

# IMMIGRANT ENTREPRENEURSHIP: A GLOBAL PHENOMENON ON THE RISE

Immigrants are no longer to be considered passive subjects within their context of reception. On the contrary, the entrepreneurial sector has shown them protagonists and witnessed their leading and strengthening self-employing role all around the globe. The last decades have confirmed rising figures of new businesses launched by immigrant entrepreneurs, almost on par with or even exceeding that of native self-employers. Within the North-American region, the immigrant entrepreneurial phenomenon is today strongly rooted in the national occupational panorama and it is deemed one vital pillar of its economy. In Europe, although a more recent tradition, immigrant entrepreneurship has consistently grown to such an extent that at present it cannot be ignored if one wishes to approach and understand the current European economic scenario.

*“Those who decide to migrate are [...] the most active, strong-willed, audacious, tenacious, cunning and the least sentimental individuals, regardless of the fact that their reason to migrate originates from religious or political oppression or from a desire for profits”.<sup>1</sup>*

## THE CHARACTERISTICS OF IMMIGRANT ENTREPRENEURSHIP

*A closer look at why immigrants show high rates of self-employment*

Immigrant entrepreneurship



A worldwide phenomenon

Immigrant entrepreneurship is neither homogeneous nor it is characterised by solely favourable conditions. One of the main elements explaining why immigrants occupy a fair share of the entrepreneurial sector is that self-employment represents one of the most viable ways for socioeconomic upward mobility. This turns out to be particularly true in reception contexts that tend to discriminate against foreign nationals in their access to the occupational market or that do not allow for any career advancement. Therefore, self-employment constitutes a realistic path for economic and social integration compared to more traditional employees' occupational positioning. Furthermore, considering the linguistic barriers, especially for newcomers, there are specific opportunities that may arise by immigrants' social capital, namely their networks of co-nationals.

<sup>1</sup> Sombart, W. 1990. 'Gli Stranieri'. in Lontananza e vicinanza. Modelli e figure dello straniero come categoria sociologica, edited by S. Tabboni. Milano: Franco Angeli.

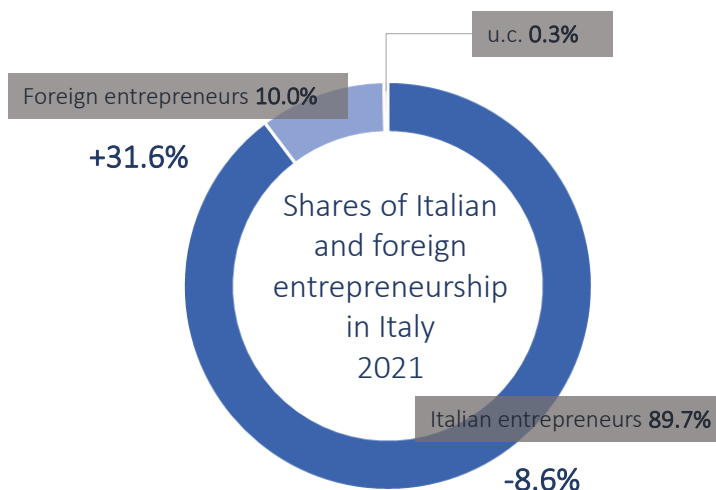
Advantages might arise by deciding to focus on a business that targets a given ethnic or immigrant community, as the prospective immigrant entrepreneur is already knowledgeable of its dynamics and demands. Not only the creation of a self-owned business creates occupational opportunities for fellow nationals in search of a job but it most importantly ensures an intergenerational source of wealth. A successful enterprise could guarantee job security for sons and daughters or, in case, for the larger immigrant community. Lastly, streams of research underlying micro-level aspects of immigrant entrepreneurship have revealed how immigrants' personality traits, namely the willingness to take risks and the stronger drive for achievement can support explain the expanding figures of this phenomenon. <sup>2</sup>

### Reasons behind immigrant self-employment



## ITALY'S IMMIGRANT ENTREPRENEURSHIP: A DESCRIPTIVE ANALYSIS

From foreign entrepreneurs' origin to the evolution of the phenomenon



The source of data on immigrant entrepreneurship in Italy is made available by Infocamere which manages the national Commercial Register, the official register of Italian enterprises and businesses. It is thus important to first observe the definition of immigrant (or better, foreign) entrepreneur envisaged by such a data provider. The expression "foreign entrepreneur" refers to an individual born abroad and it does not indicate a person of foreign citizenship. Thus, such a definition entails that, on the one hand, the following presented data include Italian citizens who were born abroad (even in a geographically and culturally close environment, such as France and Switzerland), on the other, it offers the advantage to account also for those entrepreneurs who have naturalized along the years. Furthermore, such a classification risks to overlook the "multicultural enterprises" category, namely those businesses where ownership, management or staff represent a plurality of nationalities and cultures<sup>3</sup>.

<sup>2</sup> Vador, Peter. 2021. 'Are Voluntary International Migrants Self-Selected for Entrepreneurship? An Analysis of Entrepreneurial Personality Traits'. *Journal of World Business* 56(2):101142. doi: 10.1016/j.jwb.2020.101142.

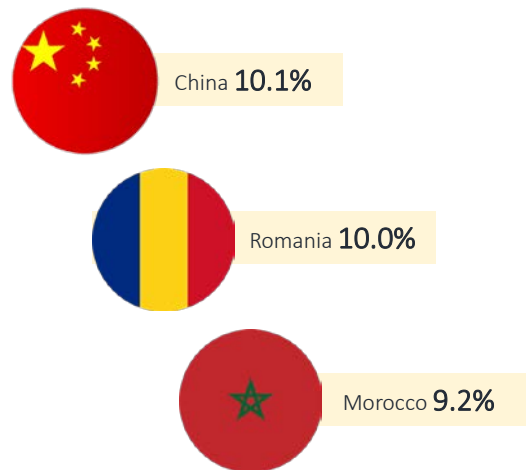
<sup>3</sup> For a more detailed account on "multicultural enterprises" refer to *Merging Competencies, Valuing Diversity: The Multicultural Enterprise as an Emerging Model*, edited by Arrighetti and Lasagni (OIM, 2020).

As for the global panorama, immigrant entrepreneurship in Italy is also characterised by steady and consistent growth. Out of a total of 7,557,982 entrepreneurs registered in Italy by December 2021, a noticeable 10% is constituted by foreign entrepreneurs in accordance with the definition specified above. What is even more noteworthy, this share of foreign self-employers is characterized by a significant growth (+31.6%) when compared to 2011 data. Such an increase outshines the evolution of Italian entrepreneurship figures, which witnessed a fall of 8.6% within the same period. Nevertheless, for an encompassing understanding of the phenomenon, it is also noteworthy to underscore the fact that although the majority of foreign-owned enterprises in Italy are individual companies, recent trends have rather shown an increase of more complex and structured firms<sup>4</sup>.

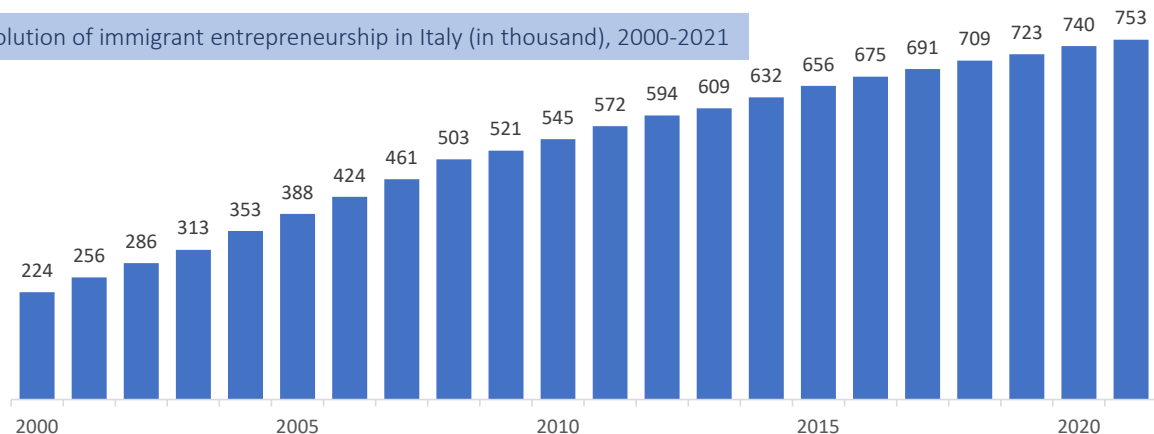
### Immigrant entrepreneurship on the rise



### 3 most consistent immigrant-entrepreneurial groups



### Evolution of immigrant entrepreneurship in Italy (in thousand), 2000-2021



Foreign entrepreneurs born in China, Romania and Morocco represent almost a third of the immigrant entrepreneurship in Italy, being respectively 10.1%, 10.0% and 9.2% of the total. In 2021, whereas the pandemic might have posed an obstacle for the Chinese-origin entrepreneurs that showed a meagre growth of 0.7% compared to the previous year, the expansion of Eastern European entrepreneurship

<sup>4</sup> According to IDOS Report on Immigration and Entrepreneurship 2019-2020.

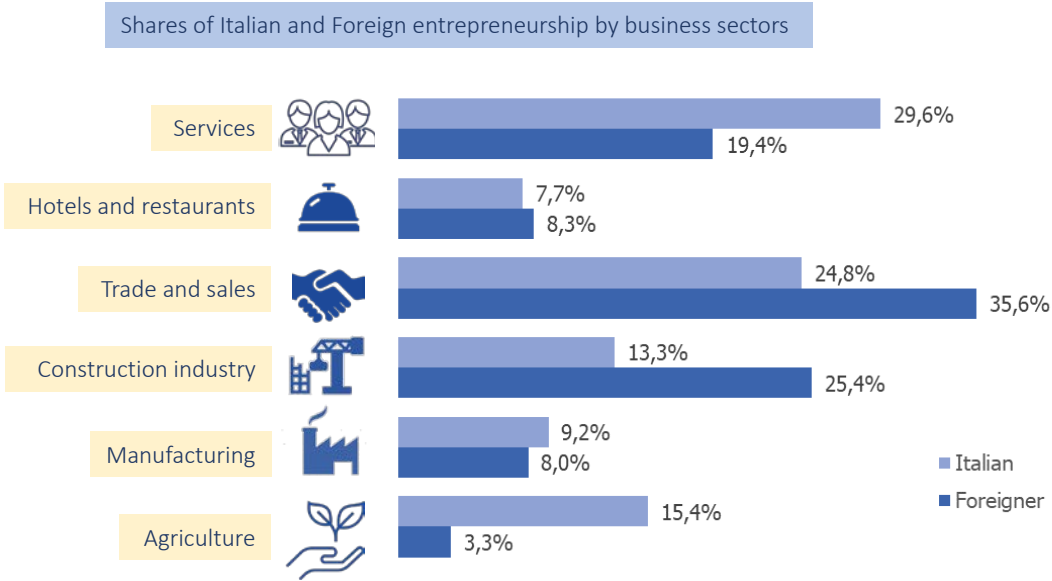
persisted. In 2021, Italy registered 75,395 Romanian-origin and 53,310 Albanian-origin entrepreneurs who had increased respectively by 2.6% and 7.2% from the previous year. Although having registered only 10,597 people in absolute terms, Moldavian self-employers also displayed a significant increase, 10.7% more compared to 2020. On the contrary, Moroccan, Bangladeshi and Egyptian-origin entrepreneurs registered a downward trend as their presence slightly declined by 0.8%, 0.3% and 0.7%.

**IS ENTREPRENEURSHIP MARKED BY AN ETHNICALLY-DRIVEN TREND?**

By juxtaposing the figures of self-employed to that of the number of working-age (from 15 to 64 years old) population by nationality it is possible to explore whether there are given immigrant or immigrant-origin groups characterized by high trends of entrepreneurial spirit. In 2020, the Italian-born working-age population registered 20.8% entrepreneurs, against the 13.9% registered within the foreign-born working-age population. Among those

immigrant-origin groups showing a strong drive for the entrepreneurial call, Macedonia undoubtedly stands out. More than half (52.9%) of Macedonian between 15 and 64 years old in Italy is an entrepreneur. Noteworthy ratios are also displayed by the Russian working-age population, which counts for 39.4% of entrepreneurs, and the Chinese working-age population with 36.5% self-employers.

**IMMIGRANT ENTREPRENEURSHIP AND BUSINESS SECTORS**



By examining the foreign-run enterprises' scenario, it is possible to discern in which industry and business sector foreign entrepreneurship are most consistently present. With the expression “foreign-run enterprise” here it refers to those businesses where more than 50% of its share is owned by a foreign-born entrepreneur. In 2021, almost two-thirds of Italian-led enterprises were focused on the service sector (29.6%), sales and trade (24.8%) and the agricultural sector (15.4%).

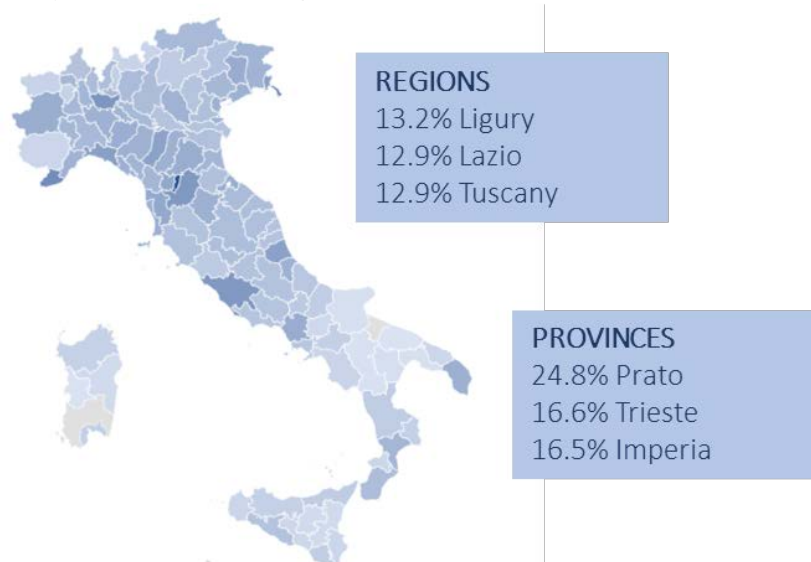
Foreign entrepreneurship displayed a different distribution when considering business sectors: 35.6% were foreign-run businesses registered in sales and trade, 25.4% in constructions and 19.4% in the service sector. In contrast to the Italian noticeable share, immigrant-run enterprises in the agricultural business accounted only for 3.3%. Lastly, quite balanced appears to be the relative figures in the hospitality and restaurant industry (which registered 7.7% Italian and 8.3% foreign-run

businesses) and in the manufacturing sector (respectively 9.2% and 8.0%)

### THE GEOGRAPHICAL DISTRIBUTION

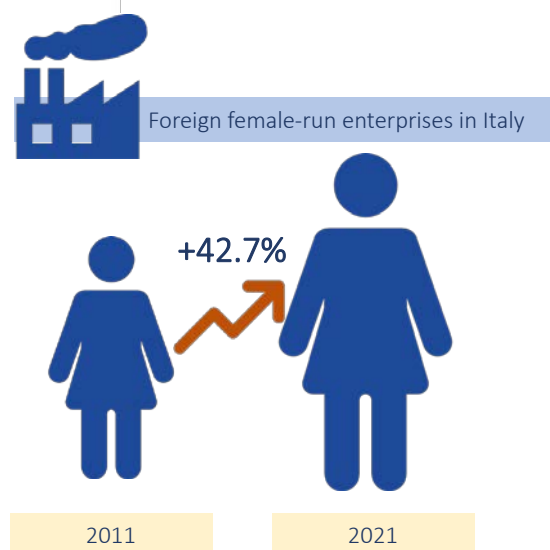
At times diverging from Italian entrepreneurship, immigrant-origin self-employers are rather highly concentrated in the central and northern Italian regions. At the regional level, Lombardy hosts by far the largest absolute number where slightly less than 160 thousand immigrant-origin entrepreneurs are registered in 2021. Their figures then almost halve in Lazio, a region that counts about 85 thousand foreign self-employers, followed by Emilia Romagna, Tuscany and Veneto. Although

Milan, the chief town of the Lombardy region, records the highest share of foreign entrepreneurs, it is Prato, in Tuscany, to mark the highest ratio (24.8%) of immigrant entrepreneurs over the total entrepreneurial population in Italy. Trieste, the administrative centre of Friuli Venezia Giulia region, Imperia, in Liguria, and Milan registered approximately an incidence of 16% each of the total entrepreneurial community.



### A GENDERED OCCURRENCE

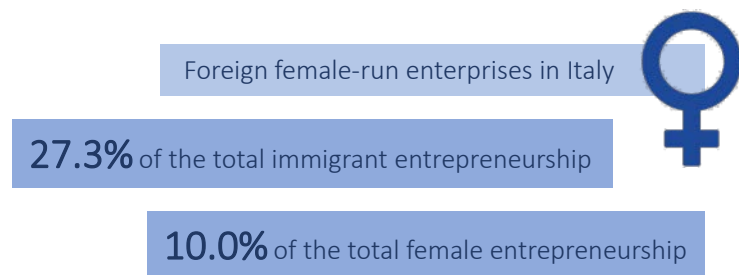
As in several occupational areas, in the entrepreneurial environment too women tendentially appear to be at a disadvantage if compared with their male counterpart. Nevertheless, recent data proves that female entrepreneurship and more specifically immigrant female entrepreneurship in Italy is also on the rise. For instance, between 2011 and 2021, Italian female entrepreneurs rose by 42.7%. In 2021, Italy registered 205.951 female self-employers born abroad, thus accounting for 27.3% of the total immigrant entrepreneurship and 10% of the total female entrepreneurship in the country.



Consistently with data on immigrant entrepreneurship, Chinese and Romanian-origin female entrepreneurs represent the majority, being 45.4% and 30.1% of the respective immigrant-origin

entrepreneurial groups in Italy. Swiss (31.0%) and Germany-origin (31.3%) female entrepreneurs also constitute quite a consistent share of their groups of reference.

Most interestingly, what appears to be one of the elements still hindering the full participation of immigrant women in the entrepreneurial sector is the cultural environment of the country of origin. Independently from the context of reception, women originating from a sending society characterized by more marked gender discrimination tend to show more difficulty in establishing a self-owned business.<sup>5</sup>



#### THE IMPACT OF COVID-19

As the pandemic has put the brakes on the international economy it also seems to have negatively impacted an already slowed down Italian-led entrepreneurship. As the aforementioned figures have underlined, not only did the decade from 2011 to 2021 register a manifest decrease in the share of Italian entrepreneurs in the national panorama. The comparison between 2020 and 2021, a useful means to observe the effect of the pandemic, shows no growth at all (0.0%). The same could be stated for some immigrant-origin entrepreneurs, such as the Chinese. Chinese entrepreneurs in Italy registered an impressive expansion of 44.0%

in the 2011-2021 decade but their increase appeared to halt in the 2020-2021 years. Considering how China has been and currently is the epicentre (or at least considered the starting point) of the pandemic, taking into account international travel restrictions and stricter border control, it is hardly surprising to acknowledge such a curb. Nevertheless, entrepreneurs originating from different contexts continued recording growing figures. It is the case of some of the aforesaid Eastern European citizens, such as Romanian, Ukrainian, Albanian and Moldavian whose figures in the pandemic year have increased respectively by 2.6%, 6.6%, 7.2% and 10.7%.

#### GOOD PRACTICES AND EUROPEAN RECOMMENDATIONS

The European Commission's Action Plan of 2020 also underscores its strategical value for the European economy. It points out the necessity to pave the way for a more inclusive legal framework and culture that would allow a more appealing attraction and smooth access for migrant entrepreneurs, considered a valuable source of new businesses, new markets, new capabilities and the creation of new jobs. However, the European focus on migrant entrepreneurship had already previously emerged with the 2016 guidebook "Evaluation and Analysis of Good Practices in Promoting and Supporting Migrant

<sup>5</sup> Colombelli, Alessandra, Elena Grinza, Valentina Meliciani, and Mariacristina Rossi. 2020. 'Pulling Effects in Migrant Entrepreneurship: Does Gender Matter?'. SPRU Working Paper Series.

Entrepreneurship”<sup>6</sup>. The publication touches upon areas that are deemed to be worthy of special attention to supporting immigrant entrepreneurship. Good practices from case studies in several European countries address issues such as immigrants’ visibility and the need for a raise of awareness from the context of destination; access to finance and the regulatory framework, which pose one of the first obstacles for immigrant entrepreneurs to constitute their self-own business; and language and cultural sensitivity. Italy too, in 2020, implemented its own national project for the support and ignition of migrant entrepreneurship in the country. *Futurae*<sup>7</sup> is an intervention programme originating from the collaboration between the Italian Ministry of Labour and Social Policy and UNIONCAMERE with a twofold objective. Firstly, through the constitution of an Observatory, it carries out research on the socio-economic integration of foreign-run businesses. Secondly, it operates directly thanks to the Chambers of Commerce side-by-side with foreign and immigrant-origin entrepreneurs, by providing information, training, career guidance, assistance to access financial support and mentoring in the starting phases of the constitution of a self-owned business.

In 2021 the International Organization for Migration (IOM) Coordination Office for the Mediterranean started *E-merge*, a pilot project in support of multicultural enterprises based in Italy. This initiative falls within the scope of Migration and Development projects carried out by the IOM and targets for the first time culturally mixed companies with a social impact. The project provides selected multicultural enterprises with a business acceleration training and with guidance to access credit and enhance their social impact, leveraging the potential of cultural diversity. The social impact business accelerator ACUBE and the financial institution Banca Etica are two stakeholders engaged in this initiative.

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<sup>6</sup> Commissione europea, Direzione generale del Mercato interno, dell’industria, dell’imprenditoria e delle PMI, Evaluation and analysis of good practices in promoting and supporting migrant entrepreneurship : guide book, Publications Office, 2016, <https://data.europa.eu/doi/10.2873/696365>.

<sup>7</sup> <https://integrazionemigranti.gov.it/it-it/Dettaglio-progetto/id/11/Futurae-Programma-imprese-migranti>.