reflects the diversity of targeted entrepreneurs. This approach serves as a model for other immigrant entrepreneurship initiatives because it is managed by people from the targeted communities and the vast majority of front-line workers also come from targeted communities. This model helps to ensure that the support offer is relevant and attractive to potential participants.

Figure 3.1. Support for immigrant entrepreneurs has not yet reached the scale needed

Availability and quality of entrepreneurship schemes for immigrants in EU Member States, 2023



Note: The figure presents an unweighted average of policy and programme assessment scores for EU Member States. Each policy instrument (e.g. entrepreneurship training) is characterised according to a 9-point scale as described in the Reader's Guide. The figure shows the average score for immigrants relative to the score for all inclusive entrepreneurship groups combined (i.e. women, immigrants, youth, seniors, job seekers and people with disabilities). Some of the policy instruments displayed are designed specifically for immigrants so there is no comparative policy assessment score for all inclusive entrepreneurship target groups. The policy scores were discussed and verified with governments and stakeholders in national workshops and a written procedure.

Source: (OECD, 2023^[12])

Box 3.2. EU Blue Card

Target group: Immigrants from outside the EU that have: i) a valid job contract or binding job offer; ii) gross annual salary of at least 1.5 times the average gross annual salary in the Member State where they will be working; and iii) a university degree or equivalent professional qualification.

Intervention type: Special residence permit.

Description: The EU Blue Card is a residence permit that allows qualified non-EU foreign nationals to live and work in any of the 27 EU member states. The EU Blue card holder enjoys equal treatment with the nationals of the Member State where they have settled but they can typically only work in the job used to apply for the Blue Card.

A recent change has opened up the possibility of self-employment for Blue Card holders. Article 12 of the EU Directive (2021/1883) states that EU blue Card holders “may exercise a self-employment activity alongside the profession of their Blue Card.” This permits EU Blue Card holders to establish an enterprise or start a freelance activity alongside their employment. EU Blue Card holders who wish to

start their own businesses must have a business plan and demonstrate they have the financial resources to support themselves.

Results achieved: Overall, 29 561 people were awarded a Blue Card in 2021. It is not yet known how many Blue Card recipients will make use of the self-employment possibility.

Source: (EC, 2023^[15])

Responding to humanitarian crises with inclusive entrepreneurship policy

Russia's unprovoked war of aggression against Ukraine resulted in a historic mass outflow of people fleeing the conflict. Starting in February 2022, more than 150 000 people fled Ukraine per day for several weeks. By end-March 2023, 4.7 million Ukrainians had registered for temporary protection schemes in the EU. Unlike the refugee flows in the EU in 2014-17, Ukrainian refugees are, on average, more educated and the flows include more women and children (OECD, 2022^[16]). Governments have responded quickly. The Council of the European Union enacted, for the first time, the Temporary Protection Directive to provide a set of harmonised rights for beneficiaries in EU Member States and many non-EU OECD countries also took measures to facilitate the entry and stay of Ukrainian people fleeing the war (OECD, 2022^[17]).

Governments are using a range of measures to facilitate the entry of Ukrainian refugees into the labour market and entrepreneurship policy has a role to play. Refugees face specific barriers to integrating into labour markets due to the nature of their migration, including traumatic experiences in many cases. These challenges include difficulties mastering a new language, a lack of networks to facilitate personal and professional opportunities, and a lack of documentation which can hinder credential recognition and access to the financial system (OECD, 2022^[16]). Self-employment and entrepreneurship can open up additional opportunities to work, but here again refugees face specific challenges stemming from their individual context (e.g. language and cultural barriers, skills gaps, limited access to finance and premises) as well as factors in their host environment (e.g. legal uncertainty, discrimination) (OECD, 2019^[18]). There are examples of successful entrepreneurship schemes for refugees, often when programmes combine multiple types of support and offer personalised assistance. Another key success factor is the use of tailored delivery methods, including the use of specialised staff that can speak the relevant languages and are knowledgeable about the local entrepreneurship support system as well as the challenges faced by refugees.

New schemes to support Ukrainian refugees in entrepreneurship

Many countries have either directly introduced measures to support Ukrainian refugees in entrepreneurship or support organisations that deliver entrepreneurship programmes. Many examples are contained in the Country Profiles in Part III of this report. The examples include business incubators such as Garage48 in Estonia, which runs a regular programme called Empowering Women Estonia for female refugees from Ukraine in partnership with the Estonia Refugee Council (Garage48, 2023^[19]). There are also many other foundations and social enterprises offering entrepreneurship training for Ukrainian refugees in Estonia (OECD, 2023^[12]). Other examples include bilingual entrepreneurship training programmes offered by Local Enterprise Offices in Ireland. In Fingal (Ireland), a programme called Start Your Own Business was delivered to 80 Ukrainian refugees in 2023 (Fingal County Council, 2023^[20]). Other countries such as Poland have adjusted some of the laws to allow Ukrainian refugees to start certain types of businesses. In Poland, the laws regulating business creation were adjusted in March 2022 to allow Ukrainian refugees to start certain types of businesses including self-employment and limited partnerships (Poland, 2022^[21]).

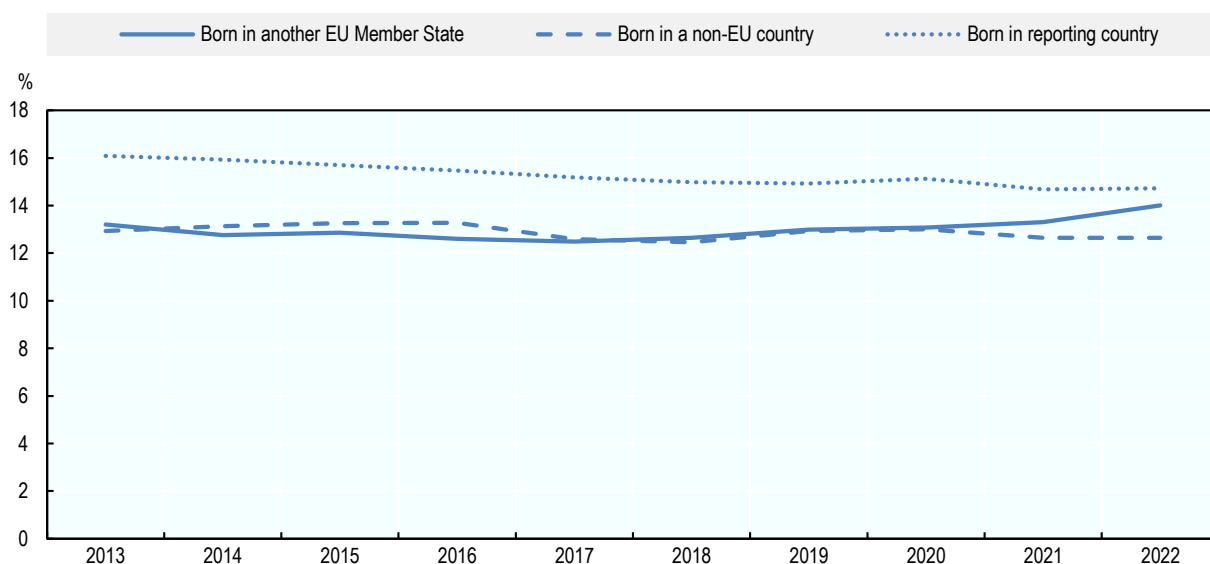
Self-employment among immigrants

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

Immigrants from non-EU countries are slightly less likely than non-immigrants to be self-employed in the EU. About 13% of immigrants in the EU were self-employed in 2022 relative to about 15% of non-immigrants (Figure 3.2). The share of immigrants who are self-employed is 11% higher among those born in another EU Member States compared to those born outside of the EU. While the overall self-employment rate among immigrants has been relatively stable over the last decade, there has been a divergence in the self-employment rate between immigrants from EU Member States and those from non-EU Member States in recent years. Between 2019 and 2022, the self-employment rate among immigrants from other EU Member States has increased by 8% relative to a 2% decrease in the self-employment rate of immigrants from non-EU Member States.

Figure 3.2. The self-employment rate among immigrants from other EU Member States is increasing slightly

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



Note: There is a break in the series in 2021. 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, 2023^[22])

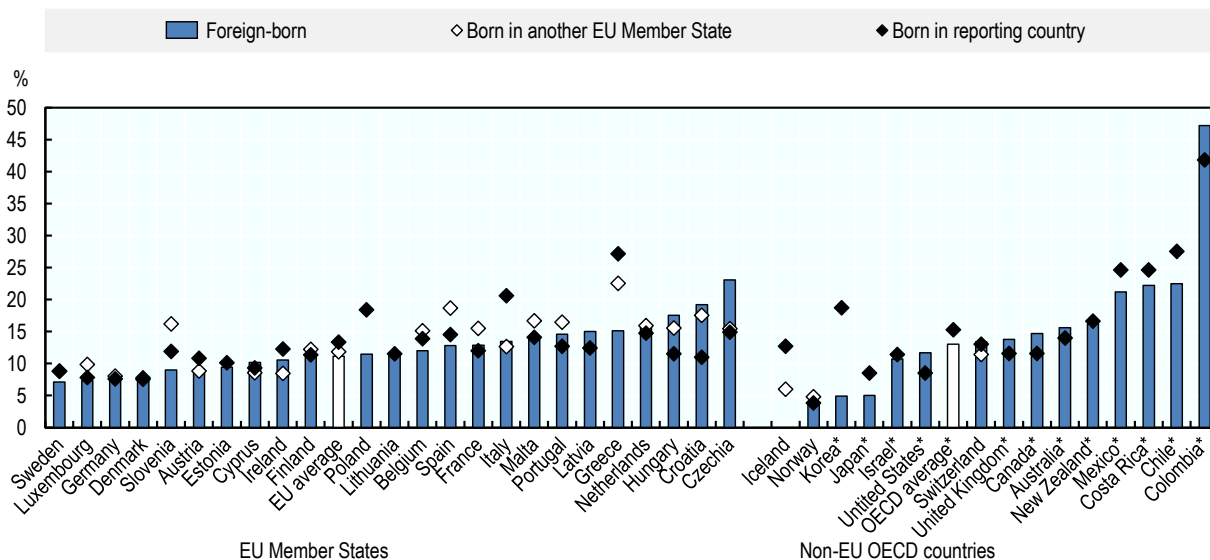
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Self-employment rates for immigrants were higher than non-immigrants in 11 EU Member States in 2022 (Figure 3.3). Self-employment rates for immigrants from non-EU Member States were highest in the Czech Republic (23%), Croatia (19%) and Hungary (18%), while self-employment rates for immigrants from other EU Member States were highest in Greece (23%), Spain (19%) and Croatia (17%). Conversely, immigrants were least likely to be self-employed in Sweden, Luxembourg and Germany, where about 7% of immigrants born outside of the EU were self-employed in 2022. However, these proportions were only slightly less than the self-employment rate of non-immigrants. The variations in self-employment rates among immigrants reflect variations in labour market conditions, framework conditions in place to support

entrepreneurship and self-employment, wage-earner immigrant flows and the level of support for immigrants.

Figure 3.3. Self-employment rates for immigrants varied greatly across EU Member States in 2022

Self-employment as a percentage of employment (15-64 years old) by place of birth, 2022



Note: Some data are from 2020 and 2021 (*). The data from the following countries are from 2020: Australia (Australian Survey of Education and Work, ASEW), Chile (*Encuesta de Caracterización Socioeconómica Nacional*, CASEN), Israel (Labour Force Survey), Japan (Census) and Mexico (*Encuesta Nacional de Ocupación y Empleo*, ENOE). Self-employment data are from 2021 for the following countries: Canada (Labour Force Survey), Colombia (*Gran Encuesta Integrada de Hogares*, GEIH), Costa Rica (*Encuesta Continua de Empleo*, ECE), Korea (Immigrant's Living Conditions and Labour Force, SILCLF, and Economically Active Population Survey, EAPS), New Zealand (Labour Force Survey), the United Kingdom (Labour Force Survey) and the United States (Current Population Survey, CPS).

Source: (Eurostat, 2023^[22])

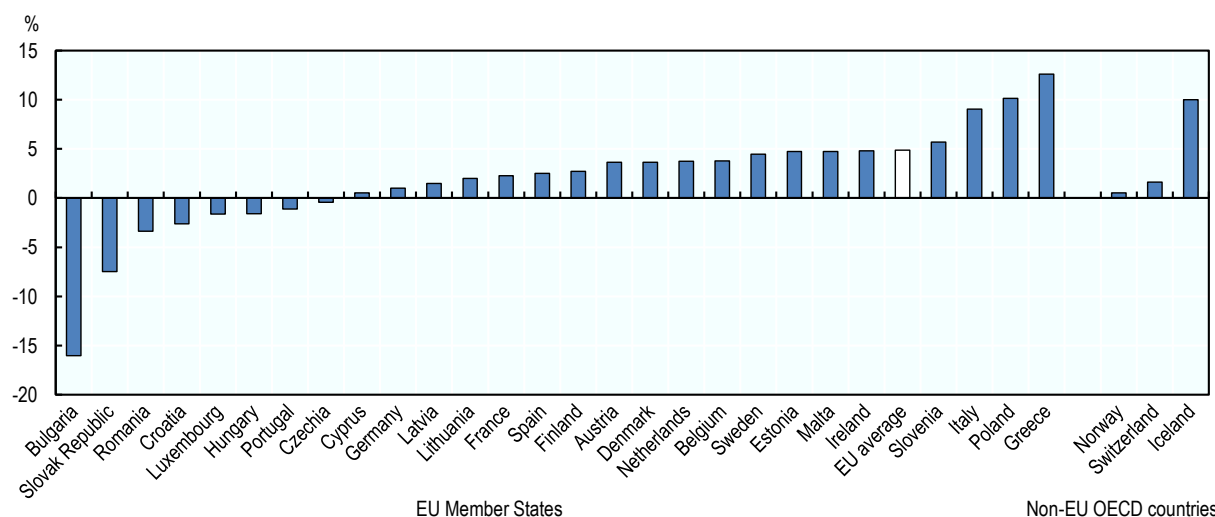
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...resulting in “missing” immigrant entrepreneurs in 70% of EU Member States

Immigrants are about as active as the overall population in self-employment, but a gap emerges when compared to the “most entrepreneurial population group core-age males (30-49 years old)” (see Reader’s Guide for further discussion). Across the EU, there would be an additional 1.3 million self-employed immigrants if they were as active in self-employment as 30-49 year old men. This accounts for about 5% of the actual number of self-employed immigrants in 2022 (Figure 3.4). This gap is as high as 13% in Greece, but there are eight EU Member States where immigrants were as active as core age males (30-49 years old) in self-employment in 2022: Bulgaria, Croatia, the Czech Republic, Hungary, Luxembourg, Portugal, Romania and the Slovak Republic. Therefore, there are no “missing” immigrant entrepreneurs in these countries because the share of immigrants in self-employment could be viewed as an over-representation.


Figure 3.4. The “missing” immigrant entrepreneurs represent about 5% of self-employment immigrants in the EU

Ratio of “missing” self-employed immigrants to the number of self-employed immigrants, 2022



Note: This figure presents the ratio of estimated “missing” immigrant entrepreneurs (i.e. the number of immigrant entrepreneurs that there would be if immigrants were as active as 30-49 year old men in entrepreneurship less the number of actual immigrant entrepreneurs) relative to the number of actual immigrant entrepreneurs.

Source: OECD calculations based on (Eurostat, 2023^[22]).

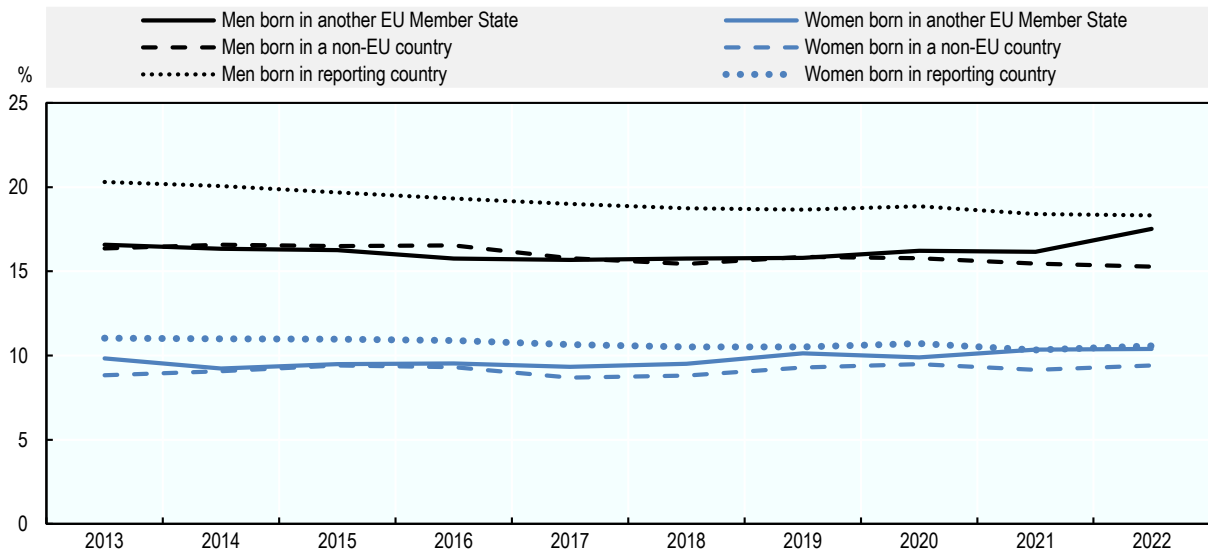
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The gender gap in self-employment among immigrants persists

The gender gap among the self-employed can also be seen among those who are immigrants, regardless of where they were born. While self-employment rates for immigrants have remained stable over the last decade, the convergence in self-employment rates between immigrants and non-immigrants has been greater for women than men, particularly for immigrants born in another EU Member State (Figure 3.5). These shares converged in 2021 and became nearly the same in 2022 (about 11%). The proportion of immigrant women who are self-employed decreases among women born in a non-EU Member State – about 9%. However, gender gaps among the self-employed were smaller among immigrants relative non-immigrants. The smallest gender gap was among immigrants from non-EU countries, which was nearly 6 percentage points (p.p.) in 2022, while the gender gap among self-employed immigrants born in another EU Member State was slightly higher at 7 p.p. Non-immigrants had the largest gender gap at nearly 8 p.p. in 2022. However, both the gender gaps among the self-employed born in a non-EU country and non-immigrants decreased by nearly 2 p.p. over the decade. Data cannot be presented at the country level due to small sample sizes, and there are still many knowledge gaps about entrepreneurship activities by women entrepreneurs. The EU is working to address this gap through the “ATHENA” project, which analyses the needs of migrant women entrepreneurs in Belgium, Germany, Greece, Lithuania, Italy and Spain (Box 3.3).

Figure 3.5. Immigrant women are less likely to be self-employed compared to immigrant men

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



Note: There is a break in the series in 2021. 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, 2023^[22])

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Box 3.3. ATHENA project, Belgium, Germany, Greece, Lithuania, Italy and Spain

The ATHENA (Approaches to valorise high entrepreneurial potential of migrant women to contribute to their social and economic integration) was a two-year project funded by the EU Asylum, Migration and Integration Fund (AMIF) Programme. It ran from January 2021 to April 2023.

The project was established to:

- Identify and analyse the entrepreneurship needs of immigrant women;
- Identify good practices of business support services for immigrant women; and
- Prepare support materials and activities for immigrant women entrepreneurs.

The project produced a series of reports that are available on its website. These include good practice reports and practical manuals for support providers. It also provided direct support to 251 immigrant women entrepreneurs and support 67 organisations in strengthening their support offers.

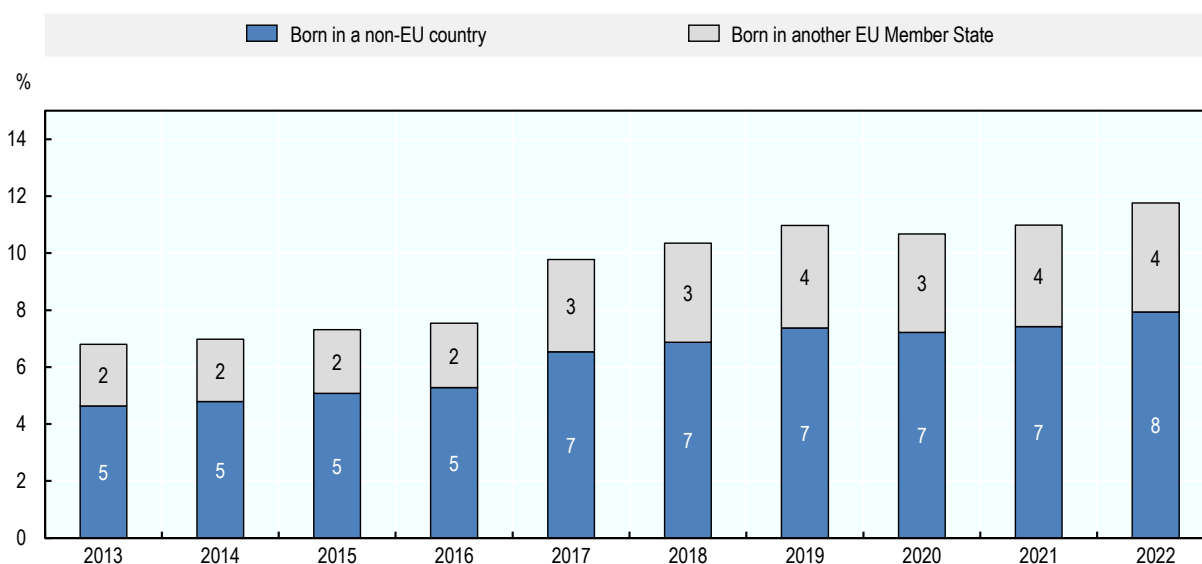
Source: (athena, 2023^[24])

Immigrants account for a growing share of the self-employed in the EU

The share of immigrants who are self-employed in the EU is 28% higher in 2022 than in 2013. In 2022, there were almost 26 million self-employed people in the EU, of which nearly three million were immigrants (11%). This was comprised of 2 million people born outside of the EU and 985 500 people born in another EU Member State. The share of immigrants among the self-employed in the EU has steadily increased over the last decade (Figure 3.6). This increase was slightly greater among those born in other EU Member States (increase by 76%) relative to those born outside of the EU (increase by 71%).

Figure 3.6. The share of immigrants among the self-employed continues to increase

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



Note: There is a break in the series in 2021. 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, 2023^[22])

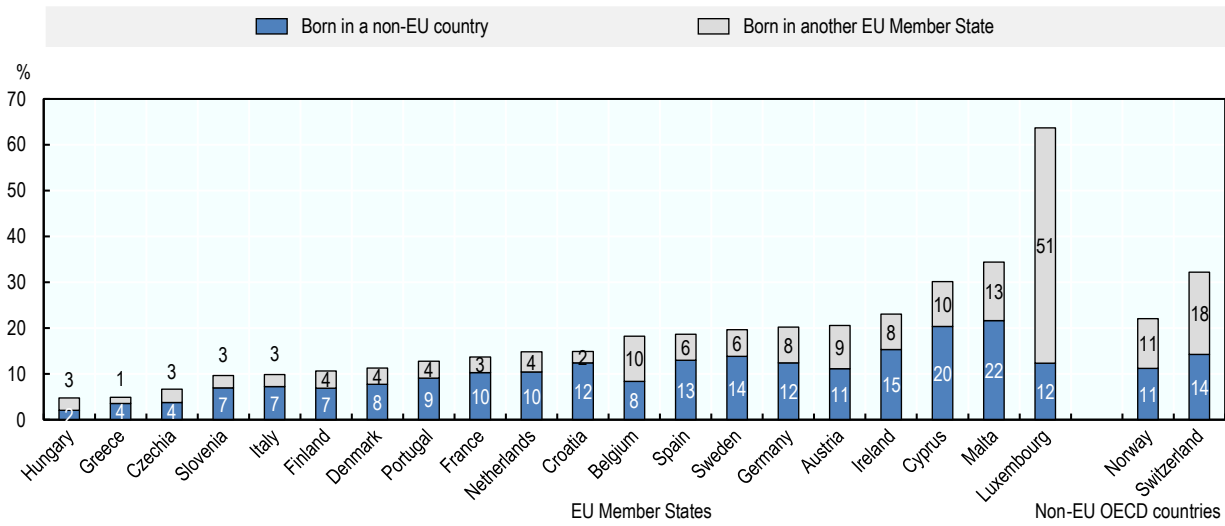
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At least one-in-five self-employed workers were born in another country in 7 EU Member States.

While the proportion of self-employed people who were born in another country varies substantially across EU Member States, the proportion of self-employed people who were born outside of the EU account for the majority of the self-employed immigrants in all but one EU Member State (Figure 3.7). Nearly two-thirds of the self-employed in Luxembourg are immigrants with the large majority being those who were born in another EU Member State (51%). Other countries with high shares of immigrants among the self-employed include Malta (34%) and Cyprus (30%) – about one-fifth of whom were born in a non-EU country. The countries with the lowest shares of self-employed immigrants are Hungary, Greece (5% each) and the Czech Republic (7%).

Figure 3.7. More than one-third of the self-employed are immigrants in three EU Member States

Share of immigrants among the self-employed (15-64 years old), 2022

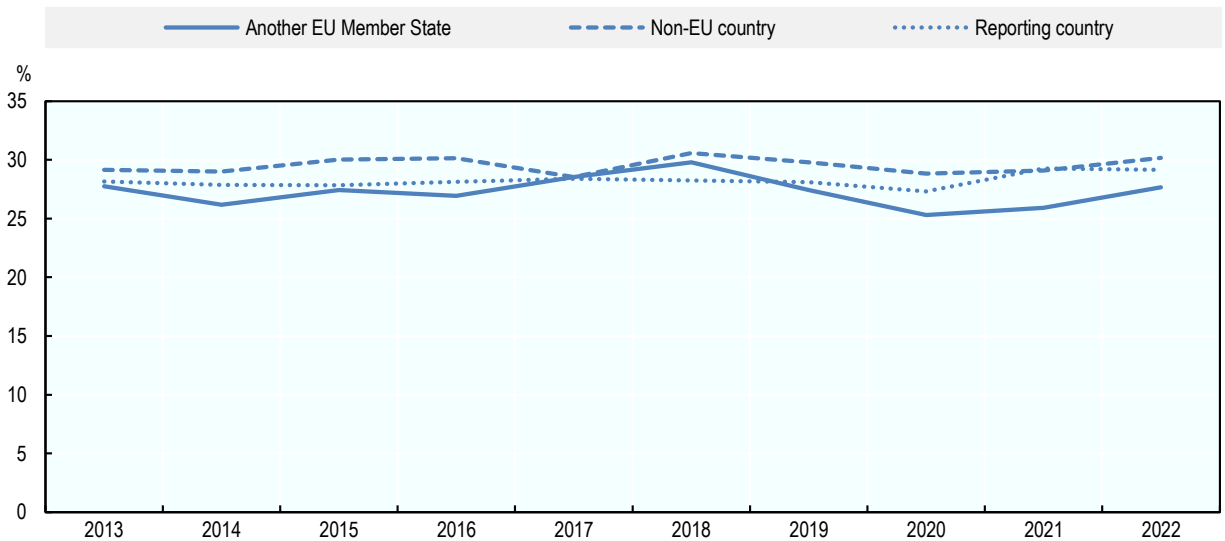


Note: Data for Germany are provisional estimates and data for Croatia, Poland, the Slovak Republic and Slovenia have a low level of reliability.
Source: (Eurostat, 2023^[22])

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Figure 3.8. About 30% of self-employed immigrants in the EU have employees

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



Note: There is a break in the series in 2021. 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, 2023^[22])

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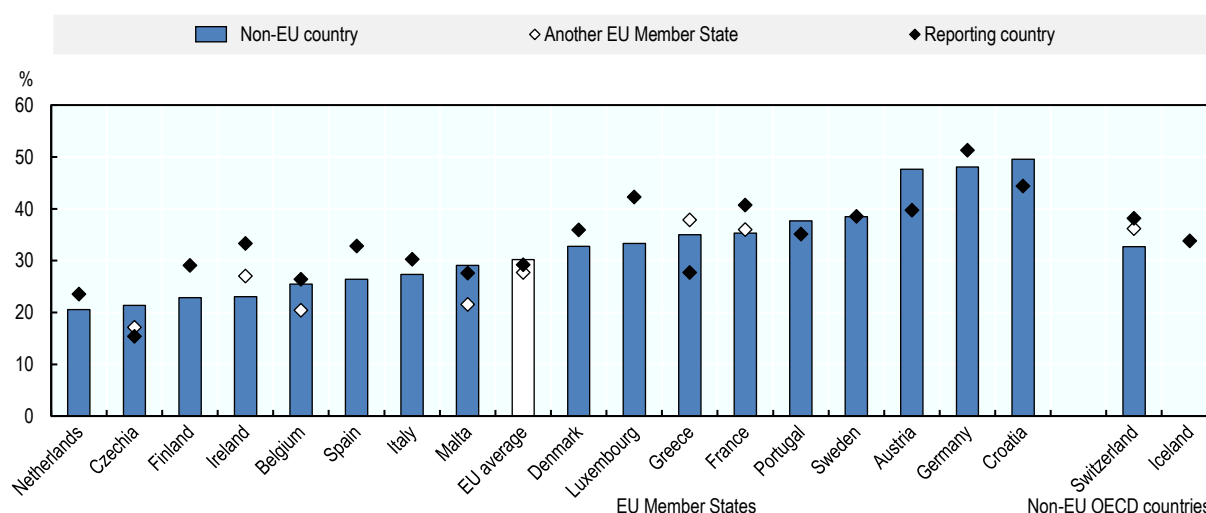
Self-employed immigrants employ others at about the same rate as non-immigrants

The share of self-employed immigrants who employ others has remained relatively constant over the last decade. About 30% of self-employed immigrants in the EU employed at least one employee in 2022, which was about the same proportion as non-immigrants (Figure 3.8). Among self-employed immigrants, those who were born in a non-EU country were slightly more likely to employ others than those born in another EU Member State in 2022 (30% vs. 28%). This was on par with their non-immigrant counterparts, of whom 29% had at least one employee in 2022.

Self-employed immigrants were more likely than non-immigrants to employ others in over half of EU Member States in 2022. Considering self-employed immigrants born outside of the EU, the highest shares of self-employed immigrant employers were in Croatia (50%), Germany (48%) and Austria (48%) (Figure 3.9). Moreover, at least one-third of self-employed immigrants are employers in nine EU Member States. Among self-employed immigrants who were born in another EU Member State, the proportion with employees ranged from about 17% in the Czech Republic to 38% in Greece.

Figure 3.9. Self-employed immigrants in the EU are as likely to employ others as non-immigrants

Share of self-employed (15-64 years old) with employees by place of birth, 2022



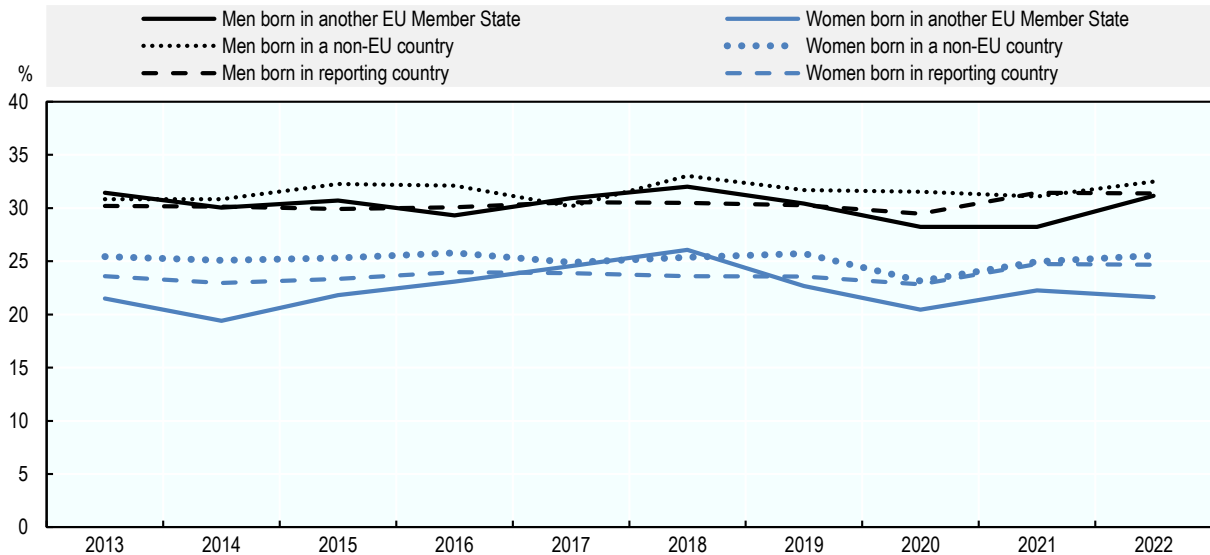
Note: Data for Germany are provisional estimates and data for Croatia, Poland, the Slovak Republic and Slovenia have a low level of reliability.
Source: (Eurostat, 2023^[22])

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The gender gap among immigrant employers has been constant. Among self-employed women born in a non-EU country, the share of those who employed others was constant at about 25% prior to COVID-19. This share dropped slightly to 23% and recovered to 25% by 2022 (Figure 3.10). This proportion was below the share of self-employed immigrant men born outside of the EU. Prior to COVID-19, about 32% employed others. Although the proportion dropped during COVID-19, it climbed back to 33% in 2022. A similar pattern is observed among self-employed immigrants from other EU countries, although both men and women are less likely to have employees.

Figure 3.10. Gender gaps are also observed among self-employed employers

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



Note: There is a break in the series in 2021. 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, 2023^[22])

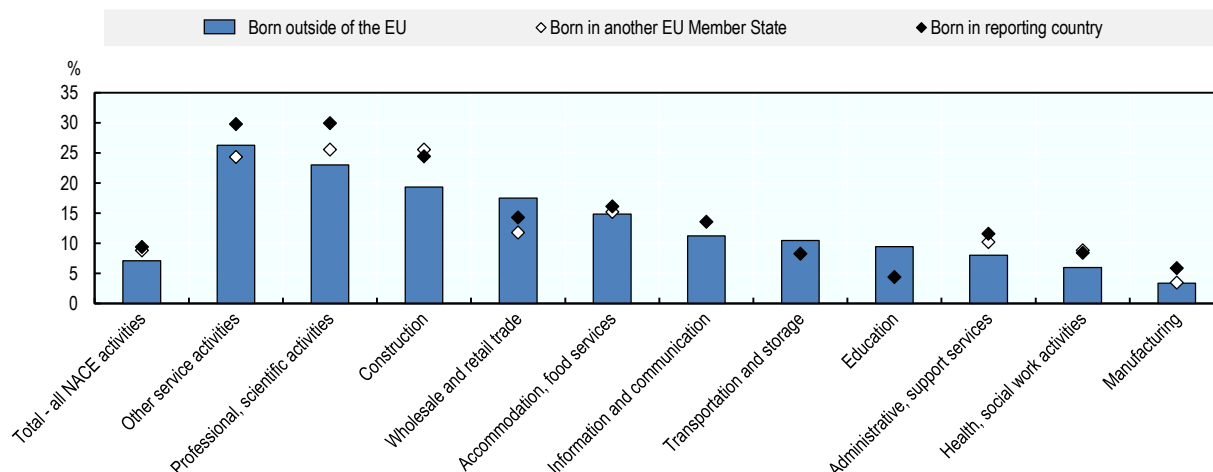
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Self-employed immigrants tend to work in similar sectors to native-born self employed workers

The share of self-employed immigrants by sector largely follows the share of non-immigrants. 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 activities (23%), Construction (19%) and Administrative, support services (8%) relative to those born in another EU Member State and for those born in the reporting country in 2022 (Figure 3.11). However, immigrants born outside of the EU had higher self-employment rates in Other service activities relative to those born in another EU Member State (26% vs. 24%), yet both rates remained below the share of non-immigrants in the sector (30%). On the other hand, immigrants born outside of the EU were more likely to be self-employed in Wholesale, food services (18%), Transportation and storage (11%) and Education (9%) compared to those born in another EU Member State and for those born in the reporting country. Similarly, among those born in another EU Member State, the self-employment rate was slightly higher in Construction than those born in the reporting country (26% vs. 25%).

Figure 3.11. Immigrants have similar self-employment rates by sector as non-immigrants

Self-employment rate by sector in the EU, 2022



Note: Some of the estimates presented in this figure should be used with caution because they are of low quality: (i) the self-employment rate of immigrants born outside of the EU in Information and communication activities and Education; (ii) the self-employment rate of those born in another EU Member State in Manufacturing; Professional, scientific and technical activities; Administrative and support service activities; Human health and social work activities; and Other service activities.

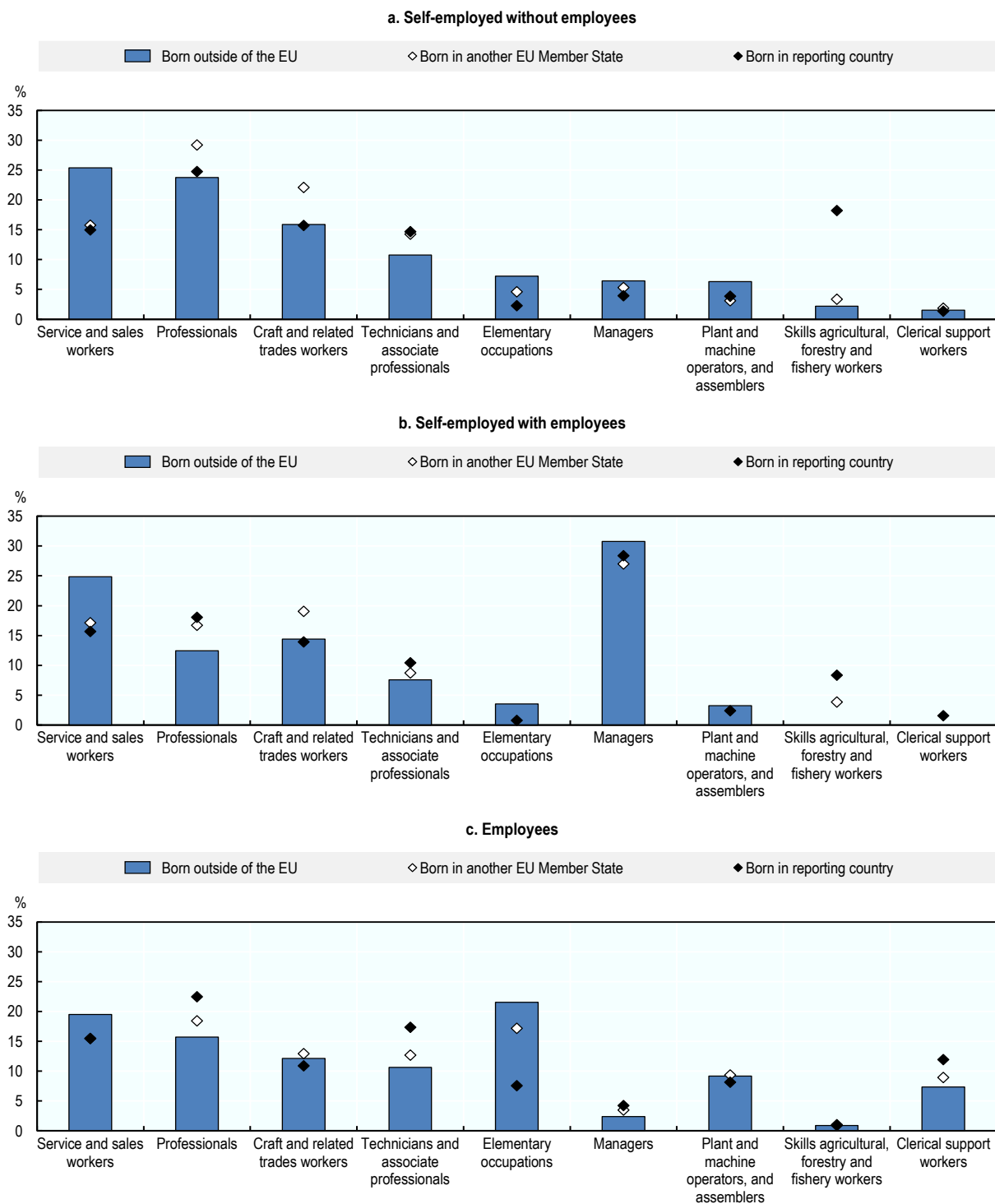
Source: (Eurostat, 2023^[25])

StatLink  <https://stat.link/skjr96>

Similarly, occupations of self-employed immigrants are largely consistent with those of non-immigrants. In the EU, the self-employed workers are most likely working in service and sales or as professionals (Figure 3.12). Self-employed immigrants are more likely to be working in service and sales (25% for those born outside of the EU and 16% of those born in another EU Member State) compared to non-immigrants (15%). This is also true for self-employed immigrants with employees (25% for those born outside of the EU and 17% of those born in another EU Member State vs. 16% of non-immigrants). Self-employed immigrants from another EU Member State are also more likely to be working as Professionals than non-immigrants (29% vs. 25%). However, self-employed immigrants who were working as Professionals in 2022 were less likely to have employees than non-immigrants.

Figure 3.12. Immigrant workers are highly concentrated in service and sales

Distribution of workers (15-64 years old) in the EU by place of birth and occupation, 2022



Note: Estimates for occupations below 5% for the self-employed who were not born in the reporting country (both with and without employees) should be used with caution because the estimates are of low quality.

Source: (Eurostat, 2023_[25])

Conclusions

Business creation is an important pathway into work for many immigrants since many face challenges entering the labour market, particularly those with low skill levels. However, many of these businesses operate in highly competitive sectors and have little growth potential. Governments could consider doing more to improve the sustainability of these businesses by attracting more self-employed immigrants into support schemes and increasing the scale of support offered when demand is sufficient.

One of the most significant trends in inclusive entrepreneurship has been the growth – both absolute and relative – of immigrant entrepreneurship. There is also a growing recognition of the contributions made to innovation and job creation by immigrant entrepreneurs, yet policy has been slow to adjust to the changing context. This calls for greater investments to supporting high-potential immigrant entrepreneurs, including greater use of outreach and incentives to attract them. To expand and strengthen support for high potential immigrant entrepreneurs, governments could consider:

- Increasing the scale of immigrant entrepreneurship support to keep pace with the relative and absolute growth in immigrant entrepreneurship;
- Using financial supports for immigrant entrepreneurs to steer them away from sectors with oversupply; and
- Expanding the use of entrepreneurship schemes for refugees when the targeted population has skills, experience and motivation for entrepreneurship.

Examples of recent policy action to support immigrants entrepreneurs are contained in the country profiles in Part III of this report.

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