

ELIE Project WP1

Summary Report for Policymakers, Regulators and Educators

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Lifelong Learning Programme



ELIE

employability: learning through
international entrepreneurship

EXECUTIVE SUMMARY

The ELIE project takes the emergence (across the EU) of a myriad of successful entrepreneurs in cultural settings different from those they originate in (Kloosterman & Rath, 2001) as an opportunity to capture the lived experience of immigrant entrepreneurs in order to synthesise key features of their into learning frameworks for entrepreneurship in a cross-cultural environment. This report details the approaches used and results of the ELIE project in its first year and sets out how the next part of the project will be developed. It provides the first detail of the exciting findings of the ELIE team and shows how the use of taxonomies of immigrant entrepreneurship can be applied to help potential entrepreneurs fit their skills to new markets.

We have used a range of qualitative approaches for data collection within the ELIE project, most significantly the innovative KETSO approach for our workshops (www.ketso.com). Data has been investigated through content analysis and extensive group discussion across the team to identify common themes and trends across the project. As a result of our work so far we have developed a European categorisation of international entrepreneurship that will be discussed in an academic article, have made two major conference presentations, have applied lessons learned in ELIE to the development of teaching Work-based Learning and have produced several significant reports that will be available via our website www.elie-project.eu by mid-October 2011

We have many positive findings that highlight the significant benefits immigrant entrepreneurs bring to their new country including investment, jobs, cultural awareness and innovations. Our key findings include that there are institutional barriers to entrepreneurship amongst immigrants that could be overcome with relatively simple and cost-effective initiatives.

Key Recommendations include developing short courses for immigrants interested in entrepreneurship, and delivered via their community places, so that they can learn business planning skills, access business networks and receive help applying for business start-up grants. We also recommend that language learning within schools and HEIs focus on developing excellent speaking skills as even where individuals had prior school-level qualifications in the language of the country they were moving too this was reported as being inadequate for entrepreneurship.

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INTRODUCTION

The ELIE project has at its heart employability through entrepreneurship and mobility. These are important policy areas for governments. The movement of people within the European Economic area is at the heart of the free trade ideals that were a significant element of the formation of the initial six founder countries into first the European Coal and Steel Community and then the European **ECONOMIC COMMUNITY**.

UN figures show that about 200 million people; 3% of the population of the world, live in a country different to that where they were born (UN, 2009). Within the EU migration is not limited to movement within the now 27 member states. Migration from outside Europe for family reunion, as a result of conflict or for economic reasons is a feature of European life. However, there are barriers to non-EU migration to the EU, which are member-state-specific and affect the make-up of migrant populations within individual member states. Clemens (2011) argues plausibly that that one of the reasons why governments in richer countries should be encouraging migration is that place-specific influences increase productivity of individuals; a factor highlighted in the findings of the ELIE project (WP1) and detailed within this report.

CULTURES OF ENTREPRENEURSHIP

Culture may be understood as the manifestation of attitudes, values and beliefs shared by groups in society. Academic research has found some evidence that cultures of entrepreneurship exist; and clear evidence that some cultural groups are under-represented in entrepreneurship.

Currently there are only estimates of the numbers of immigrant-led businesses across the European Union. Some black and ethnic - minority led businesses will also be immigrant led but calculations of the numbers of BAME businesses can only indicate that these are increasing; making up about 7% of all SMEs in the UK for example; such figures do not provide much useful evidence for the prevalence of immigrant led businesses.

Within the ELIE project there has been an interest in cultural features of immigrant entrepreneurship but this is placed alongside economic, institutional, individual and global influences on entrepreneurship choices.

Within the ELIE project there did not appear to be particular cultural trope that predicted entrepreneurship. However, there were familial entrepreneurial traditions and cultural expectations of hard work and dedication.

INSTITUTIONAL SETTINGS FOR ENTREPRENEURSHIP

Institutional factors such as government policy, regulation, infrastructure, knowledge dissemination routes, local, regional and national networks, labour-force availability, financing mechanisms and structures and other external factors impacted both positively and negatively on ELIE participants.

These were often seen as key issues amongst interviewees and even where not specifically identified by an interviewee the general trend of the interview would highlight institutional factors that had impeded or assisted the entrepreneur.

ACCESS TO FINANCE

One common feature across the EU is of more recent genesis; the current reluctance of financial institutions to finance SMEs. Many within the ELIE project started businesses that required little capital. For those requiring capital there were a number of issues

Start-up grants or support were often limited to people who had lived within a country for a set period – three or five years residence were common stipulations

Banks also required at least three years residency before being prepared to consider a business start-up loan

The most common solutions to these problems were finance borrowed from compatriots at a relatively high rate of interest. Capital brought with immigrants from their home country. Money borrowed from family and friends who were still based in the home country. This suggests that significant inward investment comes from immigrant entrepreneurs.

In contrast Finnish immigrant entrepreneurs felt more supported. There were still issues with banks but a structure for start-up grants exists and also has associated support mechanisms to assist with planning and provide mentoring and support for immigrants who wish to start a business.

BUREAUCRACY

Many entrepreneurs in Poland and Greece commented on the complications of business registration and the need to visit different offices; often set at some distance from each other. They noted that a good command of the local language was necessary in order to manage the form filling required and many within the ELIE study required the assistance of a spouse for this or paid an accountant or lawyer to undertake these tasks.

Immigrant entrepreneurs establishing businesses in the UK often commented that they had found it simple to set up. All that was required was a telephone call to the local tax office and then at the end of each year to fill in a tax return. This was contrasted with their own or relatives experiences in other EU countries.

Regulation of businesses could act as a barrier to immigrant entrepreneurship but in general this aspect was coped with in all countries by consulting a local accountant.

Other issues that were cited were regulatory requirements outside the UK that prevented working from home and required a registered office, investment requirements for registration as a business, the need to pay tax on an ongoing basis regardless of what was earned over a month and difficulties of penetrating established markets.

LANGUAGE SKILLS

Within all project countries the need for a good command of the local language was highlighted as essential for progress as an entrepreneur.

Problems with accessing language classes were seen as a barrier to entrepreneurship. Issues cited included timing of classes, costs, that classes were conducted entirely in the language being learned, lack of suitability of vocabulary taught for the purposes of business, lack of signposting to other services that might help immigrants become entrepreneurial.

Lack of language skills was an issue for regulated businesses (especially in the food and beverage sector).

Failing to understand rules and inadequate comprehension of official notifications led to participants having problems with health and employment regulations with the potential to cause businesses to close down.

Lack of translation services for immigrant entrepreneurs was also cited as a barrier.

ADVICE AND SUPPORT SERVICES

The Finnish immigrant entrepreneurs often spoke highly of the support available to them. This included opportunities to learn the skills of business planning, advice on a range of business start-up issues, availability of grants to help with starting a business and mentoring.

A lack of advice and information for immigrants interested in entrepreneurship was cited in the UK and Polish context. There was no one point of contact.

In Greece there is an obligation to register with the Chamber of Commerce and Industry and a wide range of advice and information is provided and the availability of information is well signposted.

Accountants were a great asset to immigrant entrepreneurs. The best offered extensive advice on a range of topics including employment laws, networking opportunities, sources of finance, business regulation and taxation. They were often cited as a valuable business resource.

The potential of independent, local accountants to help implement the principles of the European Small Business Act (2008) and support entrepreneurship generally appear to have been overlooked by policy makers.

The potential of independent, local accountant could be harnessed to develop dissemination of the aims of the ESBA and act as a signposting service for immigrants interested in entrepreneurship

INTERNET AND ICT

The institutional setting of most assistance to immigrant entrepreneurs was the availability of a fast, secure and stable connection to the Internet.

Broadband enabled entrepreneurial mobility and development. Skype enabled excellent communication with suppliers and clients and allowed the building of business relationships. LinkedIn and Facebook were found to be engines of entrepreneurship both directly and indirectly while online retail and wholesale were also areas of significant opportunity taken by ELIE project immigrant entrepreneurs.

Highly skilled software development was also a business that featured within the ELIE cohort of participants and this type of high-value entrepreneurship has enormous potential to assist in growth within the EU.

Many of the web-enabled entrepreneurs were trading beyond the EU, with China, India and Australasia markets for goods and services provided by ELIE participants;

Some entrepreneurs lacked skills to take advantage of the Internet and commented that they felt left behind. These were often older people or from less developed countries in Africa or Asia.

Accessing appropriate training in ICT helps develop entrepreneurial skills especially when it is linked to advice and information about the potential of the Internet to support business development.

SOCIAL FACTORS AND ENTREPRENEURSHIP

The social milieu in which an individual operates and his or her position within that social structure has an identifiable impact upon the decision to be entrepreneurial, upon how the business might develop and upon the type or nature of a business

As a business develops the entrepreneur often needs to access or develop wider networks in order to develop new opportunities for the business, gain insider information (as in in-group / out-group) or access specialist resources. Thus social networks are a resource for entrepreneurs.

The experiences of immigrant entrepreneurs within the ELIE project made reference to social networks as supportive or central to their entrepreneurial endeavours in most cases.

FAMILIES

Family support was most commonly cited with a spouse or cohabiting partner, even if not acting as a partner in the business endeavour, often the source of local knowledge, translation services and negotiator of bureaucracy (where one partner in a relationship came from the country where the businessperson was the immigrant).

Wider family support was also cited. Specific examples included providing an example of entrepreneurship that could be learned from, offering encouragement, lending or giving capital for start-up, using their own contacts or expertise to help.

NETWORKS

Networks developed through education were also mentioned. This was more commonly through higher education and particularly where the skills gained in HE provided the foundation of the business.

These networks were often national and international, indicating the mobility of people through gaining higher education.

Official alumni networks did not feature in this discussion and that may be an area for development.

Wider traditional business-oriented networks such as Chambers of Commerce, Business Groups and formal business networking organizations were seen by many as having utility.

However, there was a shortfall of knowledge regarding these institutions, even where ELIE participants had good language skills. A number of our immigrant entrepreneurs had taken part in formal networking groups and found these beneficial in the early stages of their business. They generally cited the cost of membership and shortage of time as reasons for failing to maintain membership.

Online Social Media-based networks and informal online mentoring networks were the most creatively used networks.

The potential for entrepreneurship networks and indeed, for entrepreneurship itself to be developed via online social networking is an area that requires research and development in order to better exploit its manifold opportunities.

SKILLS, LEARNING AND ENTREPRENEURS

Immigrants arrive in their new country with a range of skills and abilities. If they do not speak the local language and have little cultural awareness they will find it very difficult to get work or to do very well as an entrepreneur no matter how excellent are their qualifications.

LANGUAGE LEARNING

The importance of learning, and learning fast, the local language and culture was highlighted by most ELIE participants.

BUSINESS SKILLS DEVELOPMENT

ELIE participant attached great significance to planning their business before start-up. A number of participants were able to access planning help and support via official government schemes, especially in Finland; this type of education was highly valued.

Very few participants outside of Finland had received formal training in business planning; this was a skill that was 'picked up' and very few had received formal mentoring, although mentoring from family or friends was more common.

The group most likely to have accessed services specifically targeting immigrants was the Finnish cohort. However, many of our participants had accessed learning through Chambers of Commerce, local universities engagement activities and informally via the Internet.

CONTINUOUS PROFESSIONAL AND PERSONAL DEVELOPMENT (CPPD)

There was a demand for accessible and relevant CPPD from entrepreneurs at various stages of their businesses and this might not be particular to immigrant entrepreneurs.

Some accessed useful CPPD via local Chambers of Commerce and Industry or business support groups, immigrant support groups or through a local university or FE college but knowledge of how and where to gain CPPD was patchy.

One area of demand was in developing the business nationally, other areas of interest were in internationalizing the business and in franchising the business.

The potential for HEIs to offer short courses to SMEs or potential entrepreneurs should be explored.

Accountants were mentioned often as a source of planning and business advice. This advice could be very diverse, ranging far beyond financial matters to such issues as market research, sourcing supplies, vetting trades people and locating premises.

Surprisingly there was little mention of banks supporting the business planning stage although two UK entrepreneurs collected a brochure of advice on business planning from a local bank; subsequently failing to access capital via the banks. Some people had looked online for advice on planning.

Many immigrant entrepreneurs cited time wasted in the early days of their enterprises as they searched for information about things that were relatively simple in retrospect but were not clear to them as either recent immigrants or new entrepreneurs or both.

RECOMMENDATIONS AND CONCLUSIONS

Our interviews showed that immigrants who take up entrepreneurship within their new country are an asset to that country; they employ themselves, they often also employ their family and people from the surrounding communities. They provide goods and services that are in demand. Many are highly skilled and bring new ideas and techniques to a country. Immigrant entrepreneurs also may bring funds with them, and invest considerable amounts of their own money in setting up their venture. The international entrepreneurs within the ELIE project might have applied their skills differently in different settings but wherever they had settled they would be an asset to that country.

FINANCIAL RECOMMENDATIONS

Start-up grants or support for SMEs should be available through a process that is common across the EU

Start-up grants for SMEs should be available in any EU country for migrants within the EU regardless of length of residency

Start-up grants for non-EU migrants might be made available without a residency qualification if a system of guarantors could be established, perhaps through migrant support organisations

Start-up grants should be tied to business planning education and mentoring schemes to help improve the chances of success of the new business

Banks also required at least three years residency before being prepared to consider a business start-up loan; this hinders many migrants. Governments could provide a guarantor scheme to facilitate bank lending

EDUCATION RECOMMENDATIONS

Business start up courses could be associated with language classes for migrants

Language classes for migrants are a potential access point for information about immigrant entrepreneurship to be promoted more generally.

IT course provision is essential for many migrants arriving from poorer countries where people are not accustomed to using computers

The potential of online social networks as a tool for a wide variety of businesses (marketing / business development / business support) is not being exploited by many SMEs – training courses for this type of ICT use would be an excellent investment

Schools-based foreign language learning is often found to be inadequate for mobility within the EU. There should be far more focus on acquiring fluent speaking and listening skills in foreign language teaching and in the exams used at school level

There was a need for reasonably priced, well advertised training for people running SMEs. There is much that Higher Education Institutions and Business Support Organisations could do to facilitate this. At the very least good signposting of CPPD would help as would a coherent, pan-EU strategy for SME CPD

Accountants are an excellent source of advice and support for immigrant and also other entrepreneurs. This could be recognised and built upon so that accountants become a one-stop shop for advice on entrepreneurship. This could perhaps be done via an online portal for accountants

STRUCTURAL RECOMMENDATIONS

Fast and secure broadband is essential for SMEs. There is also an issue with secure broadband and it seems sensible for anti-viral /firewall software to be made free to all SMEs

Signposting to business support and business umbrella organisations is important. The Greek experience had much to commend it in terms of providing a clear point of contact for entrepreneurs and potentially a place for the development and delivery of CPD (see 6.11 above) as well as business training and start up grants (see 6.4 above)

Where there is business registration then a central office and an online facility is important to facilitate access.

Regulations for various SMEs could be available in a range of languages (maybe online) this is especially important in food and hospitality sectors.

The UK tax system for entrepreneurs was commended for relative simplicity by many. The development of simple, one stop, systems for tax is useful in encouraging entrepreneurship.

Mentoring schemes have been found to be of exceptional value in encouraging entrepreneurship and in assisting entrepreneurs in sustaining their businesses during the critical first year.

FINAL REMARKS

Many of the recommendations within the ELIE report can be implemented with little or no cost. Those that do have a cost, such as start up grants may pay for themselves over time. Certainly there is excellent evidence that the reasonably priced Enterprise Allowance Scheme that ran in the UK between 1983 and 1991 s was exceptional value for money, leading to an additional 250,000 people becoming entrepreneurs in its first year of operation. Some recommendations, such as focusing schools language learning on speaking and listening rather than reading and writing will require a culture shift. However, there is significant scope within the EU for increasing levels of entrepreneurship generally, and specifically for increasing entrepreneurship amongst migrants.

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