
Promoting the Economic Integration of Migrants

A collection of European good practices to inspire application in Italy

Executive summary

SAME: Supporting Action for Migrant Entrepreneurship.

This document summarises the final deliverable of the SAME project (Supporting Action for Migrant Entrepreneurship), conducted by RENA, POLI.Design and Make a Cube3 with the support of J.P. Morgan. It focuses on projects and policies supporting social and economic integration of migrants and refugees in several European countries. The research project was designed and implemented in order to deepen the knowledge on this topic, to recognize trends and approaches emerging in the EU, and to promote a strategic dialogue and a process of cross-fertilization among different stakeholders. The aim is to adapt and apply some of these approaches, social mechanisms and tools to the Italian context.

The research intends to lay the foundation for a wider project of RENA, POLI.Design and Make a Cube3, whose scope is facilitating, fostering and strengthening the economic and social inclusion of migrants, through pre-incubation and light incubation cycles of businesses led by non-EU born migrants and refugees, and of services supporting their labour market integration. As it is for entrepreneurship, employment is recognized to be a potential trigger for integration, particularly when it comes to the development of hard and soft skills and to the creation/reinforcement of networks and social capital that may support long-term inclusion into the “hosting” society.

The collection of 100 cases from 16 European countries and the in-depth analysis of a selection of them provide a structure to the subject matter and a wide qualitative picture of what is going on. The cases have been organised in 5 clusters:

1. Migrant entrepreneurs and migrant-led businesses: cases that show the different abilities of migrant entrepreneurs to run successful businesses in different contexts, including through

- leveraging their culture or personal skills;
2. Organisations providing innovative comprehensive services to migrants: practices that support migrants by providing assets and highest level competences, and that set in place forms of sharing or peer to peer exchange among migrants;
3. Innovative services focusing on migrants’ employability and work integration: cases that focus on strengthening the soft and hard skills for employment or incubation;
4. International cooperation projects aimed at reinforcing migrant employability and entrepreneurship abilities: initiatives that aim to create cultural and professional bridges between migrants and the hosting societies;
5. Networks of experts: cases of networks aiming at creating and disseminating knowledge for and about migrants.

Insights from analysis

Cross-cutting insights from the analysis of cases and from the interviews raise topics that touch upon issues concerning more than one cluster:

Insights about general services provided to migrants

According to some experts, the current integration support is heavily skewed towards immediate assistance to migrants and refugees, and few focused on longer-term services for integration. These projects addressing short-term needs include social events, sports, artistic and recreational activities as well as language exchange and the provision of general information and legal advice. There is an opportunity to use existing resources and experiences to create synergies, networks and partnerships to provide complementary and specialized services for the long term integration of migrants since the very beginning of the process. A working blueprint of welcoming and integration could be developed at the country level. Furthermore, developing projects that contribute to the autonomy of living, self-sustainability and job integration would close the loop, connect all available resources (pub-

lic, third sector, associations, migrants, local communities) and provide holistic support through the most critical stages of integration.

Insights about services supporting employability

The education level and competences of migrants vary widely, depending on their origin and the country of arrival. The majority of asylum seekers coming from Africa, for instance, have a basic level of education, while almost the half of people from the Middle East (Afghanistan, Iraq and Syria) have attended upper secondary education or more. For this second group, there are many projects that offer basic education/training, provide a faster access to higher education and the recognition of migrants' skills. On the other hand, promoting access to work opportunities often combines vocational training with a practical experience, thus connecting migrants with companies interested in hiring them. These strategies give migrants the chance to gain work experience in the host country, provide a personal reference about performance and give confidence to companies that migrants are able to adapt to an organisational culture. Moreover, there is a potential in identifying the labour market needs and the vacancies that could not be filled by natives in order to transform them in businesses or job opportunities.

Insights about services supporting entrepreneurship

The entrepreneurial skills of migrants in Italy are generally considered higher than those of the native population. In Italy, the risk taking mind-set is highlighted by some programmes and awards that recognise the excellence of companies run by foreign entrepreneurs. These initiatives highlight that around 80% of companies receiving these recognitions were created after 5 years of arrival to Italy. Evidence shows that previous experience as entrepreneur in the native country contributes to becoming an entrepreneur in the host country. However, a lot of initiatives were the result of years of working experience, adapting to the new culture, recognising opportunities, creating networks and especially setting their own capital to start their business. Observing the themes of the businesses of the migrants, they are usually services and activities linked

to very traditional sectors. Referring specifically to refugees, it is very rare for newcomers to have the interest to start an enterprise before 4-6 years of residence in a new country. Upon arrival, in fact, interests are oriented toward other needs including potential psychological trauma that may turn into permanent serious disorders.

Insights about finances and funding for entrepreneurship

Providing financial guarantees is one of the key support services that can leverage migrant entrepreneurship. Traditionally, credit institutions give loans by previously analysing the client's personal and financial history. This represents a disadvantage for migrants because in most cases they have no credit history or even a guarantor of debt repayment. However there are a number of projects that are making efforts to facilitate access to financial services and funds. The main strategies are: 1) microcredit institutions: adopt different models of people's trustworthiness; 2) Foundations / Institutions constitute guarantee funds to be able to report – provide reference about the ability/reliability of the of the migrant for obtaining credit. Nevertheless, refugees repeatedly find more obstacles in getting funds for their start-up than other types of migrants that can probably rely more on solidarity networks from their communities. Hence there is a need for public action in promoting and developing financial instruments and fundraising alternatives such as reducing taxation to the organisations that provide microcredit solutions, crowdfunding or assignation of resources by public calls.

Insights about methodology for incubation

The more specific the approach the more effective it can be; categorising entrepreneurial activities and developing individual methodologies for each category enables entrepreneurs and their mentors to focus on their interest, skills or personal circumstances rather than to get general and often vague coaching. This implies the creation of tailor made programs and modules for incubation. Additionally, some migrants may already have a background in entrepreneurship in their own countries or a business idea they want to develop, however they might still face some difficulties and obstacles due to a variety of aspects

such as cultural differences and bureaucratic hurdles which vary from country to country. This means they might need an introduction to essential topics for the implementation of a business idea, such as the definition of a target and market research, finance, taxes, sales techniques, and legal procedures.

Policy implications

It is possible to link these insights from the analysis with the need of policy interventions in the three crucial areas of strengthening and supporting the social capital (reinforcing networks, exchanges and opportunities for interaction both among migrants and between migrants and natives), the human capital (language and technical training, cultural competences, and more), and, to a lesser extent, the economic capital (mainly, through job opportunities). A three capital model for supporting migrant (employability and) entrepreneurship

Following the analysis and the evidences from the case studies, policy priorities articulated into three different domains, the social, human and economic-financial capital, have been defined. Most of the barriers that currently make it difficult for migrants to access to the labour market or to start a new business are referred to as weaknesses in one or more of the capitals:

a. Social Capital. This represents the effectiveness, density and typology of networks that migrants may or may not have. Social capital is of particular importance as it is often the entry door for other capitals, allowing potential entrepreneurs to reduce time to get access to significant resources, reducing failure rate and reducing the impact of a potential failure. A relevant distinction regarding social capital is between bonding and bridging capital. The former refers to the linkages among homogeneous groups, normally very strong and dense and very relevant for marginalised people like migrants in terms of getting access to basic living support. The bridging capital ties heterogeneous groups, including, for example, migrants and hosting institutions, citizens and civil society. When it comes to migrant entrepreneurship, bridging capital is at least as important as the bonding one, since it allows the develop-

ment of business projects that will interact with laws, regulations, habits, clients, suppliers and stakeholders that, in hosting countries, are heterogeneous by definition. The importance of social capital is confirmed by SAME case studies, with particular regard to cluster 2, while clusters 4 and 5 are relevant in broad terms. Specific policy priorities for migrant (employability and) entrepreneurship related to Social Capital can be therefore suggested:

- a. Development of programmes involving migrants, stakeholders and entrepreneurs at the level of industry/business associations, chambers of commerce, unions and local groups;
- b. Support to co-working spaces, innovation hubs and scientific poles for the inclusion of migrants (including supporting services dedicated to network development);
- c. Development of mentoring programmes, also in connection with incubation programmes, deploying native and migrant entrepreneurs and relevant stakeholders.

b. Human Capital. Human capital is the set of assets that an individual develops along his/her entire life, thanks to education and training and daily experience. In the case of migrants, we can distinguish between two issues: the development of relevant soft and hard skills to be deployed in a hosting country (matching for example the needs of a local labour market or the demand for a particular product-service); and the recognition of these skills (recognition of a formal qualification and recognition of an informal skill) that is of particular importance for labour market access. In the case of migrant entrepreneurs, the formal recognition is apparently of limited importance, but it plays an important role in the case of access to other capitals, i.e. economic and financial capital. SAME case studies provide useful insights on the importance of human capital in particular with regard to cluster 1, while under cluster 2 the consortium has identified a number of initiatives aiming at reinforcing human capital, and under cluster 3 this is a key priority. Specific policy priorities for migrant (employability and) entrepreneurship related to Human Capital can be therefore suggested:

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- a. Basic training programmes on local culture and language, local rules and agencies related to entrepreneurship;
 - b. Easy access to vocational training via scholarships and update/calibration of existing qualifications not yet recognised in the hosting country;
 - c. Easy access to secondary and tertiary education via scholarships;
 - d. Development and strengthening of open badges and other schemes to support the recognition of informal competences;
 - e. Identification and storytelling about successful entrepreneurs with a migrant background
 - f. Incubation activity for new businesses (including various areas of capacity building and connecting with social and financial capital);
 - g. Erasmus+ programmes for potential migrant entrepreneurs in the hosting country.

c. Economic/financial Capital. The importance of this capital is frequently over-estimated in entrepreneurship, as economic and financial assets are considered a sort of panacea or a starting point in developing a business or in getting access to other capitals. Empirical experience from incubators and early stage venture capital shows that access to financial resources is less important, at the beginning of an entrepreneurial journey, than a solid proof of concept and the quality of individuals (human capital). But in the case of migrants, especially when human and social capital are weak, difficulties in getting access to financial capital becomes an important obstacle. Under the SAME project, various initiatives aiming at supporting the access to financial capital have been investigated, such as those in cluster 3. To a smaller extent, initiatives in cluster 4 also show the importance of financial capital. Specific policy priorities for migrant (employability and) entrepreneurship related to Economic/financial Capital can be therefore suggested:

- a. Strengthening micro credit, with particular attention to migrant-led businesses;
- b. Development of a guarantee fund to support migrant-led business with long-term loans;
- c. Use of grants as a catalyst for the development of

migrant business and for facilitating their access to finance;

- d. Support to the activities of incubators in strengthening migrant business projects in becoming finance ready;
- e. Make unused physical assets (building, warehouses, offices, shops) available to migrants for free or with limited rent for the first years of business activity.

It should be noted that these assets and the related policy recommendations define a role for policy makers in terms of facilitating a positive change of perspective and in reducing some chronic dynamics/conditions for migrants. Finally, some cross-cutting measures can be suggested in order to facilitate the unfolding of the migrant employability and entrepreneurship potential:

- a. Start-up visa for migrants entrepreneurs and fast lane for migrants with an entrepreneurial background (and recognition of the role of certified incubators as intermediaries for detecting the status of migrant entrepreneur);
- b. Reduction of constraints for asylum seekers in terms of access to labour market and business start-up.

Initial elements for an incubation methodology

The 100 case studies conducted under the SAME project provide an insight on the phenomenology of migrants' entrepreneurship and examples of activities that can support migrants' economic integration. In this concluding section a draft incubation methodology for migrants' led businesses is proposed.

Specificities for migrant-led businesses

When it comes to incubation of migrant-led businesses, the lack of dedicated incubation services is significant. Starting from this and other considerations, European Commission has supported some pilot projects to identify strengths and weaknesses of incubation targeted to migrants and to come up with a sound set of methodologies

that could spread in the European Union. Starting from the empirical research conducted as part of the SAME project, we can distinguish among three different groups of participants with a non-native status. They are:

- a. Individuals with university degree or higher education (acquired or in course of acquisition in the country of origin or in the hosting country);
- b. Individuals with entrepreneurial background (in the country of origin or in the hosting country);
- c. Individuals with lower education and employed or unemployed background (in the country of origin or in the hosting country).

These three groups of beneficiaries need to be assisted with a slightly different approach, considering the hard and soft skills they manage, the attitude towards learning, the horizontal and vertical relationship and collaboration that may establish, the availability of time and other important factors. In addition, the three groups require the activation of specific entrance patterns, a different story telling (as engagement strategy along the whole process) and branding, and a dedicated value proposition.

Incubation for migrant-led businesses: a hybrid approach

Supporting services to migrant-led businesses require an expansion and reformulation of traditional incubation tools in order to provide a balanced support at three different levels of the human, social and economic/financial capital and to acknowledge the priorities stemmed from the analysis of the practices and turned into policy recommendations. A good incubation strategy should therefore mobilise, directly or indirectly, different expertise and actors in order to respond to priorities areas above.

Among these:

- Teaching and laboratories (oriented to the reinforcement of human and social capital);
- Tutorship (human capital and social capital);
- Mentorship (human and social capital);
- Study visits (human and social capital);
- Stage/Erasmus of entrepreneurs (human and social capital);
- Co-working and physical ecosystems (social and

financial capital);

- Pre-competitive and solidarity procurement (human, social and financial capital);
- Micro-finance and bank loans (social and financial capital);
- Grants (social and financial capital);
- Crowdfunding (social and financial capital).

Reinforcing the value proposition of incubation programmes for migrants

The use of incubation in areas and sectors beyond technology and science innovation is relatively new, and incubation still suffers from a limited recognition among some potential beneficiaries. On the contrary, public governments and grant makers, are using more and more incubation as a tool to reinforce capacity and reduce asymmetries of information in the innovation, investment and grant making process.

When it comes to migrants, to be divided in at least three clusters (high education, entrepreneurs by background and employed/unemployed people), there is a serious question around the real and perceived value provided to participants, due to the different needs of the different entry-levels. While the situation may change in the future, there is also a clear argument today for expanding incubation for migrants to the instruments mentioned above, securing a clear and tangible support since the beginning of the incubation journey:

- **Access to grants.** Following a stage gate approach, grants may be offered to the best project (in each cluster and batch) at the end of stage 1 and 3. Grants may bridge the access to the following resources;
- **Access to (micro) finance and loans,** especially for individuals and teams that cannot offer personal guarantees nor track record;
- **Access to non-financial critical resources,** such as consultants, space, specialised equipment.

Ex-ante agreements with providers of this kind of support can dramatically reinforce the (perceived) value proposition of the business incubation for migrants.
