

## Immigrant entrepreneurship in Portugal: Factors that influence this professional choice and ASI's activity on foot of the results of the PEI Project

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**Abstract** This article examines the work of the International Solidarity Association (ASI) from a perspective of research-action in the area of immigrant entrepreneurship for the development of the Portuguese economy and for the economic and social integration of the immigrant population. Migrant communities from Ukraine, Brazil and Guinea-Bissau residing in Portugal acted as the background for a research study "PEI Project – *Predictive Factors in the Employability of Migrants: Implications for Employment Policies and for Integration Support Services*", which facilitated the characterisation of the elements that comprise the profile of an entrepreneur.

It was on the basis of ASI's own work of intervention that had been and continues to be undertaken, that the study was orientated. It was observed that the fact of having undertaken entrepreneurial initiatives in the country of origin, and the amount of financial capital brought to the receiving country, are positively related to an entrepreneurial career. Therefore ASI intervenes in the promotion of immigrant entrepreneurship, through measures of information provision on the legal, operational and financial mechanisms that provide the basis for these initiatives.

**Keywords** entrepreneurship, job transition, entrepreneur profile, economic development, ASI.

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Entrepreneurial initiatives represent an important element in the dynamic development of a country's economy. Among the immigrant population, entrepreneurship has become a preferred labour integration strategy that in many cases allows the maintenance of people's original profession; moving out of unemployment; profiting from the competences and resources of the individual; increasing individual income; and even creating jobs for relatives or co-ethnics who join them in the receiving country. Additionally, faced with an economy that is in need of dynamism, immigrant entrepreneurship represents an investment that provides clear advantages. In relation to the lack of investment and of entrepreneurial initiatives, particularly in the most sparsely populated regions of the country, it becomes imperative to take advantage of the economic and social potential that immigrant entrepreneurial initiatives represent.

In this context, the most important priority areas for the International Solidarity Association (ASI) are combating informal employment and promoting investment and entrepreneurial initiatives, particularly in cooperation with immigrant groups who arrive in the country. ASI believes that realising the potential of their resources and capacities constitutes an added value for the dynamism of the Portuguese economy. Another issue associated with the advantages of entrepreneurial initiatives undertaken by the immigrant population relates to the fact that the initiatives have effects not only in the receiving country but also in the country of origin.

In relation to the country of origin, immigrant entrepreneurship promotes the development and internationalisation of Portuguese companies, and the consolidation of production and trade networks, ultimately serving to improve the overall economic situation. In Portugal, entrepreneurial initiatives among the immigrant population improve their integration/inclusion, add dynamism to the Portuguese economy, bring innovation to the Portuguese corporate panorama (new ideas, new technologies, innovative projects), create new jobs, both for co-ethnics and for natives, and represent a solution to unemployment.

However, in spite of recognising these advantages, the immigrant population is faced with significant obstacles that condition their access to entrepreneurial initiatives and render the process more difficult. Among them, some of the most relevant are the legal and institutional barriers resulting from legal immigration

status, the difficulty of access to credit, lack of knowledge of laws and of the world of business in Portugal, difficulties in accessing information, lack of knowledge of the Portuguese language and difficulties in the recognition of qualifications (Oliveira, 2005: 76-92; Peixoto, 2007: 224).

Therefore ASI, a non-Governmental Development Organisation (NGDO) based in Porto, considered it fundamental to promote enhanced knowledge of immigrants' difficulties in the Portuguese labour market. To this effect they undertook a research project in 2006-2007, entitled "PEI – *Predictive Factors in Migrant Employability: Implications for Employment Policies and for Integration Support Services*", with the support of the Operational Programme for Employment, Training and Social Development (POEFDS) and co-financed by the Portuguese State and the European Union.

This research was undertaken on the basis of 591 surveys applied to a sample representative at a national level, of people from Brazil, Ukraine and Guinea-Bissau (three of the largest immigrant groups at a national level), who had been resident in Portugal since 2000. The subjects were distributed by NUTs with the greatest number of resident foreigners (North and Central, Lisbon and Tagus Valley, Alentejo and the Algarve).

This study analyses themes regarding the specificities of the migratory project, of social integration, of job transition and labour integration, of individual human, social and financial capital resources, and of the mental health of the immigrants in the sample, taking nationality and gender as majority criteria of analysis. Additionally, Nee and Sanders' (2001) job transitions model, which studies the influence and relationships between forms of capital – human, social and financial – and the socio-demographic characteristics of the subjects, together with the job transition presented by the immigrants, in terms of job turnover. In this context, different professional categories are defined: entrepreneurs, technical professions and unskilled work. By means of the elements studied, it was possible to identify possible trajectories of the immigrant population in Portugal, including those whose career led them to entrepreneurship.

Let us now look at the first category, corresponding to the situations in which the professional career of migrants in Portugal leads to the creation of their own jobs, by undertaking entrepreneurial initiatives. In the analysis of data collected, Pearson's correlation test is used, having also applied the linear regression analysis in the sense of observing the explicatory capacity of the model. The variables considered here correspond to the human, financial and social capital indicators and to the socio-demographic characteristics of the subjects.<sup>1</sup> From this analysis, we can verify that generally social and human capital seem to have a limited impact on the career of migrant entrepreneurs. In other words, we can say that this pro-

fessional integration trajectory is not related to high overall levels of these forms of capital, but rather to some of their specific aspects.

In fact, as regards the relationship between social capital and the current immigration status of the entrepreneur, only co-habitation with the immediate family seems to significantly contribute to the increase in the rate of job transition. In the area of human capital it is of note that it is the resources that the migrants had acquired in their country of origin prior to migration that most correlate with their current situation in Portugal. Academic qualifications, but above all the experience of entrepreneurial initiatives in the country of origin, are the aspects that present the strongest association with the numbers of jobs held before the current situation.

In the same way, financial capital, defined here by the quantity of money that the migrants brought with them, presents a significant correlation with this mode of integration. It is also important to refer to the fact that knowledge of the language seems not to be relevant to migrants in the situation under discussion. There is also no statistical evidence of a socio-demographic pattern (in relation to gender, age and marital status) associated with the professional careers that culminate in entrepreneurial initiatives. On the other hand, no association between the involvement of the community of origin and this type of professional trajectory is observed. In a regression analysis, the model with the greatest predictive power includes only the same occupation in the country of origin and the quantity of money available on arrival, presenting a predictive capacity of a professional trajectory to entrepreneur of 56 per cent.<sup>2</sup>

In sum, we observe that the factors inherent in initial financial capital and in prior entrepreneurial experience represent two of the most important factors in opting for entrepreneurial initiatives among individuals studied in Portugal. In fact, two of the obstacles that the immigrant population most frequently cite refer to lack of knowledge of the mechanisms that form the basis for the creation and management of a business, and access to credit to finance it. Migrants with experience in this area, despite lack of knowledge of the specificities of the Portuguese system, have significant knowledge in relation to starting a business, including the advantages inherent in creating one's own job. Therefore they can approach the entrepreneurial route with greater ease, as an employment possibility that is both plausible and feasible.

It is thus essential on the one hand to raise awareness among the immigrant population of the advantages that entrepreneurship represents for their labour integration, particularly as an alternative to unemployment and potential situations of exploitation by employers. On the other hand, it is crucial to provide general information, and even training, in relation to the start-up and management

of businesses in Portugal, possible areas of activity and examples of successful projects, in forms that are adequate to the specificities and necessities of foreign citizens.

Nevertheless, aside from this basic knowhow, the entrepreneur will be faced with another important issue: the financing of their project. On this point, it is essential to explore and promote the possibilities of microcredit and to stimulate other financing solutions, so that entrepreneurial initiatives are not accessible only to immigrants who have the necessary financial capital on arrival, or whose social network can easily provide it. Initiatives that are supported with microcredit have had high rates of success on a global scale and present rates of return on capital that are higher than is the case with conventional credit.

Additionally, it is an attractive option for the creation of small businesses, which in many cases come to represent the basis for great entrepreneurial initiatives. In fact, the greater part of the businesses created by foreign citizens begin as small enterprises supported by family or co-ethnics, perfectly sustainable for potential applications for microcredit, in order to subsequently expand and grow, gaining distinction and influence at the level of the Portuguese economy and the country of origin.

The PEI Research Study – Migrant Employability Predictors – follows a rationale of research-action and seeks to be a tool of support in the process of the integration of migrant citizens in Portugal. Therefore the study indicated the obstacles that immigrants are faced with in Portugal, indicating solutions and recommendations to resolve them, making the case for the potential that these contingents represent in the national and international context. The fact that such a small percentage of migrants in the sample have chosen the path of entrepreneurship is an important gap to be filled at the level of the labour and social integration of this population group.

In this light, the promotion of the creation of businesses and access to entrepreneurial initiatives among the immigrant population should constitute an investment for contemporary society, keeping in mind that this should be guided by a perspective of gender equality and equality of opportunities. With the intention of furthering immigrant entrepreneurship in Portugal, and taking into account the difficulties felt by immigrants and identified in this study, it is recommended that investment is made in the area of information measures to combat the lack of knowledge of legal and operational procedures and modes of credit that is at the root of such low levels of undertaking of this type of initiatives.

Therefore, on foot of the results of the PEI study, ASI has developed its work in relation to creating mechanisms to incentivise entrepreneurial activity in Portu-

gal. Among the principal incentivising activities for entrepreneurship developed by ASI are:

1. Certified training modules and referral to new opportunities centres (RVCC): at this level ASI presented an application to the Operational Programme for Human Potential (POPH) with the objective of providing immigrant entrepreneurs with training that could be useful in the undertaking of their activity and a certificate that facilitates their professional valuation.
2. Technical support in starting one's own business: through awareness-raising activities, in cooperation with staff from the Institute for Employment and Professional Training (IEFP), information sessions were organised on the principal supports granted for business start-ups. During these sessions, technical, legal and financial support was supplied, allowing the immigrant to commence their activity in a stable and structured manner.
3. Awareness-raising among leaders of associations and social organisations for qualified entrepreneurship for immigrants: this initiative took into account not only the promotion of immigrants creating their own jobs, but also supporting actions among companies and social organisations on entrepreneurship, in order to inform their directors of the contribution that this group could make to their organisations.
4. Support for small entrepreneurial initiatives: in this context, ASI publicised and actively participated in the opening of new immigrant entrepreneurial initiatives, providing legal and administrative advice and acting as a mentor.
5. Creation of an official job centre (UNIVA) for the provision of services in the area of employability and professional training, placing at immigrants' disposal the tools and knowhow to allow them to evaluate both their personal entrepreneurial capabilities and the feasibility of the project at the community level.

## Notes

<sup>1</sup> Human Capital: Comprehension of spoken Portuguese, attendance of professional training courses, academic qualifications, last occupation in the country of origin; last job in Portugal. Social Capital: Participation in groups from the community of origin; living with partner; living with immediate family. Financial Capital: Brought money with them when they arrived in Portugal; exact quantity of money that they brought on arrival. Socio-demographic characteristics: Marital status; sex; age.

<sup>2</sup> Result from a regression, taking as a criterion the current profession as an entrepreneur and as predictors the money that they brought from the country of origin, academic qualifications, and whether they maintain the same occupation as in the country of origin (multiple correlation coefficient  $r = .749$ ; multiple determination coefficient  $R^2 = .561$ ). The result of the Variance Analysis is statistically significant [ $F(3,530) = 226,054$ ;  $p < ,001$ ].

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