

■ Migrant entrepreneurship in Greece

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Abstract Immigrant entrepreneurship in Greece is a new phenomenon, still marginal but rapidly evolving. Restrictive immigration rules and labour market structures have confined the vast majority of migrants to paid employment. Specific measures have been scarce and fairly recent, while relevant policies are closely tied to the general framework of immigration policy. This article sketches out the overall picture by examining policy developments, official statistics and the existing literature. In doing so, it explains the broader institutional context and identifies the factors conditioning the entrepreneurship of migrants in the country.

Keywords immigrant entrepreneurship, Greece, institutional context, immigration policy.

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Introduction

Immigrant entrepreneurship in Greece is a relatively recent and hence still marginal - though rapidly developing - phenomenon. The increasing visibility of immigrant businesses, particularly in the principal cities of Athens and Thessaloniki, has lately been depicted in the media and reflects a reality that has become more and more common. However, immigrant entrepreneurship rarely features in official accounts, whether political or scholarly. Academic research on the topic has been limited to date, and most relevant publications only appeared during the last two years or so.

Because of the lack of empirical studies and reliable data, it is perhaps too early to analyse the processes shaping the entrepreneurial activity of migrants in full detail. It is however possible to outline the factors conditioning immigrant entrepreneurship in Greece through a critical overview of the current situation, allowing us to sketch the overall picture and identify emerging trends. This article discusses the institutional context by examining relevant policy developments, official statistics and the existing literature. As will be shown, specific measures governing migrant entrepreneurship are scarce and very recent. From the beginning, policies in this area have remained closely tied to the general framework of immigration policy. An overview of developments in this field since the early 1990s is therefore useful.

Migrant entrepreneurship in Greece: the institutional framework

In the aftermath of political and economic transitions in Eastern Europe, Greece experienced a rapid shift, receiving large numbers of undocumented migrants mostly from the Balkans and the former USSR, and predominantly from neighbouring Albania. To deal with what emerged as an emergency situation, the State adopted a legal framework that determined immigrants' lives throughout the 1990s. Law 1975/1991 has been criticised as highly exclusionary. Placing excessive emphasis on policing and control, it failed to realistically acknowledge the new reality and kept the majority of migrants in a limbo, with no opportunity to access regular status. Further criticisms pointed out that this *de facto* illegality constituted a conscious *laissez-faire* approach by the Greek State to foster a cheap labour supply and boost flexibility in the labour market at a time of economic restructuring and internationalisation, even at the cost of a flourishing un-

derground economy (Hatziprokopiou, 2006). Any entrepreneurial attempt during the best part of the 1990s was thus impossible for the majority of migrants, unless it took place within the informal economy.

The situation started to change in 1997, when the first regularisation programme was initiated. By the end of the 1990s, immigrant-run shops were already mushrooming in Athens city centre, and the presence of immigrants as street vendors became noticeable in major cities. During the early 2000s, empirical research for the first time acknowledged the trend of migrants moving towards self-employment and small entrepreneurship.¹ Two subsequent regularisation programmes in 2001 and 2005, on foot of the Immigration Bills passed in those years, resulted in legal status for the majority of immigrants, while the EU accession of ten Central and Eastern European states in 2004 and 2007 eased requirements for a great number of nationals of countries like Bulgaria, Romania and Poland.

Meanwhile, a parallel framework has developed relating to migrants of ethnic Greek origin. The peculiarity of the Greek experience lies partly in the importance of ethnic migrations, mainly from Albania and the former Soviet Union. These migrants have been subject to differentiated legal treatment, largely diverging not only from the policy regulating 'foreign' migrants, but also between the different populations in question, reflecting Greece's diplomatic relationships with sending countries together with ideological factors (Hatziprokopiou, 2006).

On the one hand, ethnic Greek Albanians have been given special documents privileging them over other migrants, but still with limited access to citizenship. On the other, Greeks from former Soviet countries have been treated as 'repatriates', initially passing from a reception and integration scheme that facilitated access to employment to being eventually granted full citizenship. In view of their possession of the additional asset of the Greek language, entrepreneurship has been easier for these groups, who sooner or later acquired rights equal to those of nationals. Ethnic Greeks from the former USSR in particular have benefited from special grants targeting their labour market integration, which some used for setting up a business.²

The new legal framework for other immigrants takes into account the issue of integration and includes provisions regulating their entrepreneurial activity. Law 2910/2001 acknowledged for the first time Greece's role as a host society and set the conditions for a 'managed' immigration regime combining effective border control, labour market regulation and immigrant integration. Here we find a distinction between 'aliens' coming to provide 'dependent employment' and those who are in the country to exercise 'independent economic activity'. The conditions for the latter required applications to be submitted to Greek consulates abroad, accompanied by a business plan and other documents.

Some of the provisions, however, were vaguely defined in statements suggesting that activities “should contribute to the development of the national economy” or that applicants “should have sufficient resources”.³ Decisions taken later on the basis of the Law clarified a further distinction between residence permits for ‘Independent Economic Activity’ (IEA), aimed at migrant entrepreneurs as well as foreign investors, and those for ‘Independent Services or Projects’ (ISP), as a specific type of permit covering the self-employed.

This distinction is maintained with the latest Law, 3386/2005, which places explicit emphasis on integration, resolves problematic features of the previous Bill and regulates in detail most issues concerning third-country nationals in Greece. Residence permits for ISP are now listed as a special type of permit issued for employment, while the category of IEA permits distinguishes between independent activity and investment. ISP permits are only issued after one year’s holding of a permit for dependent employment, thus making dependent work a prerequisite for migrants aspiring to self-employment. Moreover, while most provisions of the previous Law regarding IEA are maintained, the ‘sufficient resources’ a migrant must possess in order to apply are specified at a minimum of €60,000, while the decision is transferred to the regional immigration authorities in the area where the migrant wishes to start a business.⁴

Although conditions are now clearer, certain problems remain, above all the very short period the permits are issued for (a maximum of two years initially, though in practice usually just one) and the bureaucracy and delays involved in the process, which generate insecurity among migrant entrepreneurs. The latter are nevertheless universal features of the general framework conditioning entrepreneurship in Greece. A recent OECD survey (2005: 5) highlighted the paradox of a country exhibiting “both a high rate of self-employment and a low rate of firm creation”, where “registering and licensing a business is complex and very time consuming” and “access to finance seems more difficult than in most other EU member states”.

Not only does this pose additional difficulties for migrants, but also its legal specifications sometimes clash with immigration requirements. For instance, a business licence is required for issuing or renewing a residence permit, while a residence permit is considered as a prerequisite for a business licence (Halkias *et al.*, 2007: 26-7). Another difficulty is caused by discrimination against immigrants, as in the case of the legal requirement of Greek ethnicity for street selling - an activity common among different groups of migrants (Mavromatis, 2006: 15-8) and until recently largely unregulated (Metoikos, 2003: 8).⁵

Difficulties are also created by the lack of initiatives to encourage the participation of non-ethnic Greek migrants in mainly EU-funded programmes for the pro-

motion and support of entrepreneurship among segments of the population 'at risk of social exclusion' (or 'vulnerable social groups').⁶ None of the initiatives under the 'Entrepreneurship' actions of the Equal programme targeted immigrants, while schemes by national bodies (OAEΔ, EOMMEX)⁷ involving grants for business start-ups and additional support appear to have had little impact. The only exception has been a series of schemes providing training, mentoring and access to finance (initially with grants, later with loans) exclusively to refugees, operated since the 1990s by two NGOs, with over 100 beneficiaries between 1995 and 2001 (Mestheneos, 2000).

Two recent measures are worth mentioning for their potential to benefit migrant entrepreneurs, although no such evidence is available to date. TEMPME SA has been providing credit guarantees for small and very small enterprises since 2003, targeting the general population. IMMENSITY is an EU project locally administered by the Region of Central Macedonia, seeking to promote immigrant entrepreneurship with a special focus on women. In addition, the Hellenic Migration Policy Institute recently published an information leaflet that includes legal advice concerning self-employment and entrepreneurship in six languages (IMEPO, 2008). In general, recent reforms towards market liberalisation (OECD, 2005: 5-6), combined of course with the rationalisation of immigration policy, may positively affect migrant entrepreneurship in the near future. As for the present situation, data from various sources are examined in what follows.

Migrant entrepreneurship in official statistics

The 2001 Census recorded 762,191 foreign nationals, 7 per cent of the country's population. More than half were from Albania, 9.2 per cent from the former USSR, and about 8 per cent from Bulgaria and Romania. Some 56.6 per cent were economically active, compared to 41.1 per cent of Greeks; nearly 91 per cent of them were in dependent employment, with less than 3 per cent being employers. Not only were their shares in the self-employed and employer categories significantly lower than the equivalent for Greeks, but also a good proportion of the self-employed and employers who were recorded were nationals of the EU-15 and other developed countries (Cavounidis, 2006).

Table 1 - Residence permits by type and nationality, 2004 (top 15 nationalities)

	all residence permits		for independent economic activities			for independent services or projects		
		%		%	% of nationality		%	% of nationality
1	Albania	63.2	Albania	33.7	0.2	Albania	62.6	11.8
2	Bulgaria	9.7	Bulgaria	7	0.2	Romania	5.8	16.1
3	Romania	4.3	Nigeria	7	10.4	Bulgaria	5.6	6.9
4	Ukraine	3.4	Syria	6.8	2.8	Ukraine	4.8	16.7
5	Pakistan	2.5	China	6	5.2	Moldova	2.6	18.3
6	Georgia	2.2	Bangladesh	4.7	1.9	Egypt	2.6	19
7	Moldova	1.7	Egypt	4.6	1	Georgia	2.1	10.9
8	Egypt	1.6	Pakistan	4.1	0.6	Pakistan	2.1	9.9
9	India	1.5	Romania	3.3	0.3	Syria	1.6	23.6
10	Russia	1.5	Serbia	3.2	1.6	Russia	1.3	10
11	Poland	1	Ukraine	2.8	0.3	China	1.1	33.6
12	Philippines	0.9	Armenia	2.3	1	India	1	7.8
13	Bangladesh	0.8	Georgia	1.8	0.3	Nigeria	0.9	48.9
14	Syria	0.8	Poland	1.7	0.6	Philippines	0.9	11.5
15	Armenia	0.8	India	1.6	0.4	Armenia	0.5	7.3
	Total	672,584	Total	2,282	0.3	Total	79,832	11.9

Source: Ministry of the Interior, Residence Permit Statistics, 2004 [available online at: <http://www.antigone.gr/statistics/>].

The Ministry of the Interior's data give a more detailed account as far as third-country nationals are concerned. As of the end of 2004, there were 672,584 migrants with valid residence permits. As shown in Table 1, the vast majority held permits for dependent employment: only 0.3 per cent had permits for IEA, and nearly 12 per cent for ISP. Interestingly, the distribution of immigrant nationalities in those categories differs from that in the total of permits, suggesting that entrepreneurship is far more common among certain groups. Indeed, Nigerians, Chinese, Syrians and Bangladeshis, while not appearing among the most numerous groups overall, rate high in those types of permits. Needless to say, since that year the situation has changed with the new EU accessions, with migrants from most Central and Eastern European countries now being EU citizens.

During the same year, about 14,000 foreign nationals were insured with TEBE, the Fund for Craftsmen and Small Traders, 2.4 per cent of the total but with a good share of EU-15 nationals (IMEPO, 2005). Of the remainder, one-third were Albanians, followed by Bulgarians, Syrians, Romanians and Pakistanis. The most common activities were the retail trade, cafes and bars, clothing and street vending.

The situation locally may be examined on the basis of registration data obtained from the Professional Chambers of Athens and Thessaloniki. In summer 2007, foreign nationals constituted 2.1 per cent of members of the Athens Professional Chamber: about half were Albanians, followed by migrants from Turkey, the Middle East, South Asia and EU countries. The picture was similar at the Athens Chamber of Commerce, though here migrants from the Balkans were represented in significant shares, while the Chinese were in seventh place. Data from Thessaloniki's Chambers reveal that the vast majority of businesses owned by third-country nationals were small personal enterprises.

Finally, recent Labour Force Surveys update the general picture, allowing for interesting comparisons between 2006 and 2007, as well as by nationality and country of birth.⁸ Overall, high shares (exceeding 10 per cent) of independent employment appear among Russians, Ukrainians, Chinese, Nigerians, Serbians, Armenians and Bangladeshis. The most important sectors of economic activity among foreign employers are construction (40 per cent), hotels and catering (20 per cent), transport and communications (12 per cent) and real estate (11 per cent), while the self-employed are concentrated in construction (28 per cent), trade and repair (29 per cent) and private households (12 per cent).

Table 2 - Employment status of labour force by country of citizenship and country of birth, 2006-7

	Country of citizenship 2006*			Country of citizenship 2007**			Country of birth 2007**		
	Greek nationals	Foreign nationals	Total	Greek nationals	Foreign nationals	Total	Born in Greece	Foreign born	Total
Employers	8.6	2.2	8.2	8.7	1.6	8.2	8.7	2.6	8.2
Self-employed	22.7	6.7	21.6	22.2	7.1	21.0	22.3	7.9	21.0
Employees	61.9	89.4	63.6	62.6	89.7	64.7	62.4	87.7	64.7
Family assistants	6.9	1.6	6.5	6.5	1.6	6.1	6.5	1.8	6.1
Total	4,163,016	289,800	4,452,816	4,174,271	344,854	4,519,125	4,104,500	414,622	4,519,122
% of total	93.5	6.5	100.0	92.4	7.6	100.0	100.0	9.2	100.0

* Data for Labour Force Survey 2006, 2nd trimester 2006. Source: Mavromatis, 2006: Table 1).

** Data for Labour Force Survey 2007, 4th trimester 2007. Source: G.S. National Statistical Service of Greece.

Table 2 reveals that the number of foreign nationals significantly increased between 2006 and 2007, as did their share in the total labour force, a development likely to reflect the increasing tendency of migrants to move towards regular status and registered employment. However, while the share of self-employed has risen, the proportion of employers has decreased. It is difficult to analyse the reasons underlying this decline, but one might speculate that this is, partly at least, related to two key factors.

One has to do with the obstacles placed by recent policy developments which hinder the entrepreneurial activity of migrants, as discussed in the previous section. This might mean that, faced with increased financial and bureaucratic pressures, migrants might either move out of business (Tzivilakis, 2008), or switch to self-employment without employees, relying on the owner's personal labour or practicing informal employment arrangements, such as non-declared work by family members. The other possible explanation lies in the weight of ethnic Greek migrants from former Soviet countries, the majority of whom have already acquired Greek citizenship - to an extent reflected in the data by country of birth.

Concluding remarks

In explaining migrant entrepreneurship, the socio-economic context should be considered alongside the institutional one. As Cavounidis (2006: 645) notes, migrant labour in Greece has been a substitute for family workers in small businesses and households at a time when the indigenous labour force shifted from high levels of self-employment and family work to waged labour and business ownership. Immigrants' labour market integration has been driven by a high demand for cheap and flexible work, with limited potential for the development of entrepreneurial activity. However, trends during the last few years indicate that this pattern may have already started to change.

Early accounts explained the entrepreneurship of migrants as a survival strategy in their struggle against exclusion and a *de facto* disadvantaged position in the labour market (Lazaridis and Koumandraki, 2003). Other studies emphasised the importance of autonomy and self-fulfilment, viewing entrepreneurship as part of the wider integration strategies of families to improve conditions and invest in children's education (Serderakis *et al.*, 2003; Liapi, 2006). Considering the institutional barriers discussed earlier, various entrepreneurial pathways may be observed, for example marriage to or partnership with Greek citizens or ethnic Greek compatriots, or a strong reliance on social networks for start-up capital, labour, suppliers and clientele.⁹ Factors pertaining to the individual profiles of entrepreneurs and their resources in human or financial capital, such as income levels and past experience of business activity, have also been stressed (Liannos and Psiridis, 2006).

Recent attempts to synthesise the above in light of empirical evidence point to the general trends of immigrant integration processes.¹⁰ Therefore, entrepreneurship might be seen as an additional aspect of the overall improvement of their living and working conditions related to stable legal status, familiarity with the host country, long-term migratory plans and the development of migrant communities, often with spatial concentrations, and of specific market niches stemming from their needs or activities (Labrianidis and Hatziprokopiou, forthcoming a, b).

In this context, it is possible to develop a series of typologies, combining accounts based on migrant entrepreneurial strategies and activities, their visibility and spatial spread or concentrations, supplier networks and clients, and so on (Mavromatis 2006; Labrianidis and Hatziprokopiou, forthcoming b). Migrant entrepreneurship in Greece is already characterised by a remarkable diversity, although different types may overlap or reflect individuals' experiences across time. Accordingly, one may distinguish between: 'disadvantaged' survival entrepreneurs facing blocked mobility in the labour market, often active in marginal 'ethnic' niches targeting the wider public but spatially dispersed and mobile; 'val-

ue' entrepreneurs, usually self-employed in sectors they have worked in as employees, assimilated into dominant economic structures and spatially dispersed, who mostly target the wider public; and 'ethnic' entrepreneurs, with businesses centred around their own community, who tend to cluster in visible spatial concentrations, sometimes alongside the businesses of other migrant groups - as in the case of the multiethnic niche in Athens city centre.

Specific explanations are reserved for the Chinese, who migrate with clear entrepreneurial plans as part of a 'commercial Diaspora' that is developing concomitantly with China's rise in the global economy. They are active in specific market niches, mainly in the clothing trade, and although they mostly target the wider public, they exhibit high spatial concentrations.

To conclude, this article provides an overview of the institutional context for migrant entrepreneurship in Greece and the picture drawn by official statistics and empirical literature. Evidence to date points to the marginal but rapidly growing and diverse character of the phenomenon, but further research, detailed accounts and analytical insights are necessary. The policy framework may be useful in understanding the present situation, though one needs to take into account factors such as: (a) the novelty of immigration and processes of immigrant integration; (b) structural features of the Greek labour market and the role of migrant labour; (c) international trends related to globalisation and transnationalism.

These are questions that should also be considered in policy making. Several problems identified above point not only to chronic malfunctioning in the Greek administration (for example, related to bureaucracy), but also ongoing discrimination towards immigrants that should be eliminated. Developing targeted measures to support entrepreneurship should be a priority, and the trends that have only just emerged are testament to its potential. Above all, providing all migrants with stability, security and rights is a prerequisite for their effective labour market integration on equal terms with their Greek counterparts.

Notes

¹ On Albanians in Thessaloniki, see: Labrianidis and Lyberaki (2001).

² See: Serderakis *et al.* (2003) and Labrianidis and Hatziprokopoiu (forthcoming b) on ethnic Greek migrants in Thrace and Thessaloniki respectively.

³ Law 2910/2001, article 25, paragraphs 2-3.

⁴ The sum is required to be in a closed bank account. See: Law 3386/2005, article 15, paragraph 5 (on ISP) and article 25, paragraphs 1-3 (on IEA).

⁵ Decision (K1-186/18-1-06), ratifying provisions of Law 3377/2005 on trade (article 29, paragraph 1).

⁶ See: Lazaridis and Koumandraki (2003: 12) and Halkias *et al.* (2007: 16-7)

⁷ OAEΔ stands for 'Organisation for the Employment of the Labour Force'; EOMMEX is the Greek Organisation for Small and Medium Enterprises.

⁸ Official statistics based on nationality ignore 'repatriated' ethnic Greeks from the former USSR, 156,000 of whom had acquired citizenship by 2004 (Voutira, 2004).

⁹ Liapi (2006); Halkias *et al.* (2007), Labrianidis and Hatziprokopoiu (forthcoming a and b).

¹⁰ For example, see: Labrianidis and Lyberaki (2001), Hatziprokopoiu (2006).

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