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**Migrant Economic Activity in Europe:
Migrant Entrepreneurs
in the Wider Athens Area**

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Migrant Economic Activity in Europe: Migrant Entrepreneurs in the Wider Athens Area

Executive Summary

Ethnic entrepreneurship serves as a means to economic integration. According to the selection-based argument, migrants and entrepreneurs may share common individual features such as low risk-aversion, high ambition and self-motivation. Definitely not all migrants can or should be seen as super-entrepreneurs. The relevant literature makes the distinction between “opportunity” and “necessity” migrant entrepreneurialism. This paper aims (i) to explore the economic activity of immigrants in Greece, with a special focus on the entrepreneurial activities of those settled in the wider Athens area, (ii) to identify opportunities and obstacles to economic integration and (iii) to suggest ways to overcome those barriers for the mutual benefit of both migrants and natives.

Analysis relies on two different and complementary to each other datasets: the 2011 Population Census and a database about migrant entrepreneurs provided by the Athens Chamber of Tradesmen, obtained after a special request. Our findings suggest that shares of entrepreneurs are surprisingly low among foreign-born population in Greece, with little ethnic variation. Immigrant entrepreneurship mostly relates to services at the “lower end of the economy”. Moreover, only a limited number of sectors (retail trade, food & beverage services and construction) attract more than 60% of all migrant entrepreneurial activities. Opportunities for innovative, technology-driven and knowledge-based businesses are scarce for immigrants. Institutional rigidities concerning the labour market as well as the lack of any supportive government initiatives lie behind this necessity-driven entrepreneurship.

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Introduction

The first massive migratory flows in Greece appeared sometime in the mid-1980s, when the country officially turned into a net migrant receiver. Since then, the steadily growing number of non-natives living in Greece shapes a new social and economic context bringing new challenges to the host regions. It is now widely accepted that the country was very poorly prepared to face such a large scale phenomenon which affects the everyday life and interacts with all major policy areas. Meanwhile and as the immigrants' settlement in the country became permanent, first assessments about their deficient social and economic integration have aroused political debates and caused strong reactions (Lyberaki 2008; Lazaridi and Koumandraki 2007). There are serious concerns about the effect of immigration on labour market functioning, economic prospects, financial burden, population composition and dynamics, social cohesion as well as on migrants' ability to successfully interweave into the social fabric of the host nation.

Recent economic and political trends have re-stimulated research interest into the economic effects of diversity. Diversity by itself is not a problem; neither is it an asset if barriers to social interactions deter the bridging and cross-fertilization of ideas and knowledge. Only can diversity be socially beneficial if discrimination is eliminated and integration is promoted at all levels. Never on the top of the Greek political agenda, integration prospects have been further narrowed due to the persisting economic recession. Unluckily, immigrants are among the hardest hit by the social and economic turmoil, while culminating uncertainty has been fueling xenophobic reactions (Ellinas 2013; Swarts and Karakatsanis 2013).

This paper focuses on migrant economic integration with particular emphasis on their entrepreneurship. Both terms, immigrant and entrepreneurship, need some clarifications for there are different nuances in the way they are used in the relevant literature. In this work the terms immigrants and foreign born are used interchangeably describing all those persons residing in Greece that have been born from non Greek parents. Entrepreneurship, on the other hand, is defined as the capacity and

willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. According to the Greek Population Census under the label “employer” are gathered all individuals who run their own businesses and engage at least one employee on a permanent basis. Hereafter the term “entrepreneur” describes any person starting or running his or her own business regardless the activity sector, the duration of the activity or the number of persons employed.

Ethnic entrepreneurship serves as a means to economic integration. Entrepreneurial ventures often reward a wide range of personal attributes, including openness to risk-taking, innovative and creative spirit, ambition and motivation. Either by nature or necessity, those very characteristics are often met among non-natives. As it is generally stated, migrants and entrepreneurs may share common individual features, for it needs, among other attributes, risk-taking, high ambition and self-motivation to seek for opportunities far from one’s homeland. This selection-based argument goes even further suggesting that, within a favorable context, migrants could make good entrepreneurs (Neville et al. 2014; Hart 2009). Definitely, not all migrants can or should be seen as super-entrepreneurs (Naudé et al. 2015). Those immigrants who enter entrepreneurial activities with high prospects and reward opportunities, who contribute to wealth creation, create new jobs, elevate productivity and competition, use new technologies and boost the host economy are described in the literature as “opportunity entrepreneurs”. Nevertheless, migrants are quite often nothing more than “necessity entrepreneurs” (Reynolds et al. 2001). In such cases, business venture in trivial or low-status sectors is their only option to survive in a hostile environment of blocked employment opportunities, high unemployment rates and limited access to dependant jobs. The aim of this study is (i) to explore the economic activity of immigrants in Greece, with a specific focus on the entrepreneurial activities of those settled in the wider Athens area, (ii) to identify opportunities and obstacles to economic integration and (iii) to suggest ways to overcome those barriers for the mutual benefit of migrants and natives.

Analysis relies on two different and complementary to each other datasets. Information about the volume and composition of foreign populations living in Greece, as well as data about its economic activity, sector and employment status were extracted from 2011 Population Census. Moreover, data about migrant entrepreneurship, such as the type of business, its location and year of establishment were provided by the Athens Chamber of Tradesmen, after a special request. To our knowledge, this dataset had never been explored before despite being very rich in detailed information about businesses run by immigrants in the greater Athens area.

This working paper is organized as follows. The next section presents a brief overview of the European and international experience on immigrants' labour market participation. The following section describes the demographic and socioeconomic characteristics of foreign born in the labour market and compares them to those of natives. The subsequent section focuses on immigrant entrepreneurship in the wider Athens area aiming to answer questions about the number of immigrants running their businesses in Attica, how ethnic entrepreneurship is occupationally structured and what the main sectors of migrants' activity are. Based on the above results the following section provides some policy recommendations about the economic integration of immigrants. Conclusions and main findings are discussed in the last section.

Background

As the migratory flows increase, concerns about immigrant integration into host-countries boost and the debate about the pros and cons of cultural diversity has been intensified. According to the Migration Policy Institute "immigrant integration is the process of economic mobility and social inclusion for newcomers and their children". Economic activity and labour market accessibility are crucial factors in the economic and non-economic integration process of foreign born populations. However, getting a job though necessary is not a sufficient condition for achieving other dimensions of integration. Immigrants are often trapped into low-skilled and ill-paid jobs that practically allow for no real social inclusion, not to mention mobility.

Limited host-country language skills, low educational level, lack of sync between their experience and qualifications from one side, and local labour market demands from the other, are some of the major factors that impede immigrants from entering and succeeding in professional life.

Immigrants are anything but a homogeneous group; they do not share common demographic and social features nor similar needs and perspectives. Demographic characteristics such as age, sex and ethnicity as well as social features like educational level or religious and cultural links to the host country, condition to a large extent the chances of becoming self-sufficient and determine the probabilities of bridging ethnic and cultural gaps in order for a foreigner to find a space for himself in the new place to live. International experience shows that the younger the age of entrance the better the chances to succeed in labour market insertion (Åslund et al. 2009; Kerr and Kerr 2016). Moreover, in most host countries, labour market outcomes are often gender-related. Foreign-born women appear to be more disadvantaged than men: they register lower employment and higher unemployment rates as compared either to their native peers or to foreign-born men (Eurostat 2011). This is particularly the case for those arriving as family members. Furthermore, women are often out of the focus of labour market integration policy measures (OECD, 2012). Likewise integration and social mobility varies with ethnicity mainly due to cultural specific attributes (Zhou 1997; Borjas 2015). Ethnic enclaves risk inhibiting economic integration for they usually offer a strong “bonding capital” but provide very little “bridging capital” (Lester and Nguyen 2013). Networking and community facilitate surviving but do not guarantee socio-economic progress. In certain cases ethnicity may serve as a skill-predictor: this may offer opportunities in entering the labour force but may also discourage the elaboration of new skills (Hendricks 2002).

Some interesting findings arise from the growing body of academic literature on immigrant entrepreneurship. In certain developed countries, including the US, Canada, UK and Australia, the rates of business ownership are higher amongst the foreign born than the natives (Fairlie 2012). A number of recent studies have built a strong case linking cultural diversity with a range of economic outcomes. Focusing on the USA, immigrants account for a

quarter of US entrepreneurs and that share has been steadily increasing. Relevant works have shown that skilled immigrants tend to start firms with greater frequency than equally skilled natives (Hunt 2011). Yet their contribution to the overall economy is much more complicated an issue than a simple comparison of shares would suggest. When it comes to the dynamics of immigrant entrepreneurial activity, a greater volatility of outcomes is observed in respect to closure rates and employment growth. Kerr and Kerr (2016) observed that, in average, initial employment for firms launched by immigrants is 4.4 workers against 7.0 workers if founded by natives and 16.9 if the founder team is mixed. They estimated that migrant firms in the US are less likely to survive a three-year zone horizon, but if they do so, they demonstrate higher employment growth. The US and Canadian experience emphasizes on the migrant population heterogeneity and suggests that success rates in entrepreneurship largely vary with individual characteristics. Social and human capital earned in the country of origin varies across nationalities and decisively conditions the dynamics and prospects.

On that side of the Atlantic, immigrant entrepreneurship is only a recent issue on the EU agenda. Traditionally, immigrant labour force in Europe was shaped by dependent workers in established companies and factories (Hermes and Leicht, 2010). In contrast to the US experience, where migrants' entrepreneurship has propelled various sectors of the economy, migrant self-employers in Europe usually run traditional and often low-status businesses. Since late 2000s, as economic uncertainty has been increasing, employment outcomes have been changing. Mounting unemployment rates, lowering wages and diminishing job opportunities have shaped a brand new environment where dependent work becomes less stable and attractive. Meanwhile, as globalization and new technologies have made the world more interconnected than ever, new opportunities have been emerging. As the contribution of ethnic entrepreneurial activity in Europe has been increasing over the last decade, its impact on integration should be included into the immigrant integration, a comparatively young policy area in Europe, mainly orchestrated by governmental initiatives. Although the European Employment Strategy remains centered on integration through paid

employment, the potential of migrant firms as job creators and their contribution to economic outcomes is not downplayed any more. At local level, policy agents seek to attract migrant entrepreneurs in selected areas and specific (either fast-growing or declining) economic sectors through the implementation of specific programs. Enhancing ethnic entrepreneurship is seen a driver for promoting social mobility, tackling illegal employment and elevating from the poverty trap.

Data and Methods

Statistics in respect with immigrant entrepreneurship in Greece are not easy to assemble; relevant data are scarce and come from very few and poorly exploited sources. The Population Census is the sole official and nation-wide source that provides information about types of employment for immigrants, their profession and sector of activity. Data are broken down by gender and ethnicity offer a solid framework for analysis, although rarely is migrant population exhaustively and accurately registered.

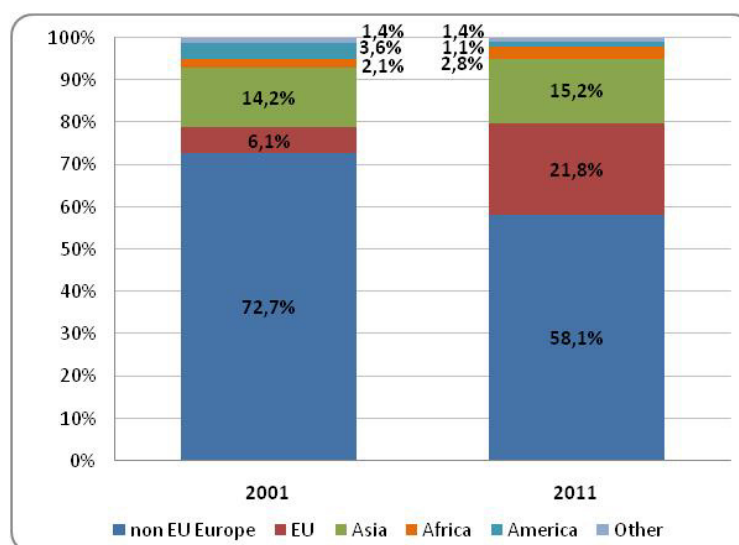
Anecdotal data provided after special request by the Athens Chamber of Tradesmen compose the second dataset that has been used in this work. The provided dataset comprises registrations of new businesses established by foreign-born in the wider area of Athens during the period January 2000 to September 2016. Although rich in information, those data have never been explored before. Registrations of migrant-run businesses during the period January 2000 to September 2016 have been analyzed highlighting ethnicity-related differences in entrepreneurship rates and sectors of activity. Settlement distinctive features are also examined.

Descriptive statistics techniques, contingency tables and cluster analysis have been applied to identify eventual ethnic-related entrepreneurial patterns and to shed light on geographic and sector variations. To address the considerable differences among segments within the highly diversified immigrant population, this paper compares different immigrant groups in several instances.

The characteristics of immigrants in the Greek labour force

It is only three decades ago when migratory flows reversed and Greece turned from a traditional labour exporter into a receiving country. Inflows have been steadily growing all those years and the severe and long-lasting economic recession has not halted the increasing waves of newcomers. During the last decades, immigration has made the population living in Greece much more diverse; meanwhile, immigration itself has become much more diverse than ever before. During the years that elapsed between the two censuses (2001 and 2011) immigrant population has undergone major demographic changes such as ageing, feminization and shifting ethnic shares. Officially foreign presence in Greece counts about 1 million people (almost 9% of total population) coming from nothing less than 195 different countries (Population Census 2011). Almost eight out ten immigrants living in Greece come from a European country, half of them from the neighboring Albania. The over-tripled share of immigrants coming from EU member states is a mere technicality, since the EU underwent two enlargement processes between the census years. Meanwhile, the share of Asians and Africans has increased in detriment of Americans (Figure 1). Top ten ethnic groups cumulatively count for more than 75% of total immigrants living in Greece.

Figure 1. Foreign born population by region of birth as share of total foreign born population



Source: EL.STAT. Population Census 2001; 2011

As proved by the international experience, demographic parameters condition needs, shape dynamics and potentials at both social and economic level. Immigrant population living in Greece has been rapidly ageing during the last decade and currently shows a rather older than commonly perceived age-structure. Half of the foreign born population is above 33 years of age, against a median age of 28.8 just ten years earlier (Rovolis & Tragaki, 2006). About 80% of all foreign born is in working age compared with 66% of the natives; 17% of immigrants are below 15 years of age and only 3% of them are above the age of 65 (Table 1).

Table 1. Ethnic specific demographics for selected countries of origin

	Share (in foreign population)	total	Sex ratio	Median Age	<15 years (%)	25-35 (%)	65+ (%)
ALL FOREIGN BORN			104.9	33	17	24	3
Albania	52.7%		113.4	30.3	21	23	2
Bulgaria-Romania-Poland	15.0%		67.6	34.6	13	24	2
Georgia-Ukraine-Russia	6.4%		36.7	39.7	7	21	4
Pakistan-India-Bangladesh	6.2%		1145.3	31.5	5	41	1
Philippines	1.1%		510.5	40.3	12	20	1
Afghanistan	0.8%		43.7	28.3	17	32	1

Note: The sex ratio refers to the number of men corresponding to 100 women.

Source: EL.STAT. Population Census 2011 and own calculations

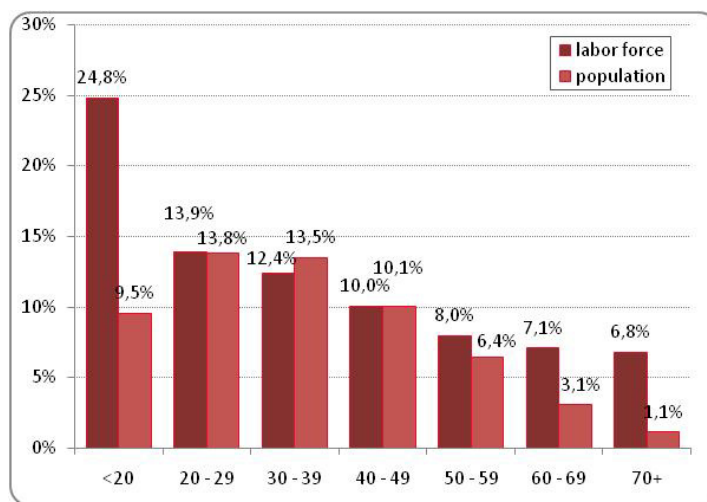
In line with all other Southern European countries, Greece has experienced gendered migratory flows. The female presence has been higher than traditionally expected, especially among specific ethnic groups (Tragaki and Rovolis, 2014; Rovolis and Tragaki, 2006; 2008). Yet only recently has the predominance of males among non-natives been questioned. The feminization of foreign born population is directly related to the ethnic composition of foreign population (Table 1); relevant literature verifies the existence of striking differences in sex ratios across different countries of origin (Tragaki and Rovolis, 2008).

Table 2. Foreign-born participation in economic activity

Foreign-born share within	
<i>total population</i>	8.4%
<i>labour force</i>	11.2%
<i>employed population</i>	10.5%
<i>Unemployed</i>	14.0%
<i>Students</i>	10.9%
<i>Retirees</i>	1.4%

Source: EL.STAT. Population Census 2011 and own calculations

Figure 2. Age-specific immigrant share in population and labour force

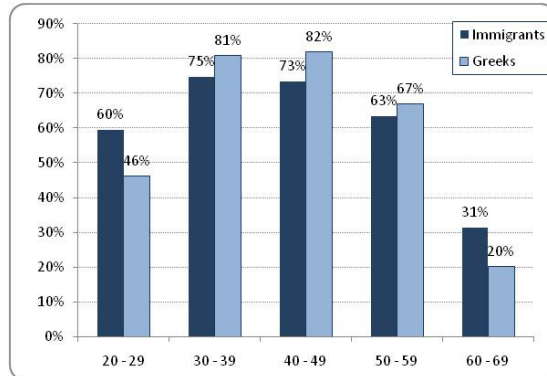


Source: Population Census 2011 and own calculations

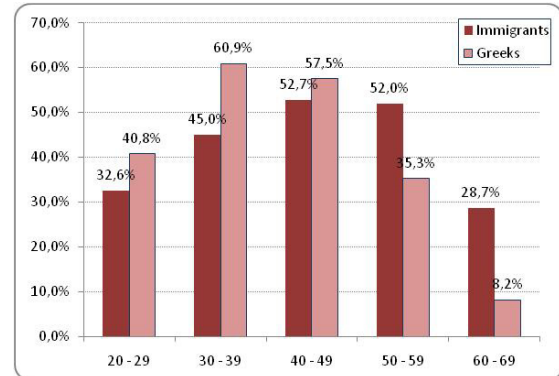
In 2011, 57% of immigrants aged between 20-69 years of age were in employment, a share that was by four percentage points higher than among the native born. This difference is due to their longer active lives (Figure 2). Male immigrants show considerably higher participation rates at the lower and upper age-classes but lower for the ages in between. As for female employment rates, they are lower than those of young and middle-aged natives but significantly higher for ages above 50 years (Figure 3a and 3b). In line with most OECD countries, unemployment rates are higher among the foreign than the native born whether men or women (OECD 2015).

Figure 3. Comparing age-specific employment rates between foreign born and Greeks

a. Men



b. Women



Source: Population Census 2011 and own calculations

Migrant entrepreneurship in Greece

Traditionally entrepreneurship rates tend to be higher among migrants than among natives. Not only is this not the case in Greece (Cholezas and Tsakoglou), but the country is repeatedly mentioned as the extreme exception registering the largest difference in self-employment in favor of citizens against the non-citizens - 24.4 % against 6.5% (Marchand and Siegel 2014). Previous studies have already observed and tried to explain this particularity. Based on the 2001 population census as well as on Labor Force Statistics data referring to the beginning of the new century, Cavounidis (2006:645) mentions that “migrants are disproportionally employees [...] contrary to the pattern observed in many receiving countries where ethnic entrepreneurship is widespread”. She stresses that migrant work is “[..]the substitution or supplementation of some of the work done by ‘family workers’ in small enterprises” and that “migrant presence appears to have facilitated the transfer of domestic work and the care for dependents previously carried out by family members, to migrants, for wages” (Cavounidis 2006:647). Labrianidis and Hatziprokopiou (2010) observe the increasing importance of migrant entrepreneurship in urban areas. Their study focuses on the case of

Thessaloniki, the second largest city of the country, and their results suggest that in their vast majority migrant entrepreneurs are mainly driven by necessity, engaged either in marginal activities or in ethnic-specific services and needs. Another survey, carried out some years later, tried to identify the main incentives behind migrant entrepreneurship in Athens during the years preceding the recent financial crisis. Skandalis and Ghazzawi (2014) interviewed 164 migrants that have started their own businesses in Greece and found that, under certain circumstances, entrepreneurship can be an empowering experience for migrants, their families and compatriots. They identified that the driving factors behind entrepreneurial activity and success is self-motivation; the influence by other immigrants is the second more important factor while personal characteristics and market conditions follow in the third and fourth place respectively.

The latest Population Census confirms that immigrant employment characteristics have not changed much. In Greece, more than 8 out of 10 foreigners are dependant workers; 11.2% are self employed and only 2% are employers. Those shares of self-employed or employers are not only very low but also significantly lower than those of natives. This is not common: the gap of self-employment rates between natives and foreign born is the largest in the OECD (OECD, 2013). It is uncontested that the entrepreneurial activity is determined by opportunity structures (the demand side) and individual capital (the supply side). It is also argued that the influence of national institutional factors in explaining the differences among immigrant self-employment rates across Europe has been understudied – and underappreciated (Hermes and Leicht 2010). The fact that immigrant entrepreneurship in Greece is considerably lower to that of natives and is gathered in very specific industries and sectors may imply a negative institutional effect. It is likely that certain immigrants are short of necessary professional and linguistic skills to start up a business; but it is also common that those who do come up with an entrepreneurial idea actually face great implementation obstacles.

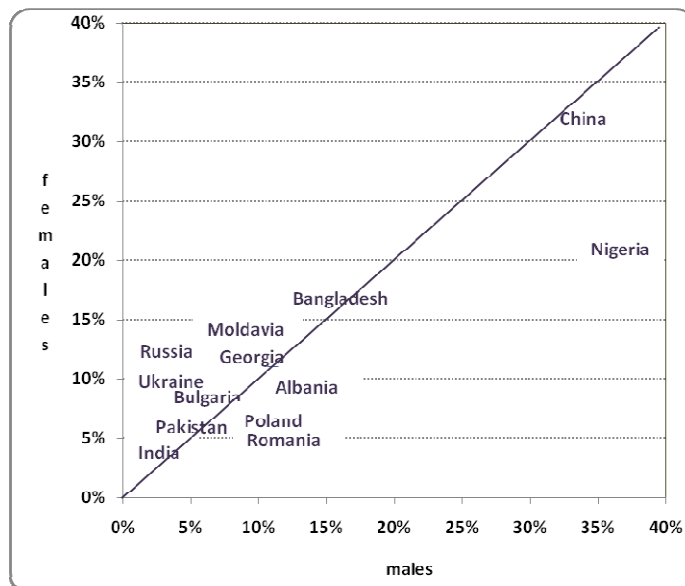
Table 4. Different types of employment among foreign born, 2011.

	Total	Men	Women
<i>Employers</i>	2.1%	2.3%	1.8%
<i>Self-employed</i>	11.2%	10.8%	11.8%
<i>Employees</i>	85.1%	85.6%	84.3%
<i>Assistant in family business</i>	0.6%	0.3%	1.1%
<i>Others</i>	1.1%	1.0%	1.1%

Source: EL.STAT. 2011 Population Census Data and own calculations

Compared with men, women show somewhat higher shares of self-employment, though in low status jobs, mainly domestic workers, hairdressers etc. Women are slightly more likely to work as assistant in family business but less likely to start their own firm (Table 4). Gender discrepancies in self-employment rates are higher for populations coming from Eastern European countries, namely Ukraine, Russia, Moldavia and Georgia. Yet, women from China and Nigeria register the higher female self-employment rates, 32% and 21% respectively (Figure 3).

Figure 3. Male versus female self-employment rates across selected ethnicities

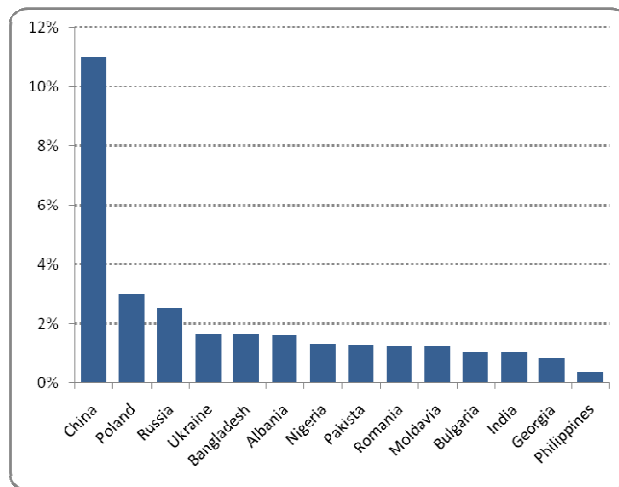


Source: EL.STAT. 2011 Population Census Data and own calculations.

Within migrant population, the share of employers is no more than 2% (Table 4). Men are slightly more likely to be employers than women, (2.3% versus 1.8%). Only women from Romania, Moldavia, Bangladesh and Pakistan

show higher shares of employers among their active population compared with their male counterparts, but with the exception of the former, their numbers are small to reflect gender-related differentiations and thus will not be further explored. In relative terms, the larger entrepreneurial community is found among Chinese with employers counting for 11% of their active population, followed by far by Polish and Russians with 3% and 2.5% of entrepreneurs within their labor force respectively (Figure 4).

Figure 4. Shares of employers in migrants' labor force for selected ethnicities



Source: EL.STAT. 2011 Population Census Data and own calculations

The rest of this work relies on data provided by the Athens Chamber of Tradesmen, after specific request. Data refer to businesses established by foreigners in the major Athens area from January 2000 to September 2016, and will provide some first answers to questions like: “*What are the main sectors of migrants activity?*” or “*How is ethnic entrepreneurship occupationally structured?*”.

Table 5. Immigrant-run businesses by major ethnicities, 2000-2016

Country of origin	Business start-ups	
	<i>in numbers</i>	<i>as share of total foreign start-ups</i>
Albania	6271	42,6%
Pakistan-India	-	
Bangladesh	1133	7,7%

Ukraine-Russia-		
Georgia	761	5,2%
Bulgaria	740	5,0%
Romania	705	4,8%
Poland	547	3,7%
Egypt	430	2,9%
China	216	1,5%
Moldavia	188	1,3%
Nigeria	100	0,7%
EU-28	3849	26,1%
TOTAL NUMBER	14724	100%

Source: Athens Chamber of Tradesmen, data provided after specific request.

From January 2000 to September 2016, the Athens Chamber of Tradesmen counted 14,724 newly-established immigrant-run businesses in the wider Athens area. Most of the businesses are run by Albanians, the most populous ethnic group and among the first-comers into the country. Yet their share in entrepreneurs (42.6%) is lower than their share in total labour force (49%) as well as their share in foreign population living in the specific region (58%).

Immigrant-run businesses appear to concentrate in a narrow range of industries. International experience suggests that small group sizes and social isolation foster the adhesion to a particular type of business and benefit from tight networking of their own social group (Kerr and Kerr 2016). This is very much the case in Greece.

Table 6. Major sectors of ethnic entrepreneurial activity

Sector	Frequencies (% of total registrations)	Cumulative frequencies
Retail trade (except of motor vehicles and motorcycles)	29.7%	29.7%
Food and beverage service activities	21.1%	50.7%
Specialized construction activities	9.0%	59.7%
Services to buildings and landscape activities	6.0%	65.7%
Other personal service activities	5.7%	71.4%
Activities auxiliary to financial service and insurance activities	4.2%	75.5%
Construction of buildings	2.1%	77.6%

Wholesale trade, except of motor vehicles and motorcycles	2.1%	79.8%
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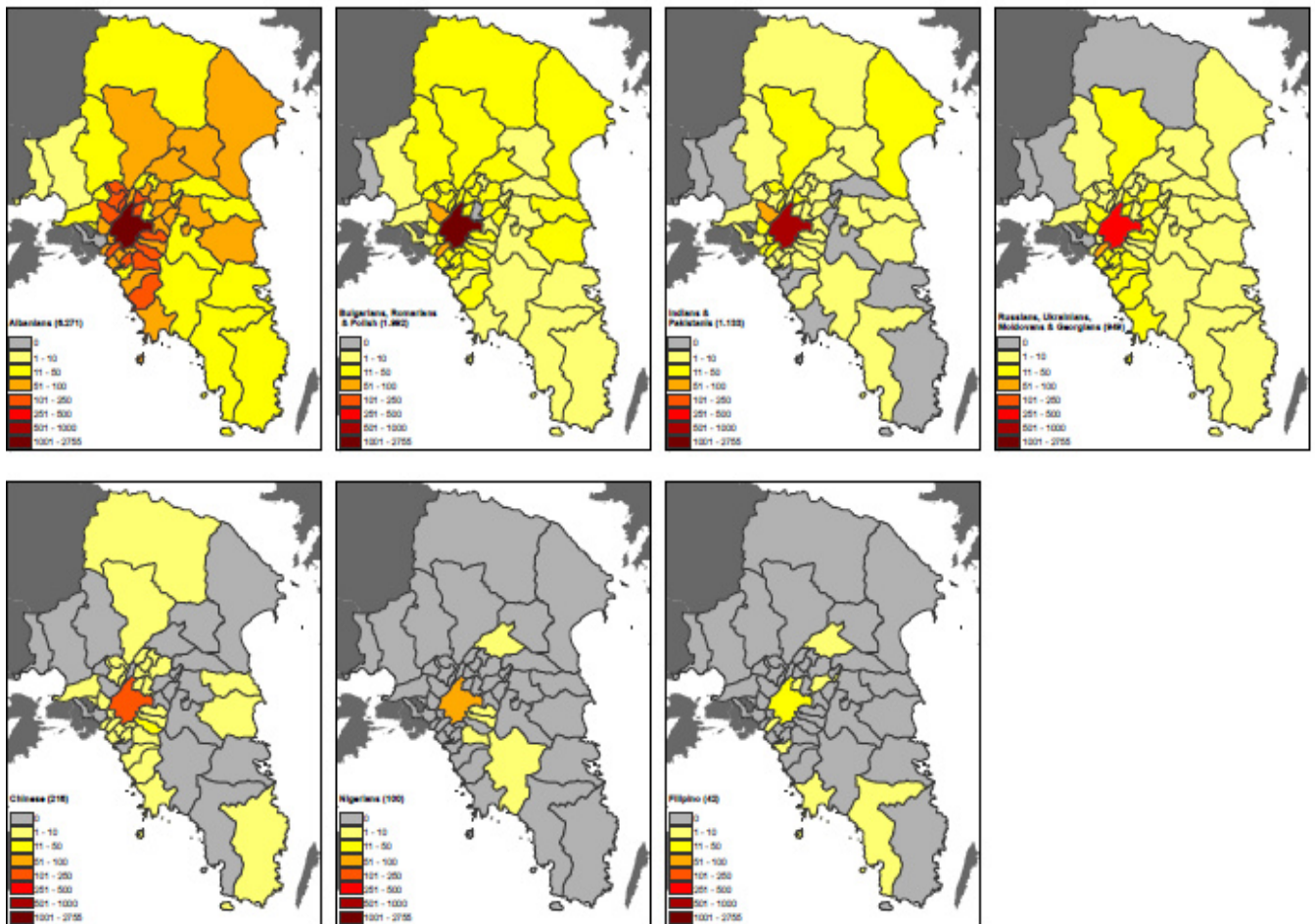
Source: Athens Chamber of Tradesmen, data provided after specific request.

Foreign born entrepreneurship is most likely in retail sales sector followed by activities providing food and beverage services; those two sectors gather half of all business initiatives made during the last 16 years in the wider Athens area. Other activities referring to buildings and particularly to specialized construction services as well as services to buildings and landscapes offer space for 15% of total foreign owned firms. Migrants' entrepreneurial initiatives are clearly centered on low-demanding, low-skill and ethnic-related activities.

Moreover, ethnic-specific differences are obvious across sectors. For certain ethnicities entrepreneurial activities prevail in very specific sectors indicating either some kind of competitive advantage or the imitation effect within specific ethnic networks. Some illustrative examples are those of Polish mostly gathered in specialized constructive activities and Romanians in the construction sectors; Asians (Chinese, Pakistanis, Indians and Bangladeshians) are mainly active in retail sales. Russians' and Moldavians' activities mostly concern catering and food services.

Most of the immigrant-run businesses are clustered in the city of Athens. Yet an ethnic-specific geographic segmentation is implied, as different nationalities follow a different regional pattern (Map 1).

Map 1. Geographic contentration of immigrant-run businesses by owner's ethnicity.



Conclusion and Discussion of Some Policy Suggestions

Shares of entrepreneurs are surprisingly low among foreign-born population in Greece, especially if compared to natives. Those shares show little ethnic variation, with the exception of Chinese where the share of employers is particularly high. Immigrant entrepreneurship in Greece mostly relates to services at the “lower end of the economy”. Moreover, only a limited number of sectors (retail trade, food & beverage services and construction) attract more than 60% of all migrant entrepreneurial activities. Opportunities for innovative, technology-driven and knowledge-based businesses are scarce for immigrants. Institutional rigidities concerning the labour market as well as the lack of any supportive political action are behind this necessity driven entrepreneurship.

A migrant businessman is anything but a typical example of an immigrant living in Greece. Migrant entrepreneurship has never been considered as part of migration policy neither has it ever been regarded as a factor to initiate some kind of recovery from the current economic crisis. As the number of non-natives residing in Greece will definitely continue to increase and as the Greek population will irreversibly continue to age actions need to be taken so that the diverse migrant communities become sustainable contributors to the Greek national economy. Along with labour market, their incorporation into the financial system could turn them into substantive economic factors in various business activities, property purchasing, expertise exchange, etc..

Microfinance can be the key to the financial inclusion process of immigrants in Greece, as it happens in several other European countries (mainly in Croatia, Austria, Italy and FYROM). In all emerging or developed economies, microfinance services are designed to support all those who lack (sufficient) access to basic services and products of the traditional financial sector (due to the fact that such population groups have a much higher risk of default than traditional clients and for which there are no flexibilities to the standard requirements and evaluation mechanisms).

Focusing on the case of immigrants, the most important of above services are:

Microlending: Immigrants are people who usually want to set up the type of low turnover businesses, which are not attractive propositions for traditional banks. Meeting this need, microfinance institutions are willing to lend to immigrants small amounts of money (i.e. below 1,000 euro) although the relevant administrative costs arising from this activity are disproportionately high (please note that EU has determined that microfinance funding cannot exceed the amount of 25,000 euro per micro-borrower). Moreover, favourable terms such as affordable charges (interest rates, commissions), flexible loan-installment schedules (on a weekly, fortnightly or monthly basis) and suitable repayment maturities (i.e. ranging from 3 months to 1 year), are vital for these people.

Two important features of microfinance related, to the lack of available security/collateral and the inability to perform credit history checks (i.e. via Tiresias, the Greek credit profile databank). However, micro-lenders assess other crucial elements - such as the moral status and the social networking of an immigrant - that can compensate the lack of collateral and credit information.

Generally, microfinance services providers (i.e. NGOs, non-for-profit companies, non-bank financial institutions, fintech platforms, credit unions, cooperative banks, government agencies, self-help groups in rural and remote areas, microfinance banks, subsidiaries of traditional commercial banks, etc.) are supported by guarantees (and counter guarantees) which compensate for the higher risk of default associated with immigrants. This line of action may attract resources in guarantees, from the current EaSI (Employment and Social Innovation) programme of the EU Bank, while equity, loans and technical assistance can also be channeled to microfinance institutions via the Helenos Fund (a pan-European investment fund).

Support and encouragement: Perhaps the most important function of microfinance providers. In fact, this is the main distinction between microfinance from traditional banking. Microfinance provides to immigrants the support and encouragement they need to overcome some of the obstacles to setting up and operation of a business (business plans processing, financial education, “bureaucratic counseling”, legal and tax advice, post-loan monitoring and follow-up, ad-hoc coaching, etc.), to gain a decent employment, to accumulate working experiences and to 'build' credibility in the Greek market.

This support is called "technical assistance" and can reduce significantly the risks of bad debts by giving immigrants the opportunity to integrate more easily into the new working and living environment. Its cost in resources and time and be managed with the assistance of volunteers-consultants dedicated to this aim. Note that the EaSI program incorporates such actions (in the form of funding for capacity building), while the current JASMINE program and the Helenos Fund are providing also adequate support. It would be advisable

that European programmes supporting microfinance institutions, to incorporate technical assistance to immigrants as a prerequisite towards the provision of guarantees.

Safety net: A key element of the wider social role of microfinance is the creation of a safety net which allows immigrants to make 'mistakes' without suffering serious consequences (i.e. suspend some payments agreed). Even businesses which ultimately fail (for reasons not involving fraudulent or illegal actions), are viewed as having positive outcomes due to the experience that immigrants have gained.

The most significant challenges to introducing microfinance for immigrants in Greece are: (i) *The attitudes and perceptions (mentality)*: Microfinance services for immigrants, is actually a social activity where the profit is not the ultimate goal. Can we walk on this “neither too social nor too profit-oriented” tightrope? (ii) *The lack of precise regulation*: The question is about intelligent regulation. Will the regulator understand the specifics of microfinance?, and (iii) *Technology*: The wise and efficient use of technology allows economies of scale, better risk monitoring and social reporting.

Currently in Greece there is no regulatory framework for the operation of microfinance services providers to perform lending activities. Yet, a number of quasi-microfinance efforts have been initiated, namely *Action Finance Initiative (AFI)*, *microSTARS*, *Agreement between European Investment Fund (EIF) and Pancretan Cooperative Bank (PCB)*. Those programmes really deserve to expand their interest and support to economic immigrants living in our country.

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