

## The determinants of immigrant entrepreneurial strategies in Portugal

Catarina Reis Oliveira\*

**Abstract** This article seeks to analyse, on the one hand, trends in the entrepreneurial initiatives of immigrants in Portugal and, on the other, to highlight the impacts of the Portuguese legal and institutional framework during recent decades on immigrant entrepreneurship. There follows a discussion on the determinants of immigrant entrepreneurial initiatives in Portugal, in relation to the 'opportunity structure' of Portuguese society and the differentiated entrepreneurial resources of groups of immigrants present in Portugal.

**Keywords** entrepreneurial strategies, immigrant entrepreneurs, ethnic resources, opportunity structure.

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## Introduction

From the 1980s on, immigration flows have been documented in Portugal through numerous academic studies<sup>1</sup> and newspaper articles, as well as being the subject of public debates. During the two decades that followed, studies on the insertion of immigrants in the Portuguese labour market highlighted, above all, in a partial way, the propensity for foreign population groups to be on the margins of employment, and to be connected with precariousness, the informal economy and the 'secondary' and/or unskilled market (Peixoto, 2008).

Nevertheless, during recent years, these perspectives have been replaced by interpretations that also take the positive contributions of immigration in Portugal into consideration: to state finances (Almeida and Silva, 2007), to demography (Rosa *et al.*, 2004) and to the economy (Ferreira *et al.*, 2004; Oliveira, 2004a and 2005). In particular the distinct professional profiles and skill levels of immigrants have been highlighted (Peixoto, 1999; Baganha *et al.*, 2002; and Góis and Marques, 2007), together with immigrant entrepreneurial initiatives (Oliveira, 2004a, 2004b, 2005 and 2007).

National immigration policy has reflected a similar development. A clear orientation towards flows of unskilled and/or labour migration destined to fill vacancies in the Portuguese labour market has, during recent years, been altered to reflect an increasing interest also in skilled immigrants and entrepreneurs.

Immigrant entrepreneurial initiative in particular came to be perceived not only as an alternative to the insertion of immigrants into the Portuguese labour market – sometimes in situations of social exclusion, discrimination, over-qualification or long-term unemployment –, but also as a way of facilitating social mobility among some immigrants and of creating new jobs (Oliveira, 2004a). Therefore the perception of the potential of immigration became evident throughout the country through numerous initiatives, measures, programmes and projects of a Governmental, private, third sector or mixed nature.<sup>2</sup>

In this context, although the importance of ethnic entrepreneurial opportunities is recognised (such as privileged access to capital, labour and suppliers) associated with some immigrant groups rather than others, and also explaining their greater propensity for entrepreneurial initiatives;<sup>3</sup> this article seeks to highlight, in particular, the development of Portuguese immigration policy

and its impact on immigrant entrepreneurship during the course of the last three decades.

In order to achieve this objective, this article is divided into two main sections. In the first section, the main trends in the entrepreneurial initiatives of immigrants in Portugal during the last three decades are presented. The second section highlights the impacts of the Portuguese legal and institutional framework on immigrant entrepreneurship since the 1980s. The article concludes with a discussion on the determinants of immigrant entrepreneurial initiatives in Portugal, in relation to the 'opportunity structure'<sup>4</sup> of Portuguese society.

### **Immigrant entrepreneurs in Portugal: statistical trends**

Similarly to what is observed in many OECD countries, entrepreneurial initiatives of immigrants have been increasing in Portugal. Between 2000 and 2005 the relative importance of foreigners in the total of self-employed workers increased from 3.6 per cent to 5.4 per cent (SOPEMI, 2007: 75).

A rigorous evaluation of the number of immigrant entrepreneurs in Portugal is, however, quite complex in view of the scarcity and dispersion of the statistical sources available and the difficulties in comparing data.

In Portugal the official data only provide information on foreigners. In other words, all analyses of data on immigration are based on the nationality of individuals. Although this is apparently an inconsequential and logical choice, it is important to examine the underlying implications of the conclusions that result from analyses of these data.

Above all it is crucial to distinguish between notions of 'immigrant' and 'foreigner', as they translate into different groups. The 'immigrant' is defined as an individual who, having been born in a certain territory, migrated to another country where he or she ended up residing for at least one year.<sup>5</sup> Therefore the movement of changing territories in itself does not reflect the nationality of an individual. In reality, it was identified that a substantial proportion of immigrant entrepreneurs in Portugal have Portuguese nationality (Oliveira, 2005). In contrast, the notion of 'foreigner' cannot be disassociated from that of nationality, meaning that any individual who has a different nationality to that of the country they reside in is a foreigner. As a consequence, not all foreigners are immigrants. Effectively there are individuals with foreign nationality who were born in Portugal and who do not have any experience of migration whatsoever.<sup>6</sup>

With these reservations, and the official data available, in mind, it is possible to identify two distinct groups in order to estimate the number of immigrant entre-

preneurs<sup>7</sup> in Portugal. On the one hand, it is possible to estimate the number of foreigners who enter Portugal with the intention of undertaking self-employed activity or creating a business - on the basis of the data on applications for residence permits to the Foreigners and Borders Service (SEF) and the data of the Ministry of Foreign Affairs in relation to the issuing of visas at consulates. On the other hand, two official sources facilitate the estimation of the stock of foreign entrepreneurs: the General Censuses of Population by the National Statistics Institute (INE) and the SEF Statistical Reports.

As some researchers have warned, the quantifiable data available in these sources are not only far from allowing us to know the exact number of immigrants in Portugal, but they also present different results.<sup>8</sup> In this way the choice of a source to be used for the purposes of a study is not without consequences. These statistical dilemmas have repercussions on the study of immigrant entrepreneurs present in the country.

SEF, as the state service responsible for controlling the entry, departure and residence of foreigners in Portugal, annually gathers statistical information on foreigners in a regular situation on the basis of administrative documents. One evident conclusion emerges: these statistical registers do not count irregular entries and departures of foreigners, nor immigrants with Portuguese nationality. The statistical information collected by SEF focuses on the various typologies of regular stays that foreigners can have in Portugal (such as residence permit, stay permit and visa renewal).

With respect to the professional situation of foreigners, these data also present various limitations. SEF only provides data relating to the stock of the "resident foreign population" (holders of a residence permit) according to their economic activity until 1998 (see Table 1). Furthermore, these data only reflect the situation of individuals at their moment of arrival in Portugal. As a result, it is not possible to analyse possible alterations resulting from the geographic and/or professional mobility of foreigners subsequent to their arrival.

**Table 1 – Number of foreigners with a Residence Permit according to their professional situation**

	Employers (A)	Self-employed (B)	Total Active (C)	Percentage of [A+B]/C
1990	14,800		51,781	28.6
1991	15,030		54,904	27.4
1992	15,323		59,012	26.0
1993				
1994	16,199		77,599	20.9
1995	16,619		84,383	19.7
1996	15,842	930	86,810	19.3
1997	15,846	1,101	87,893	19.3
1998	15,872	1,258	88,605	19.3

Source: SEF Statistical Reports (calculations by the author).

Notwithstanding the interruption in the statistical compilation of these data, if we group together the number of employers with the number of self-employed, as an approximation of the representation of entrepreneurs,<sup>9</sup> in 1998 there were 15,872 foreign employers and 1,258 foreign self-employed people residing legally in Portugal. However, these 17,130 foreigners with residence authorisations do not correspond to the entire group of immigrant entrepreneurs in Portugal in that year, as that number does not include all immigrant entrepreneurs who have acquired Portuguese nationality<sup>10</sup> in the meantime and all of those who operate in the informal market. Also excluded are all foreigners with a type III working visa, that is, those that exercise independent activities in Portugal in the area of service provision.

**Table 2 – Number of Working Visas granted by Portugal between 1999 and 2006**

Working visas granted by Portugal	Total Foreigners		
	Total	Type III Visa	
		N	%
1999	1,931	443	22.9
2000	3,372	545	16.2
2001	3,024	380	12.6
2002	2,605	546	21.0
2003	2,761	300	10.9
2004	2,769	336	12.1
2005	3,054	207	6.8
2006	6,735	404	6.0

Source: Ministry of Foreign Affairs.

On the basis of Ministry of Foreign Affairs data – see Table 2 – it is of note that the proportion of foreigners who entered Portugal with a type III working visa has been in decline, representing in 2006 just 6 per cent of the total working visas granted. This trend is reproduced in the actual professional situation of foreigners resident in Portugal (predominantly in salaried activities). Despite the importance of these visas being relatively limited, it is interesting to verify the over-representation of some nationalities: on average, Brazilians represent around 53 per cent of the total of type III working visas granted between 1999 and 2006, having represented 67 per cent in 1999. The specific flow of this nationality towards some economic sectors is therefore evident, where highly-skilled self-employed workers predominate, in professions such as the publicity and IT sectors.

Apart from these entry flows, attention must also be given to the number of foreigners who request the status of resident for the purposes of an entrepreneurial activity (see Table 3). These data, also disseminated by SEF, make it possible to estimate of some of the changes in the socio-economic characteristics of the foreign population who seek to reside legally in Portugal. It is seen that from 2002 there has been a decrease in the number of foreigners who requested residence status to start a business or their own self-employment. As will be discussed in the following section of this article, this inversion was without a doubt related to some changes in the actual legal context that provides the framework for immigration.

**Table 3 – Foreign population who requested residence status, according to professional situation, between 2000 and 2005**

Year of Arrival in Portugal	Professional Situation				Total Active
	Employers		Self-employed		
	Total	%	Total	%	
1999	312	7.7	193	4.8	4,058
2000	532	6.8	357	4.6	7,835
2001	495	8.4	400	6.8	5,874
2002	407	8.7	333	7.1	4,695
2003	347	8.4	284	6.9	4,122
2004	321	5.4	215	3.6	5,989
2005	318	6.8	207	4.4	4,691

Source: SEF Statistical Reports.

In this way, in view of the fact that the General Census data on the population correspond to the results of questionnaires applied to all Portuguese and foreigners, independently of their legal situation, resident on Portuguese territory at a precise moment in time, it is hoped that all of these situations are covered and/or allow for a better analysis of the stock of immigrant entrepreneurs in Portugal.

It is important nevertheless to recognise some limitations in these data. In any General Census of Population there are some problems in the quality of the censal operation: there are situations of non-response associated with difficulties in filling in the form – for example among foreigners who have difficulty in understanding Portuguese -, or among foreigners in an irregular situation. Furthermore, according to the instructions for filling in the questionnaires for the Census of 2001, information on foreigners who had been living in Portugal for less than one year was not collected, meaning that all foreigners who arrived in the country after 12 March 2000 are excluded from the most recent census.<sup>11</sup>

In this way, the last census presents some gaps in coverage for the purposes of characterising the immigrant population. The first, and most evident, is related to the fact that a substantial part of the new immigration flows present in Portugal arrived after the launching of the individual questionnaire of the 2001 Census, or they have not been considered for the purposes of information-gathering because they had not been present in Portugal for at least one year.<sup>12</sup> The consequences of this gap in coverage become clear when we compare the results of the Census of 2001 with the SEF registers for the same year. Focusing only on the SEF registers

on foreigners with stay permits: at the end of 2001, there were 126,901 foreigners with stay permits, among whom there were 45,233 Ukrainians, 23,713 Brazilians, 8,984 Moldovans and 7,461 Romanians. Meanwhile, the 2001 Census only registered 10,425 Ukrainians, 22,977 Brazilians, 2,859 Moldovans and 2,412 Romanians. Although this is a gap in the coverage of the Census, it does not result in serious consequences for the present field of study – immigrant entrepreneurs – due to the fact that, as we will see, holders of stay permits were only legally allowed to engage in salaried work.<sup>13</sup>

Therefore, and given that immigration flows in Portugal gained visibility essentially from the end of the 1970s, it is considered pertinent to select for the purposes of analysis the last three censuses, the 12th, 13th and 14th – as they give an approximation of the trends observed during the last three decades.

**Table 4 – Active Portuguese and Foreign Population, according to their professional situation, between 1981 and 2001**

Professional Situation		1981		1991		2001		Rate of Change 1981-2001
		N	%	N	%	N	%	
Em- employers	Portuguese	130,051	3.1	267,757	6.2	467,553	9.8	259.5
	Foreigner	1,811	5.1	4,438	7.7	20,571	10.2	1035.9
Self- employed	Portuguese	632,354	15.2	567,789	13.1	290,318	6.1	-54.1
	Foreigner	3,188	8.9	6,561	11.4	9,173	4.5	187.7
Family workers	Portuguese	100,951	2.4	84,241	1.9	36,773	0.8	-63.6
	Foreigner	513	1.4	1,058	1.8	987	0.5	92.4
Total	Portuguese	4,147,339	100	4,340,422	100	4,788,561	100	15.5
	Foreigner	35,709	100	57,744	100	201,647	100	464.7

Source: Censuses, INE (calculations by the author).

As it is possible to observe in Table 4, the number of foreign employers has increased substantially during the course of the last three decades (with rates of change that are significantly higher than those observed among Portuguese employers), an increase that has kept pace with the evolution of foreigners in Portugal. Between 1981 and 2001 not only did the number of foreign employers increase – from 1,811 to 20,571 –, but also the proportion of employers in the total of active foreigners increased – from 5.1 per cent to 10.2 per cent. It is also relevant to observe that, as has been observed in other OECD countries, the percentage of entrepreneurs is greater in the case of the total of active foreigners than in that of the total of active Portuguese population.

Again similarly to the trend observed in other countries, in Portugal not all of the immigrant groups show the same propensity towards entrepreneurial initiative. The data from the Censuses permit us to identify the nationalities with the highest rates of entrepreneurship.<sup>14</sup>

**Table 5 – Rates of Entrepreneurship according to nationality between 1981 and 2001**

Country of nationality	1981	1991	2001	Variation in Employers 1981/2001	Variation in Active Workers 1981/2001
Total Europe	12.0	13.3	9.9	2.9	3.7
Germany	16.1	13.8	17.7	3.7	3.3
Spain	15.0	18.4	11.6	0.2	0.5
France	7.0	5.4	10.2	9.9	6.5
United Kingdom	16.2	19.5	23.0	3.9	2.5
Ukraine			1.5		
Total Africa	1.1	3.4	6.7	22.9	2.8
Angola	1.2	3.4	6.6	25.5	4.0
Cape Verde	0.7	3.0	6.4	17.3	1.1
Guinea-Bissau	1.9	2.9	6.2	107.2	32.1
Mozambique	3.0	5.9	9.1	8.0	2.0
S. Tomé and Príncipe	0.2	2.6	6.0	304.0	9.4
Total America	5.1	8.8	13.6	13.9	4.6
Brazil	4.8	9.5	13.5	20.7	6.7
USA	8.5	8.3	12.3	1.7	0.9
Venezuela	3.9	7.7	13.8	11.3	2.5
Total Asia	9.8	21.3	19.1	10.6	5.0
China	22.2	24.1	36.0	31.4	19.0
India	7.9	17.6	7.6	11.3	11.7
Pakistan	17	30.7	6.3	0.9	4.2
Oceania	1.8	9.4	14.2	20.0	1.6
Foreigners	5.1	7.7	10.2	10.4	4.6
Portuguese	3.1	6.2	9.8	2.6	0.2

Source: Censuses, INE (author's calculations).

As it is possible to observe in Table 5, the Chinese present the highest rates of entrepreneurship among foreigners – 22.2 per cent in 1981 and 36 per cent in 2001. On the other hand, it is the Ukrainians who present the lowest percentage of employers in the total of their active population – 1.5 per cent in 2001.

The analysis of the proportion of employers of each nationality in the total of foreign employers facilitates, however, the highlighting of other groups, also reflecting the greater proportion in certain immigrant flows to Portugal. Table 6 shows that although nationals of the Portuguese-speaking African Countries (PALOPs) are among the nationalities with

the lowest rates of entrepreneurship (according to Table 5) – that is, the majority of their active population are inserted in the Portuguese labour market as salaried workers -, their relative importance in the total number of foreign employers has increased, in particular in the case of Cape Verdeans and Angolans. On the other hand it is important to observe the loss of relevance of European Union employers during the course of the last three decades, in particular the Spanish and the English (see Table 6).

The great relevance of Brazilian employers, consolidated over the last few decades, should also be emphasised. This group, according to the data from the 2001 Census, became the foreign nationality in Portugal with the highest number of employers, with the relative importance in the total number of foreign employers increasing from 7.9 per cent in 1981 to 15.1 per cent in 2001 (see Table 6). In Table 5 the increase in the rates of entrepreneurship among Brazilians was also evident, as the employers had a growth rate superior (20.7 per cent) to the actual variation in the total active population (6.7 per cent).

**Table 6 – Percentage of employers within the ten nationalities with highest number of employers in the total number of foreign employers, between 1981 and 2001**

1981		1991		2001	
Nationality	%	Nationality	%	Nationality	%
Spain	26.2	Brazil	13.4	Brazil	15.1
England	8.2	Spain	10.1	Angola	7.2
Brazil	7.9	England	8.4	Cape Verde	6.7
Fed. Rep. Germany	7.3	Cape Verde	6.8	France	4.0
France	4.2	Germany	5.5	England	3.6
Cape Verde	4.1	France	4.9	Germany	3.3
United States	3.1	Venezuela	4.2	Guinea-Bissau	3.2
Angola	3.1	Angola	3.6	China	2.8
Italy	3.1	Netherlands	3.0	Spain	2.7
Netherlands	2.3	Mozambique	2.0	Venezuela	1.9
Total foreign employers	1811	Total foreign employers	4438	Total foreign employers	20571
Total active foreigners	35709	Total active foreigners	57744	Total active foreigners	201647

Source: Censuses, INE (author's calculations).

However, these data should not be read in a simplistic way in view of the fact that some factors influence the characteristics and/or the oscillation between greater and lesser propensity of certain nationalities of immigrants for entrepreneurial

initiative (Oliveira, 2005). The following section emphasises the explanatory factors in immigrant entrepreneurship in Portugal, associated with the determining factors of the Portuguese legal context of recent decades.

### **The determinants of the Portuguese legal and institutional framework for immigrant entrepreneurial initiatives**

The first part of this thematic issue of the *Migrações* Journal illustrates some examples of how the legal and institutional context can determine the size and the characteristics of immigrant entrepreneurial initiatives.

Portugal is no exception in this respect. The vicissitudes of immigrant entrepreneurship during recent decades equally reflect some of the characteristics of the political, legal and institutional context and developments in that area over time. According to the development of the legal framework and Government policies, the moment of arrival of immigrants determines the different opportunities and constraints in insertion into the Portuguese labour market, and entrepreneurial initiatives themselves.

As Waldinger has pointed out, “Immigrants will not go into business unless there are opportunities (...)” (1989: 71). In other words, it is essential to correlate the rates of immigrant entrepreneurship in Portugal with the actual opportunities and possibilities that immigrants have to develop an entrepreneurial strategy in the country.

Roger Waldinger *et al.*, on the basis of the *interactionist model*, were pioneering in highlighting the lack of attention that literature on immigrant entrepreneurs had devoted to the context in which these entrepreneurs functioned, or, in the words of the authors, the “opportunity structure” (Waldinger *et al.*, 1985: 589). In this sense, their integrated perspective – considering the group characteristics of the immigrant and the opportunity structure – was revolutionary and determined a shift in the literature on immigrant entrepreneurial activities.

Since then, new models have sought to expand upon this multi-dimensional orientation. Kloosterman and Rath in the late 1990s in the Netherlands developed a complementary model that they dubbed *mixed embeddedness*, taking into consideration the influence of various spheres of the receiving society (and not only the economic sphere, as is the case with the interactionist model), and particularly emphasising the interference of legal and regulatory contexts. As the authors argue, the receiving society can define legal constraints that impede the investment of immigrant entrepreneurs and the effective use of the resources that they have in order to succeed.

In other words, within the *mixed embeddedness* model, the idea of ethnic or cultural exceptionalism in entrepreneurial initiative is rejected and the universalism

of social embeddedness is defended. They argue that – as an antithesis to the perspectives that highlight the centrality of particular characteristics of immigrant entrepreneurs or of certain ethnic groups in entrepreneurial initiatives – all entrepreneurs are framed within a context that determines their choices in relation to economic insertion and they are not passive actors. Rath (2000: 5) goes so far as to accuse the previous perspectives of considering immigrant entrepreneurship within an economic and institutional vacuum, reflecting concern about the underlying danger of studies based on cultural determinism and the conviction that it is essential to consider political and economic conditions.

Taking on board the multiplicity of explanatory dimensions for the entrepreneurial strategies of immigrants, inherent in their social nature, an heuristic model has also been developed, discussed and evaluated (Oliveira, 2004b, 2005 and 2007). The model succeeds other attempts to prove that it is not occasional or random factors that explain immigrant entrepreneurship. In particular, it highlights the exchange of resources and information on opportunities that immigrants undertake in their spheres of embeddedness. It also emphasises the advantage that individuals take of their human capital in the definition of an entrepreneurial strategy. That is to say, adopting a Schumpeterian interpretation, the proposed model seeks to differentiate the possible routes to innovation chosen by immigrant entrepreneurs in relation to the dynamic combination of resources and opportunities or evading obstacles (Oliveira, 2007).

As entrepreneurial opportunities are neither obvious nor transparent to all individuals, and are not accessible to all immigrants and/or ethnic groups, entrepreneurial strategies are the result of negotiation, adaptation, imagination and reproduction (of the choices of other, successful, entrepreneurs). In this way, immigrants react to the opportunities and constraints that they are faced with during the process of creation of a strategy (Oliveira, 2007). This theoretical choice starts from the assumption that an entrepreneurial strategy is not merely an economic activity, but also an initiative with a social character. Apart from allowing the realisation of an economic process based on the combination of productive factors, an entrepreneurial strategy is based on the field of relations between social actors who have their own actions – which can be cooperative or antagonistic.

In this context, and seeking to better understand what is behind the statistical trends identified above, we return to the vicissitudes of the legal and regulatory contexts. Particular emphasis is placed on the framework that defines the entry, departure and removal of immigrants in Portugal in order to identify some of its impacts on immigrant entrepreneurship.

From the analysis undertaken, it is possible to identify three periods in the Portuguese legal framework that have impacted upon the evolution and changes in immigrant en-

trepreneurial initiatives: (I) the first period essentially covers the 1980s and 1990s, until 1998; (II) the second, from 1998 to 2007; and finally, (III) the third period from 2007 on.

I. The emphasis placed on the immigration phenomenon in the mid 1970s is reflected in Government policies, particularly Decree-Law no. 264-B/81 of 3 September 1981. From this year on, successive adjustments were made to the legal framework that defines the regime for the entry, stay, departure and expulsion of foreign citizens, with reference to policy changes in relation to immigration; the needs of the Portuguese labour market, the precepts of the Convention on the Implementation of the Schengen Agreement and the norms of EU law.

Therefore, between 1981 and 1998, immigrants who wished to undertake an entrepreneurial activity were framed within the same regime as any immigrant who sought to exercise an economic activity, that is, they had to fulfil the conditions for acquiring a residence permit, such as means of subsistence and housing conditions. In other words, contrary to other immigrant receiving countries (as is the case with Australia and Canada, presented in Section I of this Special Issue), the Portuguese State did not define any type of particular regime to attract immigrant entrepreneurs, but instead there was a policy of incentivising immigration that would respond to the needs of the Portuguese labour market.

During the 1990s there were two periods of extraordinary regularisation and, due to an intensive period of public works (such as new motorways across the country, a new bridge, Expo 98) undertaken with the help of EU funds, the immigrants who were attracted arrived mainly to do salaried work. In response to these requirements of the labour market and the characteristics of the underlying policy, in 1997 a new protocol was signed with Cape Verde for the entry of temporary workers – the *Protocol on the Temporary Emigration of Cape Verdean Workers for employment in Portugal* (Decree-Law no. 60/97 of 19 November). Consequently it became evident that the immigration flows that dominated the 1980s and 1990s were essentially characterised by salaried workers particularly from the Portuguese-speaking African countries (PALOPs – Cape Verde, Angola, São Tomé and Príncipe, Guinea-Bissau and Mozambique). It is therefore not surprising that low rates of immigrant entrepreneurship within these nationalities were observed mostly during this period (see Table 5).

Therefore in analysing rates of immigrant entrepreneurship it is essential to also consider the dynamics of the opportunity structure in order to explain the patterns of economic insertion of immigrant groups and their professional situation. As population groups originating in the PALOPs dominated the immigration panorama until the end of the 1990s, and this was characterised by responding to the needs for salaried labour in the least qualified sectors of the Portuguese labour market, a segmentation in the professional situation of these nationalities naturally emerged over these two decades.

Furthermore, and in order to explain the low entrepreneurial propensity of some immigrant groups in contrast to EU citizens, we refer to a Decree-Law published in 1993. According to the Council Directives of 28 June 1990 (90/364/CEE and 90/365/CEE), in 1993 in Portugal a special regime for citizens of the European Community (Decree-Law no. 60/93) was defined with respect to residence rights. Thus, given that a residence permit was the legal condition necessary for a foreigner to undertake a legal entrepreneurial activity in Portugal, it becomes evident that this special regime for European Union citizens defined more structural facilities for them to start a business. With a greater propensity towards entrepreneurial initiatives than the rest of the immigrant groups in Portugal (see Table 5), EU citizens were always among the ten main nationalities with the greatest number of employers in Portugal, with just a small drop from 2001 on (Table 6), associated with the growth in the entrepreneurship of other nationalities.

The over-representation of EU citizens in entrepreneurial initiatives until the turn of the century can also be explained by a further regulation. The regulation of the employment of foreigners on Portuguese territory, which was in force until 1998, – Decree-Law no. 97/77 of 17 March 1977 – declared that “national or foreign employers who exercise their activity in any part of Portuguese territory can only have individuals of foreign nationality in their service, even if they are unpaid, if their staff, where the staff comprises more than five workers, consists of 90 per cent Portuguese workers” (Article 2).

Thus, if it is considered that the entrepreneurship of some non-EU nationalities normally depends on recourse to co-ethnic workers – as has been widely demonstrated in the international (Waldinger *et al.*, 1990; Light and Gold, 2000) and national literature (Oliveira, 2004b, 2005 and 2007) –, then it becomes evident that this norm inhibited and/or constrained immigrant entrepreneurial initiative (or at least formally declared businesses). It is in this context that we should understand why, for example – as shown in Table 5 –, the increase in Chinese entrepreneurship occurred only between 1991 and 2001, or – in Table 6 – that the emergence of Chinese employers among the top ten nationalities with the highest number of employers was from 2001 (while in that year, according to the same data, they were far from representing one of the ten main nationalities in the total foreign population).

II. The changes in the opportunity structure in Portugal verified at the end of the 1990s led, in turn, to an increase in the relative importance of foreign employers and of some immigrant groups who previously had not particularly stood out in entrepreneurial activities – as is the case with nationals of the PALOPs (as shown in Table 6). Two regulatory procedures allow the identification of a new phase in regulation, with implications for immigrant entrepreneurship in Portugal: a new Immigration Law (Decree-Law no. 244/98 of 8 August) and the new Labour Law (Law no. 20/98 of 12 May).

With Decree-Law no. 244/98 of 8 August, - and respective revisions with Decree-Laws no. 4/2001 of 10 January and no. 34/2003 of 25 February - some changes in the conditions for entry, stay, departure and removal of foreigners in Portuguese territory were introduced.

Just two legal conditions would make undertaking an entrepreneurial activity viable: the 'residence permit' and the 'type III work visa'. Immigrants who exercised an independent or entrepreneurial activity without the appropriate work visa or residence permit were subject to fines of between €300 and €1,200.

A residence permit was applied for at the Foreigners and Borders Service (SEF) in Portugal, on foot of, in general, a foreigner holding a valid residence visa acquired at a consulate. The granting of a residence visa for exercising an entrepreneurial activity was contingent on the presentation of a document proving the registration of an investment operation in Portugal and a document proving that the immigrant was qualified to exercise it. In this way, under this legal framework, an immigrant had to set up a society or legalise the statutes of their entrepreneurial activity in Portugal before actually requesting a residence visa. In this situation the potential immigrant entrepreneur had to first request a short-term visa in order to come to Portugal and set up their business, or be represented by someone who was already resident in the country. In cases where their entrepreneurial activity required a specific skill, they also had to apply for the recognition of their qualifications. Therefore, the immigrant entrepreneur was required to plan the investment that they sought to undertake in Portugal very well, in order that the process of legalisation of their situation and their activity would not become delayed.

Finally, as they were already in Portugal, in order to renew a residence permit the foreigner had to provide proof of having means of subsistence, that is, if they were an entrepreneur they had to have a profitable entrepreneurial activity or salaried work that would complement their income.

From 1998, the regulatory framework in force also increased the variety of visas granted, complicating further the diversity of statuses that regulated the residence of foreigners in the country. The work visa was created and divided into four distinct situations: 'work visa I' for professional activities in the sporting arena, 'work visa II' for professional activities in the area of entertainment, 'work visa III' for independent activities in the area of service provision<sup>15</sup> and, finally, 'work visa IV' for undertaking salaried work. These work visas were granted in accordance with an annual prediction of employment opportunities, according to the annual reports composed by the Institute for Employment and Professional Training (IEFP) and approved by the Government. These reports stipulated that the priority was for job offers to be filled by EU workers or non-EU workers with legal residence in Portugal.

The creation of an entrepreneurial strategy was not directly constrained by national job opportunities and was not conditioned by the quotas defined in the annual reports on opportunities. However, for immigrant entrepreneurs these changes in the regulation had important consequences. Their employment needs, under the legal framework in force during that period, had to be declared to the IEFP, indirectly making it difficult to contract co-ethnics (Oliveira, 2005: 81).

For immigrants with the intention of undertaking an independent activity, they needed – at the time that they requested a work visa III at the Portuguese consulate – to give proof of a promise to contract service provision and proof that they were qualified to exercise the activity involved in the service provision with the respective declaration of the professional order (Article 14 of Regulatory-Decree no. 6/2004 of 26 April). These requirements ended up principally providing the framework for independent highly skilled workers, and those directed for specific sectors of the Portuguese labour market, such as marketing, IT and health. In this way, the greater or lesser demand for this visa throughout this period (see Table 2) also reflected different strategies for economic insertion in Portugal among the different immigrant populations (Oliveira, 2004a: 72-3).

During this period, some further constraints were set out in relation to possible changes in the professional situation of salaried workers in Portugal. That is, in order to undertake a salaried activity, immigrants who entered the country between 1998 and 2007 had to respect certain requirements so as to legally convert their economic insertion into an entrepreneurial strategy. In the case of immigrants who were already in Portugal with a type I, II or IV work visa, they had to wait three years to convert their visa into a residence permit, or leave the country and request a type III work visa or a residence visa at a Portuguese consulate (Oliveira, 2004a: 74).

On the other hand, given that during this period only holders of a residence permit or a type III work visa could legally undertake entrepreneurial activity in Portugal, and that - associated with the diversification of statuses during this period - there was a reduction in the granting of residence permits,<sup>16</sup> inevitably it became more difficult for certain immigrant groups to set up an entrepreneurial activity in Portugal.

Among these groups were foreigners who held a 'stay permit'. This status, created in 2001 with the objective of regularising employment relationships and immigrants who were already in Portuguese territory, was an annually renewable work visa granted in Portuguese territory on an exceptional basis, avoiding the need for immigrants to travel abroad in order to request work visas. However, holders of this status continued to be subject to some important restrictions in their economic insertion: with a stay permit, the immigrant could only undertake a salaried activity in the Portuguese labour market and in sectors where there were job opportunities (also according to reports of opportunities). As a consequence, and given that this legal condition domi-

nated a substantial part of immigration flows at the turn of the century in Portugal,<sup>17</sup> around 183,833 immigrants<sup>18</sup> were prevented from undertaking a legal entrepreneurial activity in Portugal right from the beginning (Oliveira, 2004b: 70). Associated with this restriction, there is also an interesting contradiction: these immigrants could not create their own employment, but if they became unemployed they could register at an employment centre and benefit from unemployment subsidies.

This restriction principally affected Ukrainian and Brazilian immigrants who represented around 35 per cent and 21 per cent, respectively, of the total of foreigners with stay permits between 2001 and 2004. For an immigrant who was a holder of this legal status to create an entrepreneurial strategy they had to have had an uninterrupted job contract for five years that justified their residence in the country. Only after working for five years as a salaried worker could an immigrant with a stay permit convert their status into a residence permit and therefore aspire to set up a business in Portugal.

In this sense, it is evident that the legislation that regulates the presence of foreigners in Portugal also determines the possible forms of insertion in the labour market. In effect, the legal condition of the individual constrains their options and strategies of integration in the receiving society. In this way, the distinct statistic trends and propensities for entrepreneurship among different immigrant groups may not correspond to different entrepreneurial vocations, but simply constraints arising from the regulation in force. For example, in the case of the Ukrainians, the low rates of entrepreneurship verified in 2001 (in Table 5) simply reflect their legal status that restricts them to salaried work.

Depending, therefore, on the year of arrival in Portugal, immigrants tend to be associated with particular legal statuses that provide them with distinct opportunities or constraints in insertion in the labour market. According to their legal condition in Portugal, immigrants have to wait more or less time in order to define their legal entrepreneurial strategy.

As referred to above, from 1998 there were also some changes in the Labour Law (Law no. 20/98 of 12 May) that are reflected in the entrepreneurial initiatives of immigrants. In a concrete sense, the requirement in force since the 1970s in relation to the fact that firms with more than five workers had to contract at least 90 per cent Portuguese workers disappeared. This alteration was reflected in the professional situation of certain immigrant groups in Portugal.

As shown in Table 3, there has been an increase in the number of foreigners who have requested residency in Portugal with the intention of setting up a business or working independently, particularly between 1999 and 2000, increasing from 312 to 532 requests by foreign employers. Also, in Table 4 it is evident that there was

a marked increase in the number of immigrant entrepreneurs from 1991 to 2001: while Portuguese employers had a rate of change of 42.7 per cent in ten years, foreign employers had, during the same period, a rate of change of 78.4 per cent. If we take into account the fact that some groups of immigrant entrepreneurs depend on co-ethnic labour, then the previous Labour Law clearly limited many immigrant entrepreneurial initiatives. In this respect, the Chinese entrepreneurs are particularly highlighted, as they reinforced their entrepreneurial initiatives mainly at the end of the 1990s and became one of the ten foreign nationalities with the highest number of employers (as presented in Tables 5 and 6).

It should nevertheless be recognised that lack of knowledge of the laws in force could also influence the activities of some immigrant entrepreneurs. In a survey of 704 immigrant entrepreneurs undertaken in 2002,<sup>19</sup> it was possible to identify some immigrant groups who showed greater difficulty in understanding Portuguese laws (Oliveira, 2005: 81). When questioned about the greatest difficulties felt in defining their entrepreneurial strategy in Portugal, the majority of the Chinese people surveyed stressed their lack of knowledge of Portuguese laws (64.9 per cent), and the Indian and Cape Verdean entrepreneurs further complained about the bureaucracy associated with Portuguese official institutions and authorities (43.1 per cent and 42.6 per cent respectively). In this respect, it should also be conceded that many immigrants could, in some cases, not respect the underlying complexity of the legal framework and/or slip into the informal economy, not because they had that intention, but rather because they did not know many of the rules and the successive changes to them.

**III.** From 2007, there were also various changes in the Portuguese regulatory context that reflect a particular and increasing interest in immigrant entrepreneurship. Both in the policy in relation to the management of immigration flows and in immigrant integration policy, various references to immigrant entrepreneurs and independent workers appeared.

In relation to policy for management of flows, overall it is clear that the new Immigration Law (Law 23/2007 of 4 July) simplified the system for admissions and residency of foreigners into one single type of visa with various purposes for granting residency. Within the space of four months, counting from the moment of the arrival of an immigrant in Portugal, holders of a residence visa must request a temporary residence permit of one year's validity. This can subsequently be renewed for successive periods of two years and converted into a permanent residence permit after five years' residence.

In this way, the legislator, seeking to rationalise and ease the bureaucracy of the procedures, set out one single type of long-term visa that allowed its holder to enter Portugal and take up residence. As, in contrast, the previous law foresaw various types of long-term visa, namely study, work (four types) and residence visas. Because

foreigners became holders of residence permits only, this new law therefore expanded the group of foreigners with access to Portuguese nationality, as previously only holders of residence permits could accumulate years of residence for that purpose.<sup>20</sup> Given the fact that nationality has been shown to be an important entrepreneurial resource for immigrants in Portugal as it determines conditions of access to some opportunities and provides for less bureaucracy in the functioning of the business (Oliveira, 2005: 146), this is an important change with positive implications.

However, it is important to understand whether in the concrete case of foreign entrepreneurs the new law actually did ease bureaucratic obstacles to entrepreneurial initiative. This analysis is therefore based upon a study of the implications of the new law in two distinct situations: on the one hand, for immigrants who in their country of origin already had the intention of undertaking entrepreneurial activity, and because of that arrived in Portugal with this 'professional situation'; and, on the other hand, for immigrants who are already in the country and who seek to convert their professional situation from salaried workers to entrepreneurs or independent workers.

We will therefore begin the analysis with the first situation. The new Law created for the first time a special situation for immigrant entrepreneurs. In other words, for the first time in the Portuguese regulatory context a regime of access was set out for entrepreneurs distinct from that applied to other immigrants who arrived in Portugal in order to undertake salaried work. Article 60 of Law no. 23/2007 and Article 31 of Regulatory Decree no. 84/2007 of 5 November define the conditions for access to a 'residence visa' for independent workers and immigrant entrepreneurs, in which it is foreseen that:

- *independent workers* should have a contract or a draft contract for service provision in the area of the liberal professions. The immigrant must have proof that they are qualified to exercise this independent activity, that is, they must have their qualifications recognised in Portugal, whenever the exercise of their functions requires this.

- *immigrant entrepreneurs* who seek to invest in Portugal must, for their part, provide proof of their investment operations in the country, or prove that they have financial means in Portugal and that they have the intention of proceeding with an investment operation. In the declaration that they are undertaking, or intend to undertake, an investment operation, the investment should be described in detail and identified. Its nature, value and duration should be specified. On the basis of these documents, the application for a residence visa is subsequently assessed, keeping in mind the economic, social, scientific, technological or cultural relevance of the investment (in accordance with point 3 of article 31 of the Regulatory Decree).

For the purposes of this analysis it is important to make a more detailed examination of two of the proofs that these immigrant investors have to give in order to be granted a residence visa - (a) proof of 'means of subsistence' and (b) proof of 'means of finance':

(a) in Government Order no. 1563/2007 of 11 December, the necessary requirements for proof of 'means of subsistence' were detailed for applicants for residence visas or applicants for renewal of residence permits. The criterion for determining means of subsistence adopted refers to the minimum monthly payment guaranteed - and defined annually - in Portugal, and its respective regularity and assessment for Social Security;

(b) the Law requires an immigrant to provide proof of possessing 'means of finance' in Portugal through a declaration by a Portuguese financial institution that attests to the capital that they have and/or the credit that they are authorised for. The Law does not define in this context what are the minimum amounts of means of finance required, falling back on an evaluation of a predominantly discretionary nature within the framework of the guidelines defined by the legal regime. Although the intention of the legislator is not clear, it is believed that under this Law, means of finance are proved in accordance with their proportionality in relation to the concrete objectives of the investment project, with an overall evaluation from the perspective of its relevance (referred to in article 31 (3) of the Regulatory Decree).

We will now look at the implications of this new Law for the second situation under analysis, that is, immigrants who are already living in Portugal. For these immigrants the law foresees the granting of a residence permit for exercising an independent professional activity. In Article 89 of the Law, it is set out that these immigrants must fulfil the following requirements: they must have a valid residence visa for this purpose<sup>21</sup> (although in point 2 of the same article, exceptional situations are set out where a visa is not required); they must have constituted a society under the terms of Portuguese law (declaring the initiation of activities at the fiscal and Social Security administration as a single person) or have concluded a service provision contract for exercising a liberal profession; they must have means of subsistence; they must be registered for Social Security; and, where it is demanded, they must present a declaration from their respective professional order that attests that they fulfil the requirements for registration or a document proving that they are qualified to exercise their profession (also in accordance with the specifications of article 55 of the Regulatory Decree).

It follows that, while in the legal framework in force the requirements are explicit both for the granting of a residence visa for independent workers and immigrant entrepreneurs (as has been shown), and for granting residence permits for exercising independent activities (defined both in the Law and in its Regulatory De-

cree), the figure of the immigrant entrepreneur is not defined for the purposes of granting a (temporary or permanent) residence permit.

Also for immigrants who are undertaking salaried work in Portugal and who wish to change their professional situation and/or develop an entrepreneurial strategy, the Law is remiss. This possibility is not expressly consecrated by law. In contrast, for example, in point 3 of article 89, the possibility of a residence permit for exercising an independent professional activity being converted into a permit for undertaking salaried work is foreseen, while the opposite case is not set out.

Given that point 2 of Article 75 sets out that any alteration in the 'elements' registered in the residence permit of an immigrant requires the *renewal* of the status, does this mean that a change in the professional situation also implies an alteration in the elements and/or a renewal of the status? Or, in view of the fact that the purpose of the residence permit changes (from salaried work to entrepreneurial activity), does the immigrant have to *replace* their permit?

Despite the fact that, taking as a reference what is defined in Article 85 in relation to cancelling a residence permit, it is not expressed in the law that a change in professional situation is a reason for cancelling a permit, point 1 of Article 198 sets out that "a foreign citizen exercising an independent activity, who does not have the appropriate residence permit, where required, constitutes an infraction punishable with a fine of €300 to €1,200". Are these fines also applied in the case of undertaking entrepreneurial activity without the appropriate residence permit? Or furthermore, are they applied to immigrants who in addition to their salaried work undertake entrepreneurial activity?

Within the framework of the guidelines set out by the current legal regime, it seems that an immigrant in Portugal has two possible ways of changing from salaried work to entrepreneurial activity. The first is to return to their country of origin and request a residence visa for the purposes of independent or entrepreneurial activity (set out in Article 60), as explained above. The second option could be to make an application at the Foreigners and Borders Service (SEF), of an exceptional nature, and which would be analysed on a case-by-case basis.

Therefore, even though immigrants do not have to wait a minimum period in order to change their professional situation (as was inferred from the previous law for some permits<sup>22</sup>), it seems that the regime has been further complicated in this aspect with the residence permit not having the same character or the previous coverage in relation to flexibility in changing professional situation.

This situation could have important implications for immigrant entrepreneurial initiative given that, in the majority of cases, immigrant entrepreneurs develop their entre-

preneurial strategy only after some time residing and/or working for an employer in the receiving society. In the survey undertaken with 704 entrepreneurs of immigrant origin, it was concluded that only 32.1 per cent of the total of people surveyed invested in an entrepreneurial activity immediately on arriving in Portugal (Oliveira, 2005: 136). Naturally this legal framework could have different impacts for various nationalities and immigrant groups given that, in the same study, it was also identified that according to nationality, the propensity for entrepreneurial initiative immediately on arrival in Portugal was different: in the case of the Cape Verdean this was the case for only 5.6 per cent, while in the case of the Chinese and Indians this value increased to 25.6 per cent and 54.9 per cent respectively (Oliveira, 2005: 136).

On the other hand, the current legal framework could potentially lead in the short term to some immigrants who are unemployed being able to benefit from unemployment subsidies, but not being able to immediately create their own job.

The regulatory context in force has some important implications in relation to the contracting of immigrant workers by immigrant entrepreneurs (or by any other entrepreneur). Although the immigrant entrepreneur has to respect the priority principle set out in the Law, that is, to always declare their job offer at the Institute for Employment and Professional Training (IEFP, IP) in order for it to be possible to identify whether there exists a worker with the characteristics required on Portuguese territory – from among Portuguese nationals, workers who are nationals of European Union Member States or workers from third countries with legal residence in Portugal –, this should be determined within the space of thirty days (according to point 2 of Article 20 of the Regulatory Decree). This is an important change in the current legal framework for entrepreneurs, given that it can be expected that there will be a shorter waiting time for the confirmation of the existence of human resources in Portuguese territory to fill the job opportunity.<sup>23</sup> After this period has ended, and if no-one has taken up the job offer, the Regulatory Decree also sets out that the entrepreneur can select their worker<sup>xxiv</sup> and conclude an employment contract or a promise of employment, which will subsequently be scrutinised by the Portuguese consulate for the purposes of issuing a residence visa for undertaking salaried work.

The Law also foresees, in point 2 of Article 88, an exceptional regime for granting residence permits to immigrants who do not have a valid residence visa and/or have not entered Portugal with a residence visa, but who fulfil the following conditions: they have an employment contract; they have entered and resided in Portugal legally; and they are registered for Social Security. Thereby, ironically, the law seems to also allow, through this channel, entrepreneurs (including immigrant entrepreneurs) to directly contract immigrant workers in this exceptional regime in Portugal.

In the area of immigrant integration policies, from 2007 some changes also emerged, with an impact on immigrant entrepreneurs. Namely, within the *Plan for Immigrant Integration* (PII) – Resolution of the Council of Ministers no. 63-A/2007 – some measures of incentive for immigrant entrepreneurship were designed. In the plan, the

importance of reducing the barriers and constraints to immigrant entrepreneurial initiatives is recognised, and some intervention commitments in this area are defined, based on two specific measures: *incentivising immigrant entrepreneurship* (measure 13) and *promotion of employability and entrepreneurship among immigrant women, namely through access to education and professional training* (measure 116).

On foot of measure 13, the creation of three support offices for immigrant entrepreneurs is foreseen, where support services and consultancy on setting up entrepreneurial initiatives are to be provided, opportunities and incentives are to be disseminated, and individualised follow-up services are to be provided for the entire bureaucratic process associated with setting up a business. This measure has as the main indicators of monitoring its implementation: number of people attended to in the offices, number of new businesses created by immigrant citizens, number of foreign citizens covered by programmes that incentivise creating one's own job.

In measure 116, and reflecting a concern in relation to the specific vulnerability of immigrant women, there are more educational intervention guidelines. The indicators for monitoring implementation are: the number of professional training actions, the number of women covered by these training actions, and the number of trainees who benefit from the adoption of special and exceptional requirements for immigrant women in situations of vulnerability.

Analysing work undertaken in the area of immigrant entrepreneurship during the first year of implementation of the PII, the Annual Implementation Report for May 2007 to May 2008 identifies the opening of the Support Office for Entrepreneurship at the National Immigrant Support Centre,<sup>25</sup> in partnership with the National Association for the Right to Credit (ANDC).<sup>26</sup> The office provides diverse information (for example on legislation and requirements) and orientation – in relation to economic viability, business plans and financing – for all immigrants who wish to create their own job and/or start their own business. During the year 2007, according to this report, the office provided a service to 186 potential entrepreneurs, representing twenty-seven nationalities.

Although the low number of people who were provided with a service at the office should be noted, it is important to highlight the over-representation of Brazilian immigrants (38 per cent) and Ukrainians (13 per cent), followed by Russians, Moldovans, Angolans, Guineans and Mozambicans, who use the service of the office. These seven nationalities in total represent around 76 per cent of the individuals who come to the office, confirming that support services of this nature are mainly a response for immigrants who have the most difficulties in getting together the resources to undertake an entrepreneurial activity in Portugal and present the lowest rates of entrepreneurship in Portugal – with the exception of the Brazilians (see Table 5).

The fact that services at this office are provided by socio-cultural mediators – that is, with the possibility of services being provided in the language of the immi-

grants – should stimulate the growth in the number of times service is provided and the number of users that the office receives, particularly as this service provides detailed information on the rules and bureaucracy associated with developing an entrepreneurial strategy in Portugal. This information is especially relevant because, as shown here, some immigrant entrepreneurs tend to slip into informality because they do not know the rules of the game or because of difficulties associated with the condition of being an immigrant – such as not knowing the language (Oliveira, 2004a: 126; Oliveira, 2005: 81-2).

The annual report on the PII further emphasises the initiatives of the Institute of Support for Small and Medium Enterprises (IAPMEI)<sup>27</sup> in the area of actions for promoting entrepreneurship, which also cover immigrants.

Also, from the point-of-view of active measures for employment, according to IEFP data, the report identifies that 89 immigrants, between 2006 and 2007, benefited from support for creating their own job or local employment initiatives, responding therefore to measure 13 of the PII. Nevertheless, once again these data should be read in light of the legal regime that provides the framework for immigrants and their possibilities of economic insertion. In a concrete way it is remembered that, under the previous legal framework, holders of legal statuses other than residence permits or type III work visas could not create their own job even in a situation of unemployment, and there was a significant presence of immigrants with stay permits registered at employment centres, particularly originating from Eastern Europe (corresponding to 25 per cent of those registered at employment centres in 2006).

In sum, the analysis in this section demonstrates how reception contexts – as ‘opportunity structures’ – also determine the choices and the entrepreneurial initiatives of immigrants, in this case in Portugal. Although it is identified that today the importance of immigrant entrepreneurship at the level of Portuguese policies is recognised, it is important to be attentive to and monitor the implications that the regulatory and institutional context have at the level of immigrant entrepreneurial initiatives, in a general form, and for some nationalities in particular.

## **Conclusion**

As experienced in other countries, in Portugal immigrants present higher rates of entrepreneurship than nationals. This tendency, however, does not prove to be uniform for all groups of immigrants resident in the country. Available official data facilitate the verification of the fact that there are nationalities more prone to entrepreneurial initiative than others – as is the case if we compare, for example, the Chinese with the Ukrainians.

On the other hand, according to the same data, it is concluded that immigrant entrepreneurship is not stable through time, but rather suffers fluctuations. In the Portuguese case it is seen that immigrant entrepreneurship has been on the rise mainly throughout the last decade. Also at this level, there are distinct patterns according to nationalities, that is, there are immigrant groups who stand out in certain periods more than in others. As shown, between 1981 and 2001 the ten nationalities with the highest number of employers in the total foreign employers varied, particularly with the ascent of the position of the Cape Verdeans (from sixth position in 1981 to third in 2001), or the presence of Brazilians as the nationality with the highest number of employers in 1991 and 2001.

These trends cannot, however, be analysed without looking at the determinants of the Portuguese reception context. As has been analysed in this article, the reason for rates of immigrant entrepreneurship having a more positive evolution during the last decade, or the reason why certain nationalities stand out more than others in entrepreneurial initiatives, is explained in reality also by the evolution of immigration policies during recent decades.

The analysis of the Portuguese regulatory context demonstrates how the legal and institutional framework can interfere in immigrants' choices for insertion in the labour market and in their real possibilities for defining an entrepreneurial strategy. In this article, three periods in the Portuguese legal framework are identified, which determine the evolution and the vicissitudes of immigrant entrepreneurship in Portugal.

Between 1981 and 1998, immigration policy was particularly orientated around the needs for salaried work of certain segments of the Portuguese labour market (for example, civil construction and public works). In this context, immigration flows were essentially based on dependent work. The Labour Law in force until 1998 was further identified as a potential inhibitor of immigrant entrepreneurial strategies dependent on recourse to co-ethnic employees, given that it required that firms with more than five workers (even if they are unpaid) have at least 90 per cent Portuguese workers on their staff.

In the second period identified, from 1998 to 2007, immigration almost doubled and there was a complication of immigrants' legal statuses. During this period the granting of permits that did not allow immigrants the possibility of developing entrepreneurial activity in the country was created and reinforced. In 1998, the Labour Law was also changed, with the obligation to have a minimum percentage of Portuguese workers disappearing. Within this framework it is not only possible to explain the low rates of entrepreneurship among Ukrainians (with permits that only allowed them to undertake salaried work), but also the great growth in the number of Chinese entrepreneurs in the country (with strategies very much dependent on recourse to co-ethnic employees).

Finally, from 2007, further changes took place at the level of policies of management of flows and integration policies, with important consequences for immigrant entrepreneurship in Portugal. For the first time, the Immigration Law foresees a distinct regime for granting residence visas to immigrant entrepreneurs and in the Plan of Action for Immigrant Integration the importance of reducing barriers to immigrant entrepreneurship was recognised, defining measures for incentivising entrepreneurship.

It therefore becomes clear that the reasons for the (apparent) low or high rates of entrepreneurship among certain groups of immigrants during certain periods of time may not be different entrepreneurial vocations, but rather constraints or incentives associated with Government policies or regulations in the areas of immigration, integration and labour.

In this context it is fundamental to monitor immigration policies in general, and those relating to incentives for entrepreneurship in particular, as these are determinants for immigrant entrepreneurial strategies.

On the other hand, taking into account the importance that this theme assumes in the economic, social, political and cultural structures of contemporary Portuguese society, the study of entrepreneurial strategies is not only a call for attention to a new interpretation of the contributions of immigration, but can also show alternative forms of economic integration and mobility of immigrants in Portugal.

## Notes

<sup>1</sup> M. C. Esteves (1991) is highlighted here.

<sup>2</sup> Some of these initiatives are presented in detail in Section III of this Special Issue of the *Migrações* Journal. Without seeking to be representative, these examples illustrate a new mentality that is emerging in Portugal, clearly contrasting with the more pessimistic interpretations that prevailed in previous decades. Immigrants today are beginning to be seen not as a threat, but as an opportunity, as actors who can contribute to the dynamism of local economies and to regional development.

<sup>3</sup> For more details on the role of ethnic opportunities in immigrant entrepreneurial strategies in Portugal, please see Oliveira (2005: 125-38).

<sup>4</sup> As is widely analysed in the literature on immigrant entrepreneurship, the 'opportunity structure' corresponds to the economic, social and political spheres in which immigrants are embedded in the receiving society and in which they plan and create their businesses. For more details, see: Rath (ed.) (2000).

<sup>5</sup> As recommended by the United Nations, described in Rosa *et al.* (2004: 30).

<sup>6</sup> For more details, see: Oliveira and Inácio (1999).

<sup>7</sup> For the purposes of simplification all employers and freelance workers are considered to be entrepreneurs. For more details on the possible risks of this choice, see: Oliveira (2004a: 32-33).

<sup>8</sup> For more details, see: Peixoto (1999), Rosa *et al.* (2004) and Oliveira (2004a).

<sup>9</sup> In relation to the reservations imposed on this type of examination, see J. Freire (1995).

<sup>10</sup> As Rosa *et al.* (2004: 33) suggest, we should not forget that an immigrant is not necessarily a foreigner. In reality, as Oliveira's study showed, immigrant entrepreneurial initiative normally emerges in a more advanced phase of integration into the receiving society, in many cases subsequent to the acquisition of Portuguese nationality (2005). Note that the statistical sources only count foreigners, meaning that it is not possible to characterise these immigrants.

<sup>11</sup> For more on this, see: Rosa *et al.* (2004: 42).

<sup>12</sup> According to the rules for filling in the Census 2001 questionnaire.

<sup>13</sup> For more on this, see: Oliveira (2004a: 70).

<sup>14</sup> The Rate of Entrepreneurship calculated corresponds to the number of employers in every 100 active people.

<sup>15</sup> The type III work visa was requested and granted at a Portuguese consulate for exercising an independent activity in the context of service provision for one year, renewable for up to three years.

<sup>16</sup> For more, see Rosa *et al.* (2000).

<sup>17</sup> For more detail, please see: Pires (2002).

<sup>18</sup> Number of foreigners with a stay permit granted between 2001 and 2004, according to Foreigners and Borders Service (SEF) statistics, available at:

[http://www.sef.pt/portal/V10/PT/asp/estatisticas/index.aspx?id\\_linha=4224&menu\\_posicao=4142#0](http://www.sef.pt/portal/V10/PT/asp/estatisticas/index.aspx?id_linha=4224&menu_posicao=4142#0)

<sup>19</sup> More detail on the results of this survey and the methodological approaches to this research in Oliveira (2005).

<sup>20</sup> For further detail on the Nationality Law see Law no. 2/2006 and Law-Decree no. 237-A/2006.

<sup>21</sup> To which are added further points in no. 1 of Article 77 of the Law.

<sup>22</sup> It should be remembered that, as explained, under the previous legal framework, holders of type I, II and IV work visas and of stay permits could only undertake entrepreneurial activity after acquiring a residence permit, which happened after the passage of three or five years, respectively.

<sup>23</sup> As was explained in the presentation of the motives of the Ministry of the Interior for the proposal for the Law, these changes in the law for foreign salaried workers emerged as a response to the previous inadequacy at the level of implementation of the Employment Opportunities Reports adopted, with implications both for entrepreneurs who wished to contract foreign workers, and for some immigrants who ended up being channelled into illegality.

<sup>24</sup> In accordance with point 6 of Article 20 of the Regulatory Decree.

<sup>25</sup> The National Immigrant Support Centre, under the High Commission for Immigration and Intercultural Dialogue (ACIDI, I.P.) – the State institute with the mission of welcoming and integrating immigrants in Portugal –, is a specialised citizens' office for immigrants which, through the presence of branches of various State services and support offices under one roof, responds to the integration needs of immigrants in Portugal. For more, see:

<http://www.acidi.gov.pt/modules.php?name=Content&pa=showpage&pid=1093>

<sup>26</sup> For more details on this Association, see the article on the ANDC in Section III of this Special Issue.

<sup>27</sup> IAPMEI, part of the Ministry of the Economy and Innovation, is the main instrument of economic policies of the Portuguese State for micro, small and medium enterprises in the industrial, commercial, services and construction sectors. The institute has the mission of contributing to favourable conditions for reinforcing the entrepreneurial spirit and competitiveness. More details at: <http://www.iapmei.pt/>

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