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The ethnic economy in CEE metropolises: A comparison of Budapest, Prague, Tallinn and Wroclaw

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October 2012

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Introduction

This article which compares 4 cities of CEE region is based on the results of Eurofound project, “Cities for Local Integration Policy” (CLIP), which started in 2006 and ended in 2010. The first research module started on the issue of housing, the second focused on diversity, whereas the third one analyzed the intercultural policies and intergroup relations and finally the fourth analyzed ethnic entrepreneurship in 30 cities in Europe.

The project aims to collecting and analysing innovative policies and their successful implementation at the local level, supporting the exchange of experiences between cities and at encouraging a learning process within the network of cities. It addresses the role of social partners - NGOs, companies and voluntary associations in supporting successful integration policies and aims to providing objective assessment of current practices and initiatives as well as discussing their transferability, communicating good practices to other cities in Europe, leading to guidelines to help cities to cope more effectively with the challenge of integrating migrants. Another objective is to support the further development of a European integration policy by communicating the policy relevant experiences and outputs of the network to: European organizations of cities and local, regional authorities, the European and national organizations of social partners, the Council of Europe and the various institutions of the European Union.

1. The importance of ethnic entrepreneurship in the European context.

The fourth module of CLIP network focuses on ethnic entrepreneurship, its role in the local economy and the policy created to facilitate setting up and developing small and medium sized businesses. "Following the 'mixed embeddedness' logic, as has been explained in the Concept Paper (IV module of CLIP research) by Jan Rath, it is posited that various components of urban economy interact to produce a complex but also dynamic ecological system, dramatically affecting the political economy of cities and in so doing, entrepreneurial opportunities. The study therefore focuses on the emergence of ethnic entrepreneurs in the sectors and cities involved and the role of governmental and non-governmental regulations in it.

The immigrants living in big cities in Europe start to be 'self-employed' because there is no opportunity for them to find employment on the labour market but in many cases because they take advantage of the niches on the market for ethnic (and not only) products or services. 'Immigrant entrepreneurs' or 'ethnic entrepreneurs' play an important role in the local economy for several reasons:

- They create their own jobs (very often they face many barriers on labour market in the receiving countries)
- They create jobs for others (often for relatives, friends, people from same ethnic groups)
- They can play an active role in integration as leaders for their own community, bridging different groups.

In the recent years European institutions, national and local governments as well as business associations have been interested in promoting ethnic entrepreneurship as a positive process for integration of immigrants and contribution to local economy.

In our article we aim to present the early stage of development of ethnic/national minority entrepreneurship in four cities of CEE countries. Due to a lower number of immigrants in Estonia, Poland, Czech Republic and Hungary the policy in this field has not been explicitly formulated yet, but there are some local activities and first ethnic entrepreneurs on the local market that we want to present.

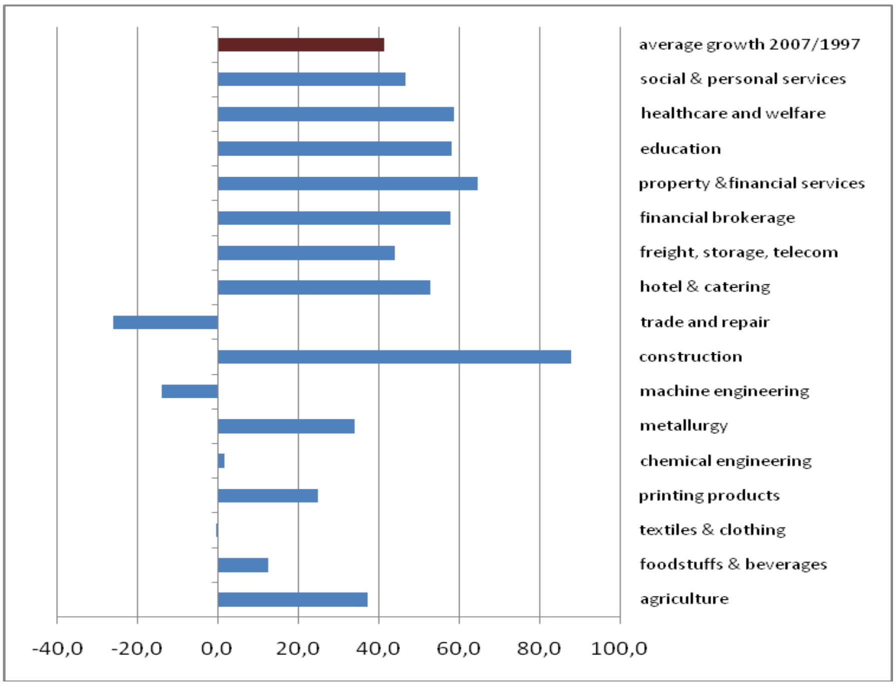
2. Budapest – big business centres as a gateway to the economy of East Asia.

2.A. The urban economy – structure and developments

Budapest operates an urban economy, which is dominated by the service sector, though pharmaceutical industry is still one of the key branches. The transformation period resulted in a boom of financial services (banking, credit and money market services), personal services (consulting) and retail. The real estate market and increasing investments in building and construction made room for a diversified growth in the service sector, like accounting, shared service centres, business analysis and consulting, but also arts and education. The foreign direct investments (FDI) inflow to IT businesses (telecommunication, software) remains significant.

Based on the flourishing local economy, small-scale personal services, in the area of catering business, arts, health, and beauty, started to input dynamics into the small and medium enterprises (SME) sector as well. Lately, creative businesses in the field of marketing, design, media, and arts – started to boost, which presumes on the infiltration of a new urban economy paradigm in Budapest. Since 2006, the global economic crisis slowed down the national growth, as well as an unbalanced state budget effecting a holding back also of the urban economy in general. These negative developments have also had an adverse impact on ethnic business.

Graph 1. Development of the SME segment in Budapest: changes in the number of enterprises between 1997 and 2007 (in %).



Source: KSH Budapest évkönyv 1997, 2008.

As the majority of migrant enterprises are small and medium sized businesses, a more detailed insight into this segment shall be given. The number of SMEs showed a growth of 41% between 1997 and 2007. The most dynamic sector proved to be construction (an increase of 88% in the number of SMEs!), mostly in micro-scale: the number of micro enterprises has grown by 95% between 1997 and 2007. Real estate (+65% in number of businesses); health care sector (59%), education and financial intermediation (both about 58%) occurred to be the most popular sectors for entrepreneurs. In almost all cases, small and medium size businesses performed higher growth than the average sectoral growth. There was an absolute decrease in the number of enterprises in the field of trade and maintenance (–26% with a relatively balanced setback according to size of venture) and in machine engineering (–14% decline revealed most accented in medium size businesses). It is important to note that an extraordinarily high amount of SMEs are run by entrepreneurs choosing an entrepreneurship career under the pressure of necessity (underemployment, underpaid jobs, exit strategy from unemployment) and not by their own entrepreneurial motivation. This can be said for/about Hungarians and immigrants as well and is a phenomenon which can also be observed in other CEE metropolises.

2.A.1. The immigration scene: numbers and ethno-national structure.

With the EU accession, labour migration of Hungarian citizens to EU countries that did not impose transition periods for the free movement of labour (UK, Ireland) has increased, and as a result Hungary was gradually becoming a country in need of foreign workers in certain economic sectors. As no immigration data are available for Budapest, one has to refer to the national data collection.[1] Between 1995 and 2005, for example, 17,800 immigrants (about 58% of them settled in Budapest) arrived annually in Hungary with a maximum of 22,100 immigrants in 2004 and a minimum of 13,200 in 1997. The bulk of foreign immigration (from 53% to 72%) is set up by ethnic Hungarians from neighbouring countries (Slovakia, Ukraine, Romania and Yugoslavia/Serbia). The first years of the new century resulted in an immigration boom from countries outside of the Schengen Convention[2] (Romania, Ukraine, Serbia) which culminated in the peak amounting to 78% in 2004. At the end of 2009, 23,475 persons were in possession of a permanent resident card. Furthermore, 45,519 persons had an immigration permit, while 20,855 persons held a European Economic Area residence permit. Moreover, out of 4,672 asylum applications 166 have been granted a refugee recognition. Overall, the number of foreigners living in Hungary is constantly growing; in total 216,000 migrants had valid residence permits at the end of 2009 (mid-year 2009: 194,400), thus showing a rise by 15% as compared to the previous year. The proportion of immigrants in the total population was 3.7% in 2010.[3] Irregular migration is a rising problem. Most of these migrants want to move to Western countries but have been stranded in Hungary.

According to “Bevándorló Budapest – Immigrant’s Budapest” project[4] data, in 2008, migrants from the Far East (the Chinese, Vietnamese, Mongols) set up the most populous ethnic communities in Budapest. There are estimations that in 1990 about 40,000 Chinese people arrived in Hungary. African and Latin-American migrants represent small communities only. The majority of Africans come from Nigeria. There were 1,400 Arabs living in Budapest, half of them came from Syria and Egypt. Around 1,000 Turkish and Kurd people were living here as tradesmen, businessmen or restaurant keepers of the kebab fast food bistros. The Iranian community in Budapest has deep roots going back to the 1940s. The number of Iranians there reached 700. As for Serbian migrants - mostly ethnic Hungarians - about 2,400 were counted/reported, and also 1,300 Russians were living there.

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[1] Demográfiai Évkönyv 2008 www.demografia.hu

[2] The Schengen Convention has been signed in 1985 and came into force in Hungary in 2007.

[3] See http://www.iom.int/jahia/Jahia/hungary.

[4] See http://www.kultours.hu/images/stories/galeriak/web_book/bevandorlo_bp_web2.pdf.

2.B. Migrant entrepreneurship – still a lack of institutional integration but economic success.

2.B.1. Political and institutional framework conditions.

Up to now, the concept of ethnic business has not gained a foothold neither in national nor municipal policy. National laws serve only the purpose of adapting relevant EU policies, but are neither creating a legal framework for a long term migration policy nor providing integration measures. Since Hungary is a strongly centralised country with fragmented municipal arrangements, efficacy of policy making is considerably decreasing on the lower levels of public administration. The lack of policy making is caused by relatively low numbers of immigrants with a non-Hungarian ethnic background and the resource allocation policy of EU funding (European Social Fund). The Working Group for Policy Building at the Ministry for Law Enforcement and Security is the main governmental think tank for integration matters. This Working Group elaborated the Multi-annual Programme for the Integration of Third-country Nationals 2007-2013.

The Ministry for National Development and Economy is the main institution responsible for the national entrepreneurship policy, exerting an insignificant effect on SMEs. The promotion of entrepreneurship amongst migrants is lacking priority both in the national as well as in the local social and economic improvement policies. Those policies do not differentiate between national and ethnic entrepreneurs because that would be discriminatory. The Ministry also operates the Economic Conciliation Committee, in charge of the elaboration of the development strategy for SMEs, in which however, no migrant interest organ participates. The mid-term urban development programme 2006 did not even mention the goal of migrants' integration (!). Though the economic improvement strategy of the Budapest metropolitan region refers to the local migrants' economy, it does not propose specific measures. Business associations like the National Association of Entrepreneurs and Employers and Hungarian Chamber of Commerce and Industry provide consultations and training for SMEs but no consultancy specifically for migrants. The Budapest Chamber of Commerce and Industry operates as the representative body of urban business life, but the Chamber did not have a single registered enterprise with owners of foreign origin in 2007 (!)[5].

It is worth pointing out that some civic organisations took over significant responsibilities from public bodies. They are the grantees of the Ministry's integration programme and provide supplementary services for migrants, i.e. integrated permission assistant service, entrepreneurship consulting (managed by the Ediktum Foundation) and awareness raising campaigns, like "Migrant's Budapest"[6].

The Fidesz Party victory and the fact that the success of right-wing movement Jobbik in the national elections in April 2011 has brought a nationalistic change in

[5] See A. Hajduk, Esély vagy veszély? Bavándorlás Magyarországra (Challenge or risk? Immigrationto Hungary), DEMOS 2008.

[6] Compare www.kultours.hu.

politics must not be neglected. The new government has decided to reform the public administration sector and adjust immigration protocols. As of May 28, 2011, different residence permit application forms are required at the Hungarian immigration office and additional supporting documents may be requested, making the immigration procedure slightly unpredictable and raising hurdles to the immigration from Non-EU countries.[7]

2.B.2. Ethno-national background and sectoral structure of migrant business.

Hungary was never an attractive destination of international immigration but during the transformation period a considerable proportion of migrants came with the specific aim to run a business here and to make use of the dynamic market opportunities. In recent years the inflow of immigrants, many of them asylum seekers from Iraq, Afghanistan, Pakistan, Russia or India, has sharply increased though the economic crises made it more difficult for migrants to gain a foothold on the Hungarian labour market or to start a business. Even for many already settled entrepreneurs it became a problem to grow or even to survive in Budapest. Those having diverse business profiles, could overcome this turbulent period more easily than those concentrating solely on retail or catering. However, the sales volume decreased significantly so that remigration became a plausible alternative for some.

Generally speaking, ethnic business relations in Budapest are mostly informal and multiplicative and embrace weak and strong ties[8] equally. The so-called "mixed embeddedness" and the transnational character of business relations are key factors of successful local ethnic business.[9] The state of the art Hungarian research usually speaks of "ethnic economy" and emphasizes the strength of social networks as the secret of entrepreneurial success and the tendency of employing Hungarian staff is a distinctive feature of the ethnic economy in Budapest.[10] The main characteristics of the ethnic labour market are multifunctional job specifications, long working hours (often self-exploitation) and a lack of legal safeguarding of employees.

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[7] Hungary finally ratified the Revised European Social Charter (1996) in 2009. However, it exempted itself from those optional articles concerning the protection of migrants. Likewise, a new government policy paper regarding Area of Freedom, Security and Justice (AFSJ) is little more than a gesture, as elements of the Lisbon Treaty and Stockholm Programme will render it irrelevant. The paper made no mention of a supported integration policy or of cultural, social and human rights for immigrants.

[8] For the theory of strong and weak ties see M. Granovetter, *The strength of weak ties: a network theory revised,* Sociological theory, Vol 1, pp. 201-233.

Z. Várhalmi, Features of Chines and Vietnamese economy clusters in Budapest, 2010 unpublished.

[9] P. Nyiri, *Chinese migration to Eastern Europe,* International Migration 41:3, pp. 239-265, 2003.

[10] P. Nyiri, *New Chinese migrant in Europe: the case of Chinese community in Hungary,* University of Oxford, Research in Migration and Ethinic Relations Series, 1999.

P. Nyri, Chinese entrepreneurs in Hungary, in: L.P. Dana (ed.), Handboek of research on ethnic minority entrepreneurship: a co-evolutionary view on resource managment, Edward Elgar, pp. 543-554, 2007.

The ethnic background of migrant entrepreneurs shows a broad diversity. Unfortunately, there are no statistical data available on the sectoral distribution of ethnic enterprises and the workforce employed, so only rough estimations can be made.

Arabs come to Budapest to do business as money brokers, or in delicacy shops, and restaurants. Turkish and Kurdish people are living here as tradesmen, businesspersons or restaurant keepers of the gyros-fast food bistros. The Iranian community runs carpet- and furniture retail businesses, stylish oriental restaurants and delis. Serbians (or ethnic Hungarians coming from Serbia, Vojvodina) deal with intellectual work and are interested especially in culture (performing arts), arts (DJs) and catering services. Ethnic Hungarians are probably the only group of migrants in which the ratio of refugees (from Yugoslavia, Croatia) and economically motivated migrants (mainly from Romania, Ukraine) reaches some share. Those migrants run enterprises which often provide /exercise intellectual occupations (cultural freelancing) using intercultural relations. African immigrants live in a very cohesive dynamic community, although their cultures of origin are rather diverse. There is a thriving underground cultural life evolved by African migrants. Members of the community concentrate on trade of ethno-cultural goods and performing arts. Latin-Americans run some ethnic restaurants in Budapest. Chinese migrants concentrate almost solely on retail trade and wholesale business and restaurants. The Vietnamese population took over the trade and service position of former Chinese businesspersons, who had abandoned their jobs due to the increasing competition on the Hungarian clothing and house ware market. Mongolian migrants work for companies of the textile and clothing industry which remained active in Budapest; some of them have their own dressmaker's saloon and there are a few people in fashion business. West European and North American migrants' enterprises focus on the specific upper-end niche of the market and work for global – mostly European and North American - orders. A high share of educated and skilled young employees in the IT sector or in the creative industry makes Budapest an emerging market for transnational manpower brokers. There is a significant group running businesses in intellectual occupations or dealing in personal and business services (design, fashion, and marketing) with high added value.

2.B.3. Asian Centres - a characteristic feature of Budapest's migrant economy.

The early 1990s used to be the golden age for Chinese tradesmen, due to an explicit shortage of consumer goods and a strong demand on the local market. In 1992 there were already 1,400 registered Chinese companies, and the total capital invested by Chinese businesses had reached 1.6 billion HUF, however annual account turnover of the biggest reached 5-30 million USD per company. In 1994 the Chinese Market "Four Tiger" was opened for the public (this market is leased and run by a Hungarian businessman who is the owner of the area), which alone generated an annual turnover of 1.5 billion HUF and a profit of 280 million HUF in 1997.

During the first months of the fourth democratic cabinet the Hungarian Government realised the opportunity to become China's European Gate to Eastern Europe. The government started to support projects with a specific transnational character aiming to vitalize Chinese-Hungarian trade. At that time (2002-03) Hungary, as a EU candidate had a good access to the emerging markets of Eastern, South-Eastern and Central Europe alike. In 2005 there was an import stock of 4 billion USD to Hungary from China, which was one hundred-times as much as in 1992.

In 2009, there were 3,677 Chinese and 915 Vietnamese enterprises operating in Hungary; data pertaining to the capital are not available. In 2009, most of these enterprises dealt with trade and maintenance[11]. There is a trend to emphasize that Chinese and Vietnamese entrepreneurs show increasing interest in manufacturing industry, which is a definitive shift from the predominant trading activities that characterised Asian migrant's businesses in the 1990s. Asian migrant business activities occupy an economic niche and have a different branch division than the general SME sector. Chinese and Vietnamese traders share a significant stake in the dynamic growth of trading and retail and business services, which meets with general trends. However increasing manufacturing activity (which is mostly exercised by larger scale international corporate enterprises) is rather contradictory to urban economic trends, and might be the outcome of Hungary's international economic role as an "advanced post" of Chinese business activity in Eastern Europe. The profiles of Chinese and Vietnamese businesses are rather similar, though 83% of Chinese and only 59% of Vietnamese enterprises engage in wholesaling activities (see table 1).

Table 1: Profile of Chinese and Vietnamese enterprises (2009, January)

	Chinese enterprises		Vietnamese enterprises	
	N	%	n	%
Retail, maintenance	3,476	94.5	837	91.5
Real estate and business services	1,545	42.0	377	41.2
Manufacturing industry	378	10.3	120	13.1
Catering and accommodation	451	12.3	76	8.3
Transportation and logistics	364	9.9	71	7.8
Construction	142	3.9	32	3.5
Education	101	2.7	73	8.0
Health and social care	80	2.2	10	1.1
Financial intermediation	73	2.0	21	2.3
Agriculture	49	1.3	6	0.7
Fisheries	2	0.1	0	0.0
Mining	2	0.1	1	0.1

[11] According to Hungarian regulations of entrepreneurship, it is possible to register in more than one field of business activity performed by a private enterprise; the number of available activities to enter to is only limited by regulations on special business activities (i.e. hazardous occupations).

Public services	1	0.0	0	0.0
Energy supply	1	0.0	0	0.0
Total	3,677		915	

Source: Várhalmi 2009: 28.

Due to the high growth rate of ethnic economy in the last decades the provision of commercial areas in the metropolitan area proved to be a challenge. To satisfy this demand high-scale private development projects have been launched – Asia Centre, China Mart, Drake Centre, and Euro Square – providing quality business location for ethnic entrepreneurs. Asia Centre opened up in 2003 and holds a number of 500 enterprises of which 100-120 are Chinese and twice as many Vietnamese ones. Drake Centre was established because the network cooperation model of Vietnamese entrepreneurs, is oriented on retail and provides fewer services.

Asia Centre provides complex retail, storage, office, business and personal services in a professional environment to entrepreneurs of foreign origin. The tenant acquisition management of the Centre focused not only on Asian entrepreneurs living already in Hungary aiming to broaden their business activities, but also to attract other entrepreneurs to invest in Hungary. For that reason, Asia Centre maintains overseas customer services not only in China but in Vietnam, Mongolia and Indonesia with a definite aim of tenant acquisition and business consultation. In 2003 SARS pandemic (Severe Acute Respiratory Syndrome) negatively affected the attraction of tenants with a suitable business profile. Subsequently, it took some more years to stabilize tenant arrangements. Despite adverse circumstances at the initial stage, the Centre has now clear future strategies focusing on emerging Chinese brands via providing a China Brand Trade Centre.

2.B.4. Features and problems of entrepreneurial performance

In Budapest, most of the ethnic communities run vital ethnic businesses, and create a dynamic segment of the urban economy. International economic developments, bilateral agreements on improving international trade and manufacturing resulted in a significant growth of the number of ethnic enterprises. High-scale economic improvement projects like the specialised international trade centres are a result of inter-sectoral cooperation, supported by active participation of international diplomacy. Some ethnic groups satisfy specific local demands. There are no legal obstacles for immigrants to become entrepreneurs except for a residence permit, however, the administrative procedure needs a plethora of documents and verifications. Ethnic entrepreneurs suffer from a lack of specific information as its availability is poor and limited to Hungarian language only. There is also a lack of specific information for ethnic entrepreneurs because it is only poorly available and solely in Hungarian language. Migrants surely need some assistance and sometimes pay for consultancy services in order to launch an enterprise in Budapest. Asylum seekers are the only group of migrants who receive occasional training on how to become self-employed in the three refugee camps. These programmes are done by civic organisations and include consultation on requirements to be met by prospective entrepreneurs and information on how to launch business in Hungary. Since Hungary is a transit post rather than a host country for asylum seekers, problems evolved from lacking entrepreneurial skills. The Hungarian SME sector operational rule is the “natural selection”: there is limited training (in Hungarian language) available for entrepreneurs and access to relevant information (e.g. changing regulations) is hardly eased by the government.

Ethnic entrepreneurs stand committed to the same regulations as nationals. That means that health insurance is obligatory. Custom regulations have also a significant influence on entrepreneurial activities relying mostly on transnational trade. For instance EU enlargement and integration enabled Asian entrepreneurs to exercise the custom procedure in another EU country with a special duty.

For all enterprises it is highly difficult to access soft loans. A shift in the habit is seen in the way that national entrepreneurs apply mostly for co-financial constructions (e.g. combining national grants with bank loans): due to intensive planning and administration required, limited loans are lent to those enterprises which are able to carry out the application procedure. Ethnic enterprises have less experience in the Hungarian grant system and seem to be handicapped on that market. Due to the characteristics of the local network cooperation model, credit loans are usually available via family relations[12.] There are no special credit facilities from the state or the municipality. Bank credits are not very often demanded by migrant entrepreneurs but definitely are equally accessible to them, if they provide necessary warranties to the credit grantor. Overnight loans are typical for ethnic entrepreneurs, and operate by their relational network, i.e. are interest-free and for an indefinite period of time. Another form of granting credits is consignment when payment is realised later than the exchange of goods.

The entrepreneurial performance of the Asian economy differs considerably from that of migrants from other countries. For this reason an overview seems to be justified. Chain migration and pre-migrational motivation are driving forces in Asian immigration. Asian entrepreneurs recognize well the market opportunities and the information about good business possibilities is spread by relational network fairly soon. Following Várhalmi, six types of Asian entrepreneurial strategies can be specified (the Brand-Builder, the Importer, the Surf-rider, the Ally, the Caterer and the Retailer)[13]. In Asian migrant communities the typical entrepreneurship career – according to the “carrying over-letting fly” model – starts with a special kind of general and business socialisation. After a socialisation period of differing length, migrants can start their own business with the close cooperation of their former mentors and relatives. The Asian community works as a local ethnic economic cluster based on network cooperation. Within this network the “komprádor(s)” provide bilingual

[12] During the nineties there were also low-cost credits available granted by the Chinese State for international businesspersons.

[13] Z. Válhalmi, *Feature and types of migrants’employment arrived from Far East,* Hungarian Chamber of Commerce and Industry, Research Institute of Economics and Entreprises, 2009.

business and personal services in the fields of administration, translation, legal matters and bookkeeping.[14]

Chinese and Vietnamese traders cater for both the national middle and under class in retail and catering. The major income of Chinese entrepreneurs stems from wholesale activities which create by resale markets of clothing, consumer goods, furniture and electronics in the shopping malls. Some Chinese entrepreneurs aim to accommodate quality brands on the Eastern European market, like "Golden Land" men's wear, which is addressed to higher income and quality-sensitive consumers in Hungary. Asian enterprises have an explicit international character well due to wholesale and sub-sale activities extended to the whole of Eastern Europe. Their presence in manufacturing and business services demands however a clientele of mainstream national and international consumers. For instance about 80% of Mongolian migrants have their employment arranged before their arrival to Hungary; most of them are women and work for Mongolian textile manufacturers in Budapest

The market competition of ethnic entrepreneurs has increased in line with the overstocking of the market, which is an implication of market liberalisation and the raised standards of living. Since consumer expenditures grow, warehouses and shopping malls with Western capital became rivals to low-price ethnic markets. The economic niche of Asian and Middle Eastern retailers is partly taken up by hypermarkets situated close to high-scale residential areas. Shopping malls fit much better to the changing lifestyles (suburban growth and car-usage) which together with dumping prices raised huge competition to Asian businesses. The recent financial crisis exerts much more negative influence on ethnic enterprises than on the capital intensive department store chains, which push many ethnics into competitive disadvantage.

Recently there is a sharpened competition also amongst Chinese traders for the acquisition of new markets. Even successful businessmen suffer significant losses due to aggressive pricing. An overall strategy shift can be observed to leave "traditional" retail at open-air markets and to move towards diversified retail and distribution activities which are realised in well-equipped malls. Beyond high-scale investments, like Asia Centre, other projects targeting a lower-income ethnic niche are planned.

There is less evidence about sharp competition between Vietnamese businesses. This is due to the fact that Vietnamese entrepreneurship is much more based on a network cooperation model both in purchase as well as in sale. It is also worth mentioning that the marketing toolkit of Asian enterprises differs from western-like measures. Due to the lack of significant specialisation, market segmentation within an ethnic group remains neglectable, mainly the price distinguishes market actors. Chinese and Vietnamese businesses differ from each other by volume, market segmentation and even by portfolio.

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[14] Z. Válhami 2010 op. cit.

2.C. Résumé

Migrant business in Budapest started immediately after the fall of the Iron Curtain. During the 1990s there was a considerable immigration wave of Chinese traders. “Four Tiger Market” and big Asian Centres are still a characteristic feature of Budapest’s migrant economy. The economic crisis even raised the importance of Asian business relations and postulates an increase in demand for Chinese foreign direct investment to Budapest.

Migrant entrepreneurs often cannot enter the regular Hungarian business community for administrative reasons, due to a lack of capital and different business methods (e.g. offences against the bookkeeping law). Also, there is still no certain institution responsible for the communication with ethnic associations or for the consultation of entrepreneurs. Due to the limited number of ethnic entrepreneurs, institutions responsible for regulating the SME sector failed to integrate the ethnic segment of economy into the national economic improvement policies and as a result, they neglect to develop adequate measures (i.e. multilingual information provision and consultancy). The importance of ethnic economy has not been comprehended as a significant issue by the Municipality. No special measures concerning training and financial or management support exist. The lack of a regulated public debate about immigration facilitates xenophobic attitudes, like ’Hungarians are deprived of jobs by the Chinese’’. This fosters intolerance despite the fact that Asian migrants contribute significantly to the local economic performance. Due to the nationalistic change in the elections of April 2011 the framework conditions for immigrants in general and for foreign entrepreneurs in particular are affected negatively.

3. Prague - the metropolis with an (almost) “invisible” migrant economy.

3.A. The Urban Economy – structure and developments.

From the economic point of view, the City of Prague has a unique position in the Czech Republic (CR). It generates more than a quarter of the nationwide GDP and 80% of the total employment is concentrated in the service sector. Prague attracted many foreign companies in the service, telecommunications and finance sectors. Based on the criterion of its attractiveness for investments Prague was ranked the 12th in Europe.[15] There have been a number of large investors as well as small companies that have moved their operations to the CR.[16] The urban economy is dominated by trade, transportation and telecommunications. Tourism is one of the most dynamic branches in the service sector as Prague has become a tourist destination of supra-regional significance. There are also mentionable industrial branches, such as chemistry (drugs, tires) and food processing industry and a

[15] Compare http://www.europeancitiesmonitor.eu/. Cushman&Wakefield.

[16] B. Stamenkovic, *Investment in the Czech Republic, reasons for investing in the Czech Republic,* http://www.expacts.cz/prague/articel/prague-business/czech-invest/

growing building industry. In the transformation process SMEs gained rising importance.[17]

The CR is an EU country with a relatively high rate of entrepreneurship (15.8% of employment in 2005). The development in the segment of new SMEs in the last two decades was rather steep and catching up the delay. SMEs comprise 99% of all enterprises in the CR; figures for UE are not available. Based on statistical sources it cannot be determined if entrepreneurs are also residents in the capital and if they actually run their business. Except for the two categories of physical and legal person statistics reported 28,000 “non-residence subjects” involved in business.

The structure of those enterprises which are represented by physical persons in the Commercial Register is very heterogeneous according to the number of employees, income and sectors of economy. Two-third of the self-employed physical persons are single-person enterprises, whereas one-third employ some staff. 40% of the entrepreneurs earned gross income of not more than 200,000 CZK in 2005, which means that their business activities were just a part of their whole income.

The sectoral structure of entrepreneurs in Prague is different from the rest of the country. The dominant sector is that of services (25%) in the field of real estate, IT, counselling, services for other entrepreneurs (administration, bookkeeping), education, services for private households and so on. The second place according to its attractiveness for entrepreneurs is held by retail (21%) and the third one by the processing industry (12%).

A steep increase among all forms of self-employment seems to be typical for the recent development of enterprises in Prague . In 2008 there were 18% more entrepreneurial subjects than in 2001. The structure, according to legal forms, remained stable. The structural development according to the number of employees (= size of enterprise) is difficult to assess because of a lack of statistical classification.

The outcome of the current economic crisis is mirrored in almost all branches of the urban economy, even in tourism. The crisis in the Czech economy started in autumn 2008. The most visible consequences could be observed not in ethnic economy but among labour migrants. Their situation remained the most pressing problem in the migration field in 2009. Insufficient legislative frameworks, unclear state policy vision, and the rigid system of foreigner integration in the labour market enabled some employers to exploit cheap migrant labour force. NGOs expressed concerns about the approach of the Czech Interior Ministry presented in the document “Addressing the security situation in the Czech Republic in connection with crisis-driven foreign worker lay-offs” in 2009. An impact of crisis can be observed in

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[17] Smallbone, D. & F. Welter (2006): Institutional Development and Entrepreneurship in Transition Economies, in: Craig Galbraith und Curt Stiles (eds.), Development Entrepreneurship: Adversity, Risk and Uncertainty, Amsterdam: Elsevier Sciences: 37-53.

the sharp increase of foreign nationals holding trade licenses. Now, self-employment becomes more and more an escape strategy of former labour migrants from unemployment!

3.A.1.The immigration scene: numbers and ethno-national structure

In 2009, 107,578 foreigners were active on the Czech labour market . 78% or 84,744 persons (of whom 37% were women) were registered at the labour offices, 22% or 22,834 migrants (31% women) had a trade licence. In addition, 28,092 foreign workers from EU countries were reported. Figures pertaining to employment in migrant economy are not available.

On 1st January, 2009 Prague had 1,233,211 inhabitants of whom 141,841 were foreign nationals. According to Population Census 2001 93.4 % of the Prague's population were ethnic Czechs. The second important nationality was Slovak (1.6%). In 2005 the total number of foreigners in Prague was 90,209. The foreign population consisted of 25,631 permanent residents and asylum seekers and 64,578 temporary residents. The number of EU citizens was 23,773, 30,748 came from the Ukraine, 14,267 from Slovakia, 8,646 from Russia, 5,004 from Vietnam, 2,581 from China, 2,373 from the USA, 1,959 from Germany, 1,746 from Poland, 1,627 from Bulgaria and 1,233 from Moldavia, respectively. In 2001 Census only 653 inhabitants of the capital stated that they were Roma[18]. According to scientific estimations, however, there are 20,000 to 25,000 members of the Roma minority living there.

3.B. Migrant entrepreneurship – "integrated migrant entrepreneurship" and an escape from unemployment.

3.B.1. Political and institutional framework conditions.

From the terminological point of view it is important to note that official documents do not use the term "ethnic entrepreneurship". In official language use the word "ethnic" (meaning traditional ethnic minorities) and "migrant" are strictly differentiated. The term for business which is run by immigrants in the CR is "migrant entrepreneurship" or "migrant business".19 The relevant institutions in the context of migrant entrepreneurship are the Ministry of Industry and Trade of the CR and the Ministry of the Interior. At the local level the Trade License and Civil-Administration Department is a responsible institution. A broader entrepreneurship agenda at the municipal level does not exist and migrant entrepreneurs play a negligible role in local and national integration programs, too. Migrant business is not highly ranked on the agenda of the Ministry because its employment effect is rather modest and political decision-makers do not define migrant entrepreneurs as a disadvantaged group. The Ministry prefers to attract bigger international companies who may also act as important employers. It is a fact that the Czech labour market is more rigidly protected than the field of entrepreneurship. From the legislative point of view the

[18] Statistical Office Czech Republik 2001.

[19] Czech legislation uses the term business of "non-residence physical or juridical persons", which means foreigners without a permanent residence in CR.

concept of migrant business in the CR is very liberal compared to other EU countries. This means that the room of manoeuvre for entrepreneurs is relatively broad. The legal regulations for migrant and Czech entrepreneurs are almost identical, but migrants have the duty to register at Commercial Court. The general attitude of the policy can be outlined in the following paradox: doing business (and thus creating workplaces) is basically supported by the municipality but there exists no special support policy (!) though the local authorities are trying to create a good climate for entrepreneurship in general.

Recently the municipality has been more and more active in the field of migrant promotion (but not explicitly migrant entrepreneurship). With EU funding new strategies of immigrant integration are considered. The structures incorporated in the municipal administration are business offices, which are subordinated to the Ministry of Industry and Trade. This goal was primarily pursued in reducing still existing administrative barriers. Migrant entrepreneurs are a part of a general promotion strategy but do not constitute a special target group of municipal measures per se. The main target at the national level is to reduce the bureaucracy as much as possible. The promotion of migrant entrepreneurs is targeted on the business start-up phase.

Since 2007 local authorities have been funding entrepreneurship activities as part of the program "Competitiveness" (priority axis 3 for Innovativeness and Enterprise)co-financed by EU funds. An important initiative is the building up of contact and consultation centres for EU migrants and all branches of the economy. Two consultation centres in Prague 1 and 7 have already been founded on 1st January 2010. These centres provide advice for every EU businessman who wants to start an enterprise in the CR. They also provide information for Czech citizens who want to start business in other EU member states.

There is a continuous Inter-ministerial dialogue between the Ministry of the Interior, the Ministry of Industry and Trade and the Ministry of Finance. An important measure was the establishment of the "Commitee for Integration of Migrants" involving also representatives of the Chamber of Commerce. The Inter-ministerial Commitee developed an overall strategy for integration and bureaucratic reliefs for running a business. The Chamber of Commerce is still only marginally interested in migrant business as the number of immigrant entrepreneurs is still too small to justify a special interest. There is a specific situation in Prague where the Chamber is representing mainly the bigger enterprises and not the SMEs.

In transformation economy it was easier for immigrants to get a residence permit on the basis of a trade license than a labour permit. This was the main reason why many migrants choose to be officially active as entrepreneurs. Besides legal and irregular (labour) immigration there exists a "quasi legal" category. This means employees who are de jure holding trade licences.[20] This is an outcome of the complicated system of legal immigration into the CR. The political decision-makers

[20] To be officially a businessman but to work as an employee is a common practice among the majority as well (this practice allows to avoid the payment of social insurance).

have no interest in changing this situation because current security policy and public opinion are against simplification and increasing immigration.

3.B.2. Ethno-national background and sectoral structure of migrant business.

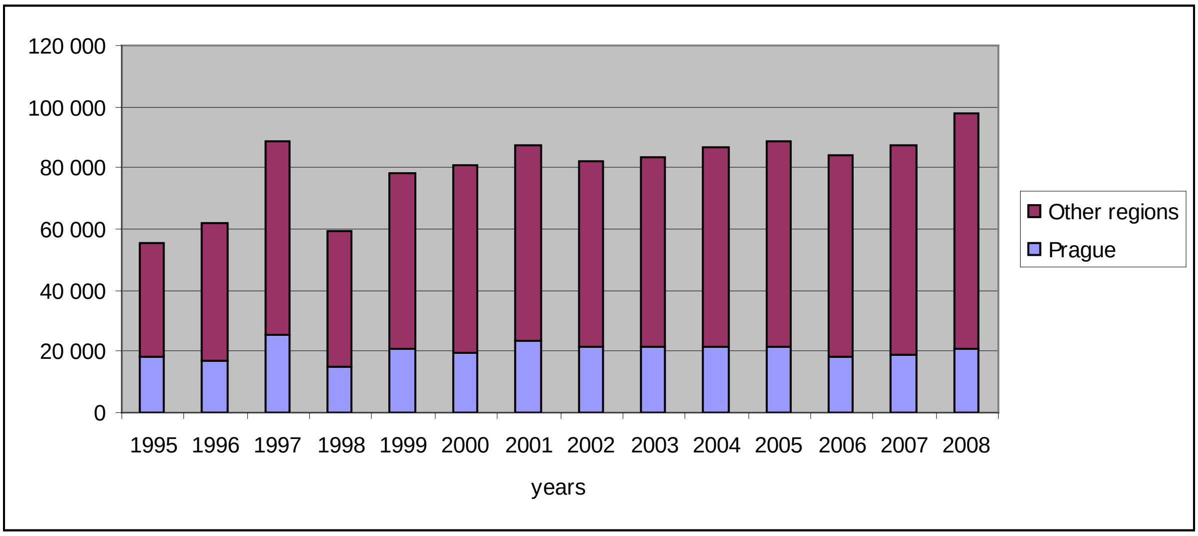
Graph 2 mirrors the numerical development of foreign nationals who were active as businessmen 1995-2008. In 1997 more than 60,000 self-employed entities were counted in CR. In 1998 a new legislation causing a sudden drop was introduced. In the following years the numbers of self-employed persons remained stabilized at about 60,000. In Prague, the numerical peak was reached in 1997, with a second boom year in 2001. Afterwards, until 2008 the numbers of foreign entrepreneurs slightly decreased and stagnated at the level of about 20,000 persons. This development was contrary to other parts of the CR. The biggest numbers of foreigners with trade licenses in Prague come from Ukraine (8,500), Vietnam (4,000), and Slovakia (2,200) but there are also many smaller groups, e.g. the Armenians. Due to the economic crisis there was a registered sharp increase from about 11,000 to 77,000 in 2009 as the Labour Offices refused to prolong the labour permits of migrant employees. Also, migrants formerly employed by personal agencies were looking for a more stable labour market position. About 30% of all TCNs (Third Country Nationals) have been staying/ are staying for business reasons. The highest rates of entrepreneurship can be found among the Serbians (100%)[21], Vietnamese (66%), Italians (34%) and Germans (32%). The total number of the workforce employed by migrant entrepreneurs is impossible to estimate but one can say that except for some international companies the role of migrant entrepreneurs as employers is not relevant/rather irrelevant.

Migrants usually enter the Czech Republic with a business visa or a work permit. Some come as asylum seekers, for example Kosovo Albanians. For pragmatic reasons they usually choose the easier way of entry into the country by business visa. After the Czech Embassy in Kiev in April 2009 had stopped granting tourist visas, a sharp increase in business visa for Ukrainians was observable: as a reaction, only small numbers of applicants have officially been granted since September 2009.[22]

[21] The explication for this surprisingly high rate is that Serbian immigrants are usually active as entrepreneurs and not as employees.

[22] A visa is granted for the period of 3 days, afterwards it is prolonged to one week and then for other 3 weeks.

Graph 2: Numbers of foreigners with/granted trade licenses in Prague and the Czech Republic (stock at December, 31st each year



Source: CZSO 2009.

The sectoral structure of migrant business is quite different from that of Czech business. The majority of migrants start their business in sectors with low administrative barriers and qualification requirements and a modest input of financial capital. It is worth mentioning that according to the legal regulations there is no basic capital needed to start one's own business. This makes up an important difference compared with the legal framework in many other EU countries. A significantly higher rate in construction business (migrants 22%, Czech 9%), higher proportions can also be found in retail (migrants 21%, Czech 16%), in real estate (migrants 7%, Czech 3%), in wholesale (migrants 16%, Czech 15%) and catering business. On the other hand, migrants tend to be less active in accommodation (migrants 2%, Czech 4 %), transport industry and other services as social security and education. Neither in Prague, nor in the CR statistics about bankruptcies of migrant enterprises are available. In general the profitable situation of migrant economy has worsened because of the economic crisis.

Some areas in Prague are characterized by higher concentrations of migrant enterprises. These are for example market halls (Holešovická tržnice, Havelská tržnice) or the Vietnamese market "SAPA" in a former meat factory in the periphery in Prague 4. This wholesale trader market carries out superregional import and distribution of goods to the Vietnamese minority. Traders from many regions of the CR buy there. One can find there an accumulation of textile, toys and food trade, special migrant services (credit institutions, tax consultants, Asian restaurants), production sites etc.. 10 years ago more Vietnamese residential population was settled in the inner districts. Now, they are more and more driven out to the urban periphery. Malesice is even called "Prague's Little Hanoi".[23] It must be noted that in Prague no comparably sized concentrations of Asian dominated enterprises as in

[23] Noll, Scott 2007

Budapest exist. Even SAPA is economically and financially not as important as Asia Center in the Hungarian capital or the “Four Tiger Market”.

In Prague 4 one can also find concentrations of Ukrainian population and enterprises.[24] Other places with higher concentrations of migrant business are certain streets in the City Centre like Bělehradská Street, Jaromírova Street (shops run by Vietnamese), Karlova Street (mostly businesses of former Yugoslavian migrants). It is also possible to find some houses or passages (Jiřího Grossmanna, Russian and Arab companies) with small-scale spatial concentrations of migrant shops.

3.B.3. Features and problems of entrepreneurial performance.

After their arrival, immigrants have to look for the way to survive on the local urban market. Migrants who formerly worked on a low level of the employment hierarchy started a business to rise in socio-economic prestige. Also, for migrants who face problems with the nostrification of their graduation diplomas self-employment is a path of socio-economic mobility. EU immigrants find themselves in a favourable position because their qualifications are usually approved as equivalent to local qualification profiles. Third Country Nationals need to authenticate their education background and practical experience. Generally, it can be said that migrant entrepreneurs join the lower strata of the market, but after some time many try to climb up and join the more lucrative mainstream market. Many migrants start services which are not so visible as shops or restaurants and thus may be neglected as “migrant-run” though they represent an important part of migrant business in Prague. The main barrier for migrant entrepreneurs is to get valid information about the start-up procedures and the rules of running the business. The second major problem is the language barrier which prevents many migrant businessmen from contacting the competent offices.

Already existing companies of co-ethnics systematically help immigrants who come/enter the country later to pass successfully through the formal obligations. These existing companies have also a strong influence on the type of visa which is requested for a certain business. The constellation that the official owner is Czech but the real owner is a migrant can frequently be found. Vietnamese traders usually run their trade as single-entrepreneurs. Russians and Ukrainians are often cooperating in partnerships, are managers or stand very close to the business activities. Foreign entrepreneurs from Western European countries or the U.S. are often not really active as managers and not even physically present in the CR. Business partnerships are more often based on family connections rather than on wider ethnic community ties but one can find also partnerships of co-migrants (this if often the case among former Soviet and Yugoslavian migrants).[25]

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[24] Markus

[25] J. Davis, R. Tagiuri, The advantages and disadvantages ofthe family business, in: A.B. Ibrahim, W.Ellis, Family business management: concept and practice, Kendall-Hunt 1994, pp.43-55.

One must not neglect the ethnic factor, which means that there are still considerable differences concerning the entrepreneurship careers between the groups of different origin.[26] There are migrant communities with a strong tradition of being self-employed. From the perspective of integration one has to say that the Vietnamese constitute a quasi-segregated community.[27] Their knowledge of the Czech language is usually limited to the level which is absolutely necessary to run their business.[28] Business acumen among Ukrainians is usually low as compared to Asians. Ukrainians often become entrepreneurs because of a lack of alternative opportunities except for the construction industry and catering services.[29] Among Ukrainians, the proportion of temporary labour migrants is extremely high. Their main intention is to earn as much money as possible and then they want to return to their country of origin if possible for economic reasons.

This is typical for migrant business in Prague - but not for every city in the CR - that most of the shops and businesses are not perceived as “migrant”. The “integrated migrant entrepreneurship”[30] in Prague is usually accommodation to the local market and the structure of customers. Typical “Ethnic Shops” which are so characteristic of many western European metropolises are almost absent. The main reason is that there are almost no residential concentrations of immigrant population which would create local accumulations of a certain “ethnic” demand. To attract a mixed clientele it might be an advantage not to exhibit the ethnic offer. One exemption may be some Vietnamese who run classic “migrant” shops with Asian food and accessoires. The business of most migrants does not have any relationship with the migration background of their operators. Another feature is that small migrant businesses employ mostly migrant (not necessarily co-ethnic!) staff and very seldom Czechs. Entrepreneurs in the city centre are usually oriented towards a foreign tourist clientele. Many of the classical souvenir shops in the historical centre are run by immigrants who offer “typical” Czech handicrafts and cut glass, often “made in China”. The former Yugoslavian entrepreneurs use their well-marked business acumen and are also very successful in finding the appropriate market niches first. One illustrative example is their involvement in the booming tourist industry in Prague. Thus, there is a permanent interaction between the entrepreneurs and “their” markets and this means that the different migrant communities are at least to some degree oriented towards specific markets. The competitive advantage of

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[26] L.M. Dyer, Ch.A.Ross, Ethnic businessowners and their advisors: the effects of common ethinicity, in: D. Leo Paul (ed.), Handbook of research on ethnic minority entrepreneurship:a co-evolutionary view on resource management, Edward Elgar 2007, pp. 117-131.

[27] F. Laczko, *Europe attracts more migrants from China,* Migration Information Source, IOM 2003.

M. Moore, C. Tubilewicz, *Chinese migrants in the Czech Republic,* Asian Survey 41, July/August 2001, pp. 611-628.

[28] P. Ezzeddine-Lukšíková, J. Kocourek, Y. Leontiyeva, Internal restrictions on the participation of the Vietnamese and Ukrainian ethnic groups on the Czech labour market, final report Prague, IOM 2005.

[29] D. Čermáková, M. Nekorjak,*Ukrainian middlemen system of labour organization in the Czech Republik,* Tijdschrift voor Economische en Sociale Geografie, 100/2009, pp.33-43.

[30] This term was used in an interview with Professor Dušan Drbohlav in February 2010.

Asians is that those family enterprises completely neglect fixed working hours and are economically active all-day long. With the support of their migrant networks and the information flows within these networks they can manoeuvre themselves into a favourable competitive position.[31]

A special variant of migrant business are entrepreneurs who organize work for the Ukrainian community. This subcontracting system (so-called “client system”; the client is acting as a middlemen) is very strongly embedded in the field of migrant employment in the CR.[32] In some cases the companies of such migrants have officially a considerable number of employees but those people in reality work in other companies.[33]

In the long run most of the entrepreneurs are able to find their unique selling-point, sometimes by trial and error. Often the hardest competition can be found between the migrant enterprises themselves who have occupied the same niches of local economy. The migrant entrepreneurs of course utilize their transnational connections with their home countries as well as with co-ethnics in other European countries for economic purposes. Usually the financial situation of migrant entrepreneurs before the crisis of 2008/09 was good. Most of their businesses were going very well. The crisis caused problems but exact details about the financial situation are not available. To find free market niches is more and more difficult nowadays. Some migrant communities are now economically operating in similar segments of the local market. With the enlargement of many supermarkets the Vietnamese have lost their former uniqueness in selling cheap textiles. Now, they look for new business niches, such as groceries, nail and beauty salons. Ukrainian companies are seriously affected by the recession in the construction sector. Even the formerly flourishing migrant enterprises in Prague’s tourist industry have been affected by a numerical decrease of tourist flows since 2009.

The migrant economy is not only positively evaluated. After the fire in Vietnamese “SAPA” market media and officials guessed that mafia-like organizations may be responsible for it. There are also reports about illegal practices and tax revenue, but it is very difficult to control this segment of economy. Of course, the government as well as the Municipality try to control the broad field of migrant business in accordance with the rules of Czech legislation, but this seems not to be sufficient in some cases. There exists a complex clandestine system which means that in many cases the decision-making cannot be easy as it has to be divided between the owner of a given business, its managing director, the holder of the trade licence and the staff.

[31] R. Donkels, J. Lambrecht, *The network position of small businesses: an explanantory model,* Journal of small business managment 35/1997, pp. 13-25.

[32] D. Čermáková, M. Nekorjak,*Ukrainian middlemen system of labour organization in the Czech Republik,* Tijdschrift voor Economische en Sociale Geografie, 100/2009, pp.33-43.

[33] M. Nekorjak, *Klientský systėm a ukrajinská pracovni migrace do Česke republiky,* Sociálni studia(1), pp.89-109, http://www.migraceonline.cz/e-knihova/?x=2197596Noll/

3.C. Résumé

The City of Prague has a unique economic position in the Czech Republic. The majority of migrant business is concentrated there. From the legal point of view the concept of migrant business in the CR is very liberal compared to other EU countries. It is possible to say that there is still a lack of experience in handling the private economic sector in general and in inventing adequate regulations for migrant business in particular. Migrant entrepreneurs play a rather negligible role in local and national integration programs and are not actively engaged as actors in the field of policy measures. Even the Chamber of Commerce is still not really interested in this topic. Political decision-makers usually promote only big companies because of their positive labour market outcome.

It is typical for the “integrated migrant economy” in Prague that most of the shops cannot be identified as being run by migrants. Neither the offer nor the outward appearance indicates that the owner has an immigrant background. There are still considerable differences concerning the entrepreneurship careers between the groups of different ethno-national origin. Usually the financial situation of migrant entrepreneurs before the crisis of 2008/09 was good. The boom in migrant economy after 2008 was rather a consequence of rising rates of unemployment than an outcome of flourishing migrant business. Now, many entrepreneurs have to search for new economic niches to survive. Therefore it is difficult to make a valid prognosis about the future of migrant business in Prague because this depends on the general economic development in times of crisis. A major determinant will be the future of the EU.

4. Tallinn – Russian speakers community and its entrepreneurial position.

4.A. The urban economy – structure and developments.

As the capital of Estonia, Tallinn plays a leading role in political and business life. Being the home for 1/3rd of all Estonian companies makes Tallinn the driving force of the country's economy. In the early 1990s, after gaining independence, Estonia went through privatization processes in its main state-owned branches of industry.

The structure of the area of business activities in Tallinn is more and more focusing on services, agency and trade.[34] In 2005, the most active sectors were financing (47.4%), real estate and business services (15.6%) and manufacturing industry (13.6%).[35]

“The service sector dominates the economy of Tallinn both with regard to profits and the number of people employed. Seven out of ten inhabitants in Tallinn work in the service sector. In the Estonian service sector the share of capital is 45%, for the financial sector the respective figure is 60%.”[36]

Tourism-related branches (accommodation, catering, retail trade, etc) have developed fast, in particular after 1991, when Estonia regained independence.

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[34] http://www.Tallinn.ee/g2527s22708#industry

[35] Statistical Yearbook of Tallinn 2008, Tallinn City Government, http://www.Tallinn.ee/est/g2677s45500

[36] Ibidem.

Tourism-related services have a significant impact on Tallinn’s economy. In 2008, Tallinn had 14 439 beds available to tourists, the average room occupancy rate was 50%.[37]

It is important to add that construction and real estate sector boomed in the last decade, thus influencing the growth of workplaces and incomes. The intensity in construction of new buildings and renovation of old houses as well as changes in the infrastructure have changed the image of the city.

On the Tallinn labour market, the movement of workforce from the production sector to the service sector has been observed. The number of workplaces is increasing mostly in wholesale and retail, financial intermediation, real estate and service sector, in education, health care and social welfare. The income of people has increased with the development of the economy, and in Tallinn the average salaries are higher than in other places in Estonia. But the salaries in Estonia are far below the average salaries in Scandinavian countries, which was one of the push factors in the post-accession emigration. It is characteristic of Tallinn that the level of education of the population is higher than that of Estonia in general.

Table 2. Employed persons in Tallinn by economic activity 2004 and 2005.

Employed persons in Tallinn by economic activity	Total 2004 (thousands)	Total 2008 (thousands)
	197.9	215.6
Manufacturing	44.8	44.1
Wholesale and retail trade; repair of motor vehicles, motorcycles; and personal and household goods	29.9	33.9
Construction	15.9	23.4
Transport, storage, communication	21.1	23.3
Real estate, renting and business activities	19.9	26.5
Education	13.5	16.2
Public administration and defense	13.5	11.7
Health care and social work	13.2	8.5
Hotels and restaurants	7.5	8.3
Financial intermediation	3.9	5.9
Other economic activities	14.7	25.6

Source: CRS 2010.

According to Golik and Teder: “During Soviet time many large industrial enterprises were established in Estonia, and Russian-speaking labor was their main reserve. It is most likely that the distribution of the labor force that evolved during the Soviet period had a direct impact on the development trends of entrepreneurship

[37] Ibidem.

among ethnic minorities in Estonia at present. The collapse of the Soviet Union and regaining independence by Estonia brought many changes to the labor market. Replacement of the centrally-planned economy with a market-driven economy, followed by structural-economic changes at the end of the 20th century resulting in growth of the tertiary sector strongly affected the Russian – speaking minority (structural unemployment). "[38]

"Tallinn. Facts and Figures 2009" indicates that as of January 2009, according to the Registry Centre of the Ministry of Justice, Tallinn had registered 56 239 enterprises and 3 673 self-employed persons. The Tax and Customs Board had registered 12 696 self-employed persons. The majority of companies, about 44 994 were owned by private Estonian persons and 7 175 by private foreign persons. Only 87 active businesses have a workforce exceeding 250 employees, the majority of active businesses (14 286) belong to the category of 1-10 employees. As of April 2009, there were 7.9 economically active entrepreneurs per 100 Tallinn citizens (no detailed distribution available according to ethnic background). This proportion is higher than in other parts of Estonia (5.3) but it must be remembered that Tallinn is the biggest city of Estonia, with the highest proportion of businesses in service sector and receives 4/5th of all foreign direct investments in Estonia.

The first private enterprises were established in the form of "cooperatives" with the state capital in the late Soviet period. Privatization of the state owned enterprises began soon after regaining of independence, in 1992, and its first and most important part was completed in 1995.

Micro and small business development, which started with a transition to a market economy, followed the pattern whereby it all started with private service providers (low capital requirement like hairdressers, retail trade establishments, etc). Today, there is much more diversification and specialization; the market and business environment have changed drastically.

Particularly rapid growth in the number of businesses in Tallinn was observable in 2000-2004. The period 2004-2008 was characterized by rapid growth of employment, primarily in construction, real estate and trade. This was related to the (re)-entry into the labor market of the unemployed and the inactive people due to the large supply of (low-skilled) jobs. On the other hand, the lack of qualified labor inhibited growth of export-oriented companies. The majority of businesses and jobs of that period were created in the service sector and retail trade. Furthermore, business creation concerned mostly micro and small businesses, which are more vulnerable when it comes to the economic crisis.

In 2009, out of the businesses registered in Tallinn, 80% were engaged in the trade and service sector. The share of the service sector in Tallinn exceeds that of the rest of Estonia by three times due to the relatively large market and higher purchasing power of the population compared to other regions of Estonia.[39]

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[38]Golik M., Teder J., Ethnic Minorities…

[39] Tallinna väikeettevõtluse arendamise programm aastateks 2010–2013. http://www.Tallinnlv.ee/lvistung/bin/docview1.asp?docid=83262

4.A.1. The immigration scene: numbers and ethno-national structure.

Estonia is a diverse society in terms of ethnicity and is comprised of more than one hundred different ethnic backgrounds. According to the data obtained from the Statistical Office and Ministry of Interior in October 2010, the total number of registered population of Estonia was 1 346456 and a part of this figure, that is 1 144 601 accounts for the number of Estonian citizens. In addition, 50 839 Estonians live abroad. The number of residents of undetermined citizenship comes to 108 383 and the number of residents with the citizenship of another state amounts to 111 475 (divided into the respective nations such as: 92 600 citizens of Russian Federation, 4 921 Ukrainians, 2 647 Finns, 1 832 Latvians, 1 510 Lithuanians, 1 386 Byelorussians).

Table 3. The percentage of minorities in Tallinn.

Nationality	Percentage
Estonians	54.9
Russians	36.5
Ukrainians	3.6
Byelorussians	1.9
Finns	0.9
Others	3.1

Source: Tallinn. Facts & Figures 2008.

In Estonia, 31% of the citizens are not ethnic Estonians by origin. A vast majority of this group are Russian speakers (mainly Russians but also representatives of other former republics of the USSR). Due to the economic growth and political decisions during the Russian occupation, many Russians migrated into the territory of Estonia. After the reestablishment of its independence in 1991, all the settlers from the occupation time were legally regarded as immigrants. Due to this decision, a huge part of the former citizens of Estonia changed their status into citizens of another country or became stateless persons. During the time, some of them were naturalized or took citizenship of another country. According to the statistics, 6.3% of the population are Russian citizens, 0.7% are nationals of other countries and 12.4% remain stateless. Most of the non-citizens are holders of long-term residence permits giving them the same rights in the socio-economic sphere, but their political rights are limited to the passive vote on the municipal level; also, they are not allowed to hold certain public offices.

4.B. Migrant entrepreneurship – still a lack of institutional integration but economic success.

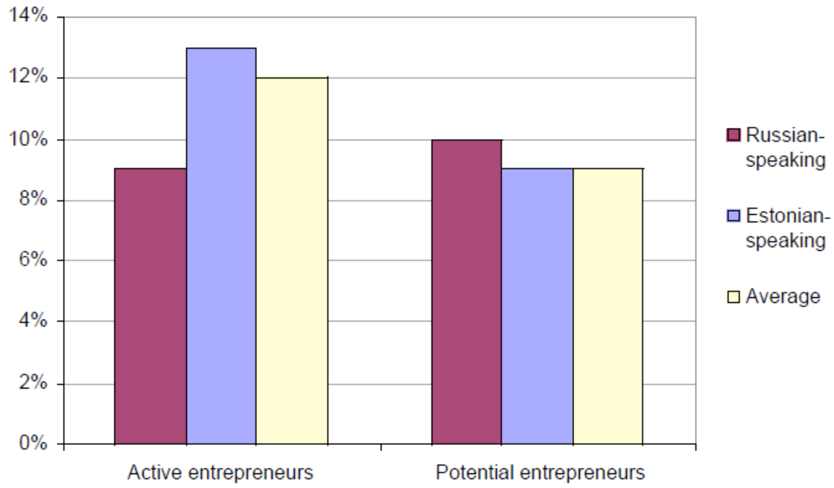
4.B.1. Political and institutional framework conditions.

Due to the specific historical and political situation of Estonia, today the city of Tallinn is inhabited by a large number of mainly Russian-speaking non-Estonians. Simultaneously, a general number of inhabitants of the city is rather small. This creates a situation of a very small market, where division between Estonian and non-

Estonian branches or sectors, even if visible, is not crucial. Since most of the non-Estonian entrepreneurs in Tallinn are citizens of Estonia, measures that target them are not distinguished from the ones created for the Estonian entrepreneurs in general. Because of that, no definition of ethnic entrepreneur is commonly in use.

According to the results of the survey, on the level of entrepreneurship among the Estonian population, the overall average level of engagement into entrepreneurial activities for the Estonian population aged 16-64 comprised 12%.[40] "The participation rate for the Russian-speaking minority made up only 3/4th of the country's average rate and was 1.5 times lower than the corresponding rate for the Estonian entrepreneurs." [41]

Graph 3. The participation rates in entrepreneurial activities for the Estonian population aged 16–64, per cent of the total population, 2004.



Source: Golik M., Teder J., Ethnic Minorities…

The number of potential entrepreneurs among the Russian community is similar to that of the Estonians. The number of Russian speakers who are not interested in establishing their own business is on a similar level with the country's average. There is a visible tendency "when a well-paid job is preferred to entrepreneurship"[42]. Estonian scholars assume, on the basis of their research, that there are differences between Estonian and Russian – speaking entrepreneurs. They give an example based on the data of the Estonian report of the European Social Survey 2004. Its results have shown that in the Estonian-language households, 16.4% of the men were entrepreneurs. In the households where other languages were spoken, this number was only 7.3%. This disparity was not observed among women (5.2% and 6.1%, respectively).[43]

[40] http://www.Tallinnaitab.ee/en_GB/top_left
[41] Golik M., Teder J., Ethnic Minorities…
[42] Golik M., Teder J., Ethnic Minorities…
[43] http://www.Tallinnaitab.ee/en_GB/top_left

4.B.2. Ethno-national background and sectoral structure of migrant business

The underlying factors influencing the rate of business activity among immigrant population might have been dictated by the job-related background of immigrants in the 1980s and early 1990s. This was often a narrow specialization and blue-collar industrial jobs, which were not necessarily instrumental for business creation.

The ethnic background of entrepreneurs was probably one of the factors behind ownership of privatized companies, e.g. in the transport sector (now related to transit trade), where the Russian-speaking population was concentrated in the Soviet period (management buy-outs), non-Estonians are well represented nowadays.

There are three residential areas in Tallinn which are dominated by Russian-speaking groups. Retail services in those areas are mostly owned by the minority groups.[44] Ethnic entrepreneurs currently operate ethnic kitchens/restaurants, which are not numerous in Tallinn, however. While analyzing the ownership of enterprises in Estonia it is interesting to look at the results of the survey presented in the table below - the readiness of potential entrepreneurs for cooperation with partners and employees.

Table 4. Readiness of potential entrepreneurs for cooperation with partners and employees, 2004, per cent.

	Non-Estonians	Estonians
I would like to work on my own	5%	13%
In addition to myself I would hire employees	38%	39%
I would start up a business but wouldnot hire employees	14%	10%
I would start up a business with partners and hire employees	43%	34%
No answer	0%	4%

Source: Eesti Konjunktuurinstituut 2004a, 112 [in:] Golik M., Teder J., Ethnic Minorities…

We can observe that the collectivist values among Russians are influencing a smaller number of potential entrepreneurs who are willing to work on their own (2.6 times smaller)[45].Cultural values are hard to estimate and any changes take a long time to have an effect. The individualistic tradition is stronger in Estonia than in any other Russian-speaking country, and this might be mainly caused by the context of the Protestant religion.[46] Because of differences in language, culture and understanding of history, the Estonians and non-Estonians tend to run their businesses based on relatives and family members of people from the same ethnic group. Both groups live a parallel life in the society and this influences the business relations as well. Russian speakers are more oriented to do businesses with Russia.

[44] Interview with Mart Repnau

[45] Golik M., Teder J., Ethnic Minorities…

[46] Golik M., Teder J., Ethnic Minorities…

4.B.3. Features and problems of entrepreneurial performance

The following three issues emerge as having a potential impact on the low entrepreneurship engagement rate among the Russian-speaking minorities of Estonia:

- the historical background of the formation of the Russian-speaking community in the territory of Estonia causing their residential and sectoral distribution;
- the motivational and cultural differences as compared to the natives, as well as
- the existence of specific obstacles in the way of starting a business.

The latter includes a lack of funds, poor knowledge of the Estonian language, unawareness of the measures of the state business support system, a lack or inefficient supply of financial resources, a lack of access to business networks, a lack of the necessary managerial, marketing, financial and other knowledge and qualifications. The lack of knowledge of the Estonian language and belonging to the ethnic minority leads to the use of Russian media as a source of information and influences the lower courage in using opportunities offered by the Estonian public institutions. Even if much of the information of the public institutions is available in Russian, there is difficulty in finding a communication channel with the Russian speaking community. The City Government's free newspaper, "Capital", published in both Estonian and Russian language informs the inhabitants of Tallinn about latest events and decisions.

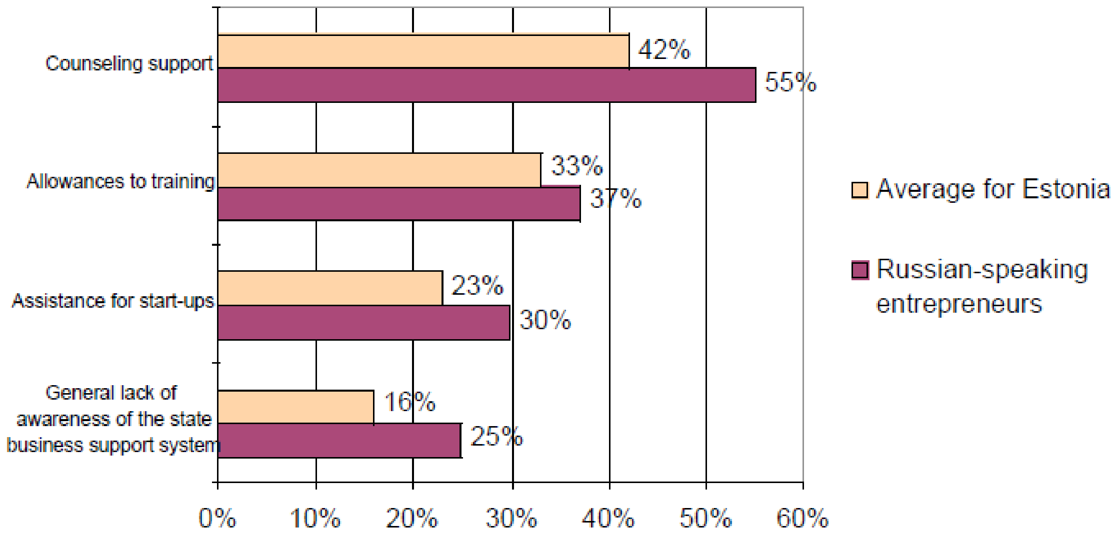
Insufficient supply of financial resources or even a lack of them may be an important /a major obstacle for immigrants or minorities in establishing a business. According to the study "Development trends of SMEs in Estonia" in 2002, the availability of financial capital was the third most important obstacle to the growth of entrepreneurship[47]. There is a tendency that the main source of SME funding is owner -gathered capital: "According to the results of the study, conducted by Saar Poll in 2005, the financial resources of the majority of Russians in Estonia are rather limited. This can be partly explained by the fact that the Russian-speakers are of immigrant origin, and therefore their participation in the processes of privatization and restitution of property nationalized by Soviet power was low"[48]. A lack or insufficient amount of collateral can be a common reason why banks refuse to give credit.[49]

Marketing in Estonia is quite a challenge. Estonian and Russian-speakers culturally perform in two separate so-called parallel societies. This can be seen as the main obstacle for successful marketing campaigns that could reach both groups simultaneously. Such division into two societies /Having two societies influences both the marketing communication and the channels through which it reaches potential customers. It is not only that communication has to be prepared in two languages but the form of it and the message behind it has to reflect different needs of both societies. When it comes to media, there is a visible division between those targeting

[47] Golik M., Teder J., Ethnic Minorities…
[48] Lauristin M., Heidmets M. (eds.) The Challenge of the Russian Minority…
[49] Golik M., Teder J., Ethnic Minorities…

the Russian-speaking minority, and those for Estonians. Widespread access to the Russian broadcasting and television programs, which are most popular in Russian-speaking households is also a problem. It is difficult to target this group because the local media often do not reach them. On the other hand, as already mentioned, in the small Estonian market, entrepreneurs have to compete for every customer.

Graph 4. Lack of awareness of the state business support system, per cent of active and potential businessmen.



Source: Eesti Konjunktuuriinstituut 2004, 124-131 [in:] Golik M., Teder J., Ethnic Minorities…

4.C. Résumé

The city of Tallinn, as a capital has a strong position in the Estonian economy. The majority of migrants/national minority businesses are located in Tallinn. The local authority has not implemented any specific policy to ethnic entrepreneurs but there are some programmes mentioned above which help Russian-speakers as the main national group in establishing businesses.

The main problem faced by migrants and ethnic minorities in Estonia seems to be the language barrier, especially when dealing with various public offices, for example the local self-government. It is worth noticing, however, that in almost every office in Tallinn all information is also available in the Russian language, and usually there is also staff that speaks the Russian language, to assist if required. It is very important that the public institutions offer information in Russian even if this is not an official language in Estonia. The websites of different institutions supporting entrepreneurs in Estonia are available in Russian. As depicted beneath, the unawareness of the measures applied by the state business support system is characteristic of Russian-speaking entrepreneurs, although such unawareness is general in Estonia. As research by Teder and Golik has shown, there is a need among minorities to have access to legal acts, including commented texts, in the Russian language.[50]

[50] Golik M., Teder J., Ethnic Minorities…

5. Wrocław – early stage of development of ethnic entrepreneurship.

5.A. The urban economy – structure and developments

Wrocław, like all 3 already mentioned cases, has undergone different structural, political and social changes in the last 20 years as a result of the political transformation from communism to market economy and democracy. It is important to mention that in contrast unlike other Polish cities, in the last 20 years, Wrocław was governed by the same political group and the strategy of development was realized without any dramatic changes. Currently, Wrocław is one of the fast-developing cities in Poland. In recent years, many economic and political factors have contributed to the increase in foreign direct investments in the agglomeration and the decrease of the unemployment rate. Due to its convenient location, close to Germany, Czech Republic and the A4 motorway connecting Germany with Ukraine, Wrocław may become the leading logistics center in this part of Europe. Table 4 illustrates the 10 largest investments in the agglomeration of Wrocław. Apart from the factories of diverse businesses there has been growth in the knowledge-based sector. The big companies, Hewlett Packard, Google, UPS, Siemens, to name just a few, opened their branches in Wrocław.

Table 5. The largest investments in the Agglomeration of Wrocław.

Investor	Investment (mln euro)	Country of origin	Sector
Allied Irish Bank	750	Ireland	Banking
Credit Agricole	740	France	Banking, Finance
Electricite de France International	600	France	Heating
LG Philips LCD	430	Korea	Consumer Electronics
LC Corp	400	Poland	Real Estate
Toyota	250	Japan	Automotive
Prologis	125	USA	Logistics
Heasung Electronics	120	Korea	Consumer Electronic
LG Electronic	105	Korea	Consumer Electronics, White Goods
Echo Investments	100	Poland	Real Estate

Source: ARAW 2008

After the transformation in 1989 and the collapse of communism in Poland, the state went through structural and socio-economic changes very rapidly. First of all, the economic system was changed into a market economy and the private sector with the SMEs started to increase its importance. In an economy which was undergoing deep reforms after many years of central planning, setting up a business was a very risky task but thousands of entrepreneurs took the chance. However, they had to struggle with the corrupt bureaucracy, unclear legal system and bank loans which were unobtainable by most of the entrepreneurs. In the communist Poland the majority of the working population was employed in industries. Starting from early 1990s, this division has changed with the decrease of employment in industry and increase of employment in the private sector, mainly in services. The big state companies closed down which affected the increase in unemployment. From the mid 1990s, the local government of the city of Wrocław put an emphasis on the winning of foreign investors as a catalyst for local economic development and reduction of high unemployment. In case of the agglomeration of Wrocław, some specific factors were important for the foreign direct investments: firstly, the geographical location, close to Germany, Czech Republic and at the crossroads between Western Europe and Eastern Europe (Ukraine, Belarus) and on the way from Northern Poland to Southern Europe; secondly, a stable political situation in the city (same political group in power in the last 20 years, which was surely an exception in the young democracies in the CEE countries), and lastly the local authorities attempt to create an investment-friendly atmosphere. The department responsible for contacts with potential investors was for a long time a part of the city administration structure. In order to improve the custom approach to investors, in 2006, the city authority established the Wrocław Agglomeration Development Agency as a partnership of the local governments. The role of the agency was to stimulate economic growth and to attract investors to the region. As can be exemplified by the mission of the agency, as mentioned on its official website: "for strategic investors, the City of Wrocław is able to:

- Appoint a Personal Project manager to guide investors throughout all procedures
- Provide exemption from property tax
- Assure a professional recruitment process together with the Local Labour Office
- Initiate and support collaboration between Wrocław business and academic centers." (ARAW 2008).

In the past 10 years, the city authorities have been promoting the knowledge-based economy, attempting to forge cooperation between universities and big companies located in the agglomeration of Wrocław. Wrocław is an academic city with a number of universities and high schools. On the initiative of the city of Wrocław, foreign companies started to cooperate with high schools on many different projects. The first action addressed to migrants was organized by the city authorities in cooperation with Wroclaw? universities and Hewlett Packard (the company was looking for qualified workers for future development) in 7 Ukrainian cities. The campaign encompassed 100 billboards, 50 citylights and a website in the Ukrainian language- www.teperwroclaw.pl. These events were to encourage young people to study in Wrocław and to find a place to work and live here in the future. The campaign began in December 2006 and with some modifications was continued in until? 2008. In January, 2008, the City of Wrocław signed a cooperation agreement with the universities of Wrocław on the collaboration in promotion of study in Wrocław among potential students from Central and Eastern Europe, mainly from Ukraine, Belarus and Moldova. These kinds of recruitment campaigns have been important for investors in Wrocław due to the post-accession outflow from the labour market of Wrocław. Some companies like LG Philips faced problems with recruitment as a result of this process/phenomenon.

In the year 2009, the population/inhabitants in Wrocław /amounted to 632.2 thousand which makes 22% of the total population of the Lower Silesia region. At that time for every 100 people of working age there were 51 people of post-working age which is a higher indicator in comparison with other cities of the European Union. The unemployment rate at the end of 2008 was at a low level of 3.5%, which was the result of booming economy after Poland's EU accession. At the end of 2009, the level of unemployment in the city increased and reached 4.8%, as a consequence of the global economic crisis. In the past two years the largest increase of employment was noticed in the following sectors: real estate, logistics, services such as catering (restaurant), accommodation (hotels), construction.[51]

Table 6. Population of Wrocław, year 2000, 2007, 2008.

Year	2000	2007	2008
Total in thousand	640.6	632.9	632.2
Males	301.5	295.6	295.0
Females	339.1	337.3	337.1
Pre-working age	117.6	93.2	92.7
Working age	414.3	422.9	420.5
Post-working age	108.7	116.9	119.0

Source: Statistical Office in Wrocław 2009.

As already mentioned, the development of SME sector was strongly related to the change in the political and economical system in Poland after 1989. According to European Commission: "there are approximately 37 SMEs per 1000 inhabitants in Poland, which is more or less in conformity with the EU-27 average. Nevertheless available data suggests that Polish SMEs do not reach the same relative importance as their peers elsewhere in Europe. Although in employment terms they offer relatively more jobs than the EU-average, their share in the country's overall value-added creation is substantially lower than the EU-average. The less favourable figures refer to the micro and small business segments, while the medium-sized business segment matches the EU-average."[52]

Table 7. Entities of the national economy by number of employees as of 31 December 2008.

Year	2001	2007	2008
Total	90622	93781	95602
9 people and less	87697	90273	91951

[51] Statistical Office in Wrocław, Wrocław- socio-economic situation, 3th quarter of 2009, Wrocław 2010.

[52] European Commission,

10-49	2122	2748	2850
50-249	620	609	641
250-999	155	117	129

Source: own elaboration based on Statistical Office in Wrocław 2009.

It is important to add that the relatively short history of the Polish market economy and rapid change from the centrally-planned economy with deep reforms in all sectors of entrepreneurial life, makes it impossible to compare Western European urban economies with the cities from the CEE region. According to experts from OECD: "In comparison with more established EU member states, private enterprises in Poland are significantly smaller in size, with a vast majority of microenterprises and very few firms that are technology based and/or engaged in high value added activity."

As already mentioned, in Wrocław the sectors which employ most people are as follows: construction, trade, real estate and business activities. The data are presented in Table 6.

Table 8. Entities of national economy by sections in 2008.

Section of economy	Percent age
Industry	7.8
Construction	10.3
Trade	26.5
Hotels and restaurants	2.2
Transport, storage and communication	6.7
Financial intermediation	4.1
Real estate, renting and business activities	27.1
Education	2.3
Health and social work	5.3
Other sections	7.4

Source: Statistical Office in Wrocław 2009.

5.B. Migrant entrepreneurship – still a lack of institutional integration but economic success (numbers and ethno-national structure).

The term 'ethnic entrepreneurs' or 'immigrant entrepreneurs' exists neither in an official document nor in common use. Due to the low number of long-term immigrants in Poland the use of these terms in everyday life is very limited. The term used most commonly is "foreigner", "foreign person", which signifies ?/ "a person from another country" . This term describes neither the reason of one's stay in Poland nor the time of potential stay. In the official documents about SMEs, there is a term 'a foreign physical or juridical person' used to describe persons without Polish citizenship. The development of immigrant entrepreneurs is at its early stage in Poland and businesses run by immigrants are not very visible and targeted at immigrant groups. Ethnic restaurants seem to be the most noticeable but in most cases they are run by Polish owners, sometimes employing foreign staff (as is the case in Chinese bars in Wrocław). The biggest market is located in Wólka Kosowska near Warsaw where immigrants from Asia run their businesses, selling different goods.

In the beginning of 1990s, there was a very little inflow of foreigners to the Lower Silesia region and the city of Wrocław. At that time Poland was a sending country and the close distance to Germany influenced the outflow from this region. Poles undertook legal employment in agriculture (based on bilateral agreement with Germany-seasonal migration) and illegal work in construction, households etc.

At present, the number of foreigners living in Wrocław is still very low. The table below presents the number of permits for temporary stay and residence in Wrocław.

Table 9. Number of permits for temporary stay in Wrocław 2002-2009.

Year	Number of permits
2002	1095
2003	1421
2004	1029
2005	1158
2006	1061
2007	1600

Source: Lower Silesian Governor's Office 2010.

The numbers show that there are very few people likely to settle down in Wrocław and the majority of the persons requesting permits for temporary stay are students coming to study in Wrocław through various scholarship programs, mainly for a period of 6 months up to 2 years. According to the data obtained from the Lower Silesian Governor's Office and universities, foreign students can be divided into 3 groups:

- Students from EU countries coming through the Erasmus Exchange? program;
- Students from former Soviet republics /countries coming to Wrocław as recipients of scholarships funded by the Polish government, the Visegrad Fund or other private foundations;
- Students from outside the EU coming through the Erasmus Mundus program or with scholarships funded by various foundations mainly for MA programs in English offered by universities and higher education institutions.

The second group applying for temporary permit for stay are labour migrants coming to the city for temporary work. They are mainly people from neighbouring Eastern countries, such as Ukraine and Belarus, who come to work on farms, in construction or households.

Table 10. Number of permits for work in the Lower Silesia Region

Year	Number of permits (total)	Number of permits (women)
2004	663	134
2005	712	198
2006	843	279
2007	867	213
2008	1138	179
2009	1674	328

Source: Lower Silesian Governor’s office 2009.

If we look at the number of permits for work granted in the last 3 years there is a noticeable increase connected with a change in the legal principle. Liberalization took place in the employment of foreign workers in 2008 but according to the interviewees, the process of employment of foreign persons is still very complicated, time-consuming and discouraging. There was a 60% increase in the number of work permits in the year 2009 in Poland. It is important to add that according to bilateral agreements, citizens from Ukraine, Belarus, Russia, Moldova and Georgia are allowed to work in Poland for 6 months in a 12 month-period without a work permit. According to the available data there is a predominance of men, who are employed in construction, agriculture and trade. The majority (57%) of foreigners working temporarily in Poland is employed in the microenterprises which employ less than 10 persons. When it comes to the number of work permits, the Lower Silesia region is on the 4th position in Poland.

Table 11. Number of settlement permits obtained by foreigners living in Wrocław 2002-2009.

Year	Number of permits
2002	44
2003	95
2004	130
2005	122
2006	160
2007	170

Source: Lower Silesian Governor’s Office 2010.

The bulk of the inflow of foreigners to the city of Wrocław was strongly related to foreign direct investments in the city itself and in the Lower Silesia Region. Apart from European Union member states, the main group of highly-qualified management staff came from South Korea and Japan (LG Philips, Toyota, Takata).

Besides the division of immigrants residing in Wrocław agglomeration presented above, they may be classified into three basic groups in terms of the type of jobs performed:

- Jobs requiring high / specialized qualification, primarily for managerial positions in big transnational corporations (as for Wrocław – Koreans, Swedes, Germans, etc.)
- Jobs not requiring any qualifications - mainly in agriculture, housekeeping, construction, small local businesses (in most cases these jobs are taken up illegally)
- Students from abroad studying in Wrocław and taking up irregular jobs, mostly illegally (the division of international students was presented above).

5.B.1. Political and institutional framework conditions

There is no explicit policy towards immigrants in the city of Wrocław in the area of economic or social life. Due to a very low number of immigrants, the issues related to these processes do not exist in the public debate at the local level. For the immigrants who are perceived as highly skilled management staff, there are some projects like the international school for foreign children. According to my immigrant entrepreneur interviewees, the city is always well-prepared for negotiations with big international companies willing to invest and create jobs in Wrocław. But there is no project focusing on SMEs run by the foreigners. The representatives of the city of Wrocław emphasized the fact, that the ethnicity or nationality is not an important factor for business and that any SME is treated equally.

Even though there is some information available on the website in English and German for foreigners with step-by -step instructions about how to set up a business, it is very hard to get any information or professional support from the desk officers in various institutions and city administration departments.

From the local level institutions, the ARAW (Wroclaw Agglomeration Development Agency) is responsible for foreign investors but understood as big companies. Another very active actor is the Lower Silesian Chamber of Commerce, being a contact point for potential investors and entrepreneurs willing to set up a business in Wrocław.

Since 2005, the Business Information Point has been operating in the Economic Development Office of the Municipality of Wrocław. The employees provide information on the following subjects:

- Establishing a company
- Searching for business partners
- Development of a company

The latest project organized by the local authority is financed from the European Fund for the integration of 3rd country nationals and is aimed at foreigners. Based on the official website of this project, its activites cover language courses, computer courses, civic orientation, translation support, assistance in administrative matters. Even if this offer is addressed to immigrants legally living in the city, the website is available only in Polish (!).[53]

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[53] www.nowaprzystan.cis.wroc.pl

5.B.2. Ethno-national background and sectoral structure of migrant business

As mentioned above, the term ethnic entrepreneur does not exist in a day-to-day language or in official documents at the local level. There are very few immigrants running micro businesses (fewer than 10 employees) without cooperation with a Polish partner (different legal forms). It is very difficult to carry out an exact analysis of foreign entrepreneurs in Wrocław due to the limited data collected by official institutions. According to the Polish law, a person has to register his/her enterprise in the Business Register (Rejestr Działalności Gospodarczej) at the local community office. Until 31st March 2009, there was no information about the citizenship of entrepreneurs in the register. The only possibility of checking the legal status of a person was the PESEL identification number (). Hence, the register was divided in Polish entrepreneurs and foreign entrepreneurs without any specific data about their nationality, history of the entrepreneurs' career in Poland etc. According to two sources: the Registration Office of Entrepreneurship and the Statistical Office in Wrocław, there are 2 484 enterprises with foreign capital in Wrocław having different legal forms as: a civil law partnership, commercial law partnership, branch of foreign company or enterprises registered as a 'physical person'. If we look at the enterprises run by foreigners (so called 'physical person') there are very few examples in recent years. In 2010, only 15 foreigners registered their companies in Wrocław. Table 11 shows the number of companies with foreign capital registered in Wrocław in the years 2004 to 2009. In Table 12, the companies registered in 2010 are divided according to their legal status and sector of activity.

Table 12. Number of registered enterprises with foreign capital in Wrocław.

Year	2004	2005	2006	2007	2008	2009
Total number	166	236	240	249	175	119
Physical person (foreigner)	28	46	39	35	19	11
Civil law partnership	3	8	6	4	1	1
Commercial law partnership	129	170	176	193	150	98
Branch of a foreign company	6	12	19	17	5	9

Source: own elaboration based on Statistical Office in Wrocław and City of Wrocław 2010.

If we look at the data on sectoral distribution, we see that the number of foreign entrepreneurs is rather low though they are active in many sectors as trade, professional services and education (translation, foreign language lessons, consulting). The immigrants living longer in Poland (the majority came to Poland to study, have a Polish partner, speak Polish) used their connections in their country of origin and Poland while establishing a business.

Table 13. Number and type of registered companies with the foreign capital in the city of Wrocław, 2010.

	Total	Physical person	Civil law partnership	Commercial law	Branch of a foreign

				partnership	company
Sections	75	15	1	56	0
Mining	2			2	
Food processing	8			8	
Construction	9			9	
Trade	16	4		12	
Transportation	2			2	
Accommodation andcatering	5	1	1	3	
Information and communication	3	1		2	
Professional activity (scientifical and technical)	17	5		12	
Management	6	2		4	
Education	3	2		1	
Health care and social care	1			1	

Source: own elaboration based on Statistical Office in Wrocław and City of Wrocław 2010.

In the Western European countries, immigrant entrepreneurs are mainly active in the restaurant and bar sector. Poland is very different in this regard. There are Vietnamese and Chinese restaurants in Warsaw where these ethnic groups are more present but in Wrocław, the majority of the Chinese bars are run by Polish entrepreneurs sometimes employing Chinese workers. Some 'ethnic restaurants' target immigrant groups, for example, South Korean restaurants mainly opened for Korean families in Wrocław. These exotic restaurants arouse people's interest in different kinds of food. As already mentioned, the majority of restaurant owners s in Wrocław are Poles but there are a few examples of immigrant owners like 2 Indian entrepreneurs who are in possession of restaurants. It is important to add that they did not start their career in the restaurant business but came to Poland to study in the 1990s and sailed through different sectors.

It was very difficult to collect any data about ethnic entrepreneurs from the public institutions at the local level and the existing collections of data are of very poor quality. In the Business Register in the City of Wrocław there was no information about nationality till the 31st March of 2009. From that point it is possible to check the data about the citizenship of foreigners having businesses in the city but if these people of foreign origin have a Polish citizenship, it is not visible in the statistics and if they are citizens of the member states of the EU but with immigrant backgrounds it is also not recognizable (the case of Turks from Germany having German citizenship and operating in the bar sector).

If we take a look at the ownership of companies with foreign capital, the majority of them are financed by foreigners but managed by Poles and the owners are often not physically present in Poland. After Poland's accession to the EU, business as an investment became more viable. Partnerships between foreigners and Poles are the second most common type of ownership. Due to the complicated procedure of starting-up a business and the language barriers in contacts with office workers, some foreigners are more likely to register their business in the name of a person having a Polish citizenship. At this point, it should be stressed that immigrant groups living in Wrocław differ significantly from immigrants living in Western European cities. The majority of the immigrants living in Wrocław came here to study and decided to stay after graduation. They are highly educated, with a good knowledge of Polish and in most cases having Polish partners, which influences their integration into the society. The number of immigrants in the city is low so it is not possible to limit contacts only to their own ethnic group.

There is a group of individual migrants from both Eastern and Western countries living in Wrocław and self-employed in different services like translation, foreign language lessons (they often teach in different language schools) and consulting.

There is also an interesting tendency of EU citizens with immigrant backgrounds to set up businesses in Wrocław. Among them there are two new groups: Turks from Berlin opening kebab shops and former Poles who took German citizenship in 1980s coming now to do business in Wrocław in various sectors (mainly self-employed and offering their knowledge and skills to various companies as consultants).

5.B.3. Features and problems of entrepreneurial performance.

Entrepreneurs with immigrant backgrounds and locals who are active in entrepreneur associations, listed the language barrier as the main problem faced by foreign persons who are likely to set up a business in Poland. Even if there is some information available about how to set up a business in Wrocław, how to deal with the institutions step by step, when a direct contact is made by phone (an experiment done by the author) it was not possible to get any information in English. Other barriers were the bureaucracy and complicated tax system. As it was mentioned by an entrepreneur doing consulting work for investors from outside EU, big companies are always using the law office to represent them to contact institutions. Even some small law and tax offices in Wrocław prepare their offer for self-employed foreigners to act as their representatives in such situations/contact with institutions. But definitely, the necessity to use the intermediary structure in contacts with institutions involves additional costs.

5.C. Résumé

Migration started in Wrocław after the transformation in 1989 but, the number of migrants is still very limited and there are some specific groups very different from those in the Western European countries. The main group are international students, highly qualified managers from Western countries working in multinationals and living in the city with their families and a group of foreign workers mainly from the Eastern neighbouring countries working in the agriculture, construction, household sector etc. There is a tendency among the international students coming from outside the EU to settle down in Poland because they are educated in Poland, mostly knowing the

Polish language and having a Polish partner. Thus it is easier for them to set up a business in Poland. They use their contacts between their country of origin and country of destination to establish businesses in the consulting sector, trade, transport, education etc. As it was mentioned already setting up the business in Poland is not a very easy thing for a foreigner due to some structural problems, such as: bureaucracy, limited knowledge of the foreign language among the members of the public administration, a complicated tax system and high costs of health care insurance for employees.

The term ‘ethnic entrepreneurs’ or ‘immigrant entrepreneurs’ does not exist in day-to-day communication or public discourse due to the limited number of immigrants and their good integration into Polish society (low numbers, good knowledge of Polish, no visible immigrants as people from Eastern neighbouring countires). Even if the city of Wrocław called itself ‘the meeting place’ and based its marketing strategy on the multicultural heritage, there is no explicit policy targeted at immigrants in any area of social life. There has been some support for national minorities but no programs or actions towards immigrants who make this city really multicultural and not only historically multicultural.

Conclusion

The immigrant population in Europe is growing rapidly and becoming very diverse in terms of a national origin, language, culture and religion. Many of those immigrants have become entrepreneurs and have set up businesses which contributed to development of local economy and influenced integration of immigrants. As it was said in the introduction, ethnic entrepreneurs can be important for various reasons: "they create their own jobs, create jobs for others, develop social networks different than immigrant workers and last but not least, shape their own destinies rather than wait for cues from the host society's institution."[54] Additionally, ethnic entrepreneurs can play the role of a local leader in their community and beyond and can become a contact person for the local authorities with regard to the integration issues.

In all four presented cities from the CEE region, the number of immigrants is still much lower than in Western European countries. However, after EU accession those countries have become more attractive for both entrepreneurs from other EU countries and immigrants from outside EU. To many of immigrants living in the cities of CEE region, self-employment is an option on the market which is still competitive, creates a lot of opportunities for ethnic entrepreneurs. But it does not mean that the promotion of ethnic entrepreneurs is self-evident to local authorities. It is possible to indicate some similarities in local strategies in all four analyzed cities of CEE region:

- lack of basic information about ethnic entrepreneurs, the data have not been collected by the local authorities (in all 4 cases local authorities are not aware of the importance of immigrant integration and the role of ethnic entrepreneurship in this process).
- almost no institutional support for ethnic entrepreneurs (no responsible institution, no information available in other than official languages, no training for migrant entrepreneurs- only in Wrocław first attempts for trainings targeted to ethnic entrepreneurs).
- in all cities the majority of competence in this area lie at a higher level of administration (the central level is very influential in the CEE region), as for Prague, Budapest and Tallinn, which are the capital cities, the activity on promotion of ethnic entrepreneurship on the local level is almost non-existent (the merging of central and local level in those cities), there are some attempts in Wrocław but it is too early to judge the results.
- no established contacts with the leaders of immigrant groups and immigrant organization which might result in collecting information and developing potential support.
- after the transformation in the early 1990s, the local authorities made efforts to win Foreign Direct Investments, to change the profile of economy and to provide jobs (after transformation in the centrally planned economy into market-driven economy the unemployment was the biggest challenge in this

[54] „*Promoting ethnic entrepreneurship in European cities"* Publication Office of European Union, Luxembourg 2011, pp. 83.

part of Europe), at present the authorities do not perceive SMEs as establishments providing employment

If we analyze the ethnic entrepreneurs from the immigrant point of view, there is a set of issues similar for all 4 cities:

- very bureaucratic regulations in the area of establishing a business, lack of support for foreigners (without knowledge of the local language), treatment of immigrants with reserve and regarding them with suspicion by officers of public administration, (in this case Prague and CR generally seem to be most liberal in setting up businesses).
- difficulties in obtaining credit loans or other forms of financial capital, limited by legal obstacles, but also a lack of a system for start ups, partly guaranteed by local authorities (in some Western European cities there are certain programs which support immigrants in getting start up grants – which guarantee obtaining such loans)
- some groups are more likely than others to successfully start up their businesses, in all four cities the most entrepreneurial group are Asians and on the opposite site there are Ukrainians who prefer to have a paid job (even on the black market)
- ethnic entrepreneurs in all fours cities mostly rely on their relatives or people of the same community, networks play a very important role in establishing business in the country of destination.
- the success of entrepreneurship of one community is a pre-migrational motivation for the followers from the same group (Chinese entrepreneurs)
- there is a shift from the traditional sectors of economy where from the mid 1990s immigrants operated, namely trade and catering services towards new branches such as services e.g. teaching languages, massage, martial art schools, dance schools etc. This may signify market saturation, although on the other hand ethnic catering services are still very popular (but at a higher level)
- a typical ethnic entrepreneurship in all four cities employs fewer than 5 people, has limited growth potential and operates in the retail and service sector because of the owner's low level of education and limited knowledge of the local language. Those businesses tend to face the problem of a very high death rate.
- almost all ethnic entrepreneurs in the four analyzed cities use the transnational connections between the country of destination and country/region of origin, they import goods from the country of origin or cooperate with firms located there (this is the case with more advanced businesses run for example by Russians in Tallinn)

It is very difficult to predict the development of ethnic entrepreneurs in the CEE region. The experiences of older member states show that the local authorities have a limited power to influence the structural conditions of ethnic entrepreneurship. Out of all four countries presented here, the Czech Republic seems to have the most liberal system in this area. The other cases seem to present very bureaucratic systems where migrants in many situations are not treated equally but with suspicions. On the other hand, the citizens of the CEE region follow the interest in ethnic restaurants, shops and products available in Western European countries and the market is still insatiable, open to ethnic entrepreneurs. Knowing that the scope, size and nature of the immigrant businesses varies according to migrant skills and background the local authorities may address their supporting program to the specific group of entrepreneurs. There is no doubt about the increase in number of immigrants in CEE countries in the future. Creating and maintaining good framework conditions for ethnic entrepreneurs not only contributes to local economy but also influences integration of migrants. There are some recommendations that might be addressed to all four analyzed cities:

- knowledge of language among persons dealing with customers in public institutions. It is important to add that members of EU countries are allowed to set up businesses in new member states and should have access to information and support. In all cities the awareness of the presence of immigrants in the local societies is very low. The authorities are very often not familiar with the rights of immigrants on the market.
- data collection and analyses. The number of migrants is relatively low but knowing the Western European experiences we should expect the inflow of both immigrant workers, students and entrepreneurs to the cities. To be able to create the successful policy of integration of foreigners into the local society the cities should collect and analyze the data on immigrants carefully as it was the case with some cities of CLIP network, for example Helsinki (it started to collect data when the number of immigrants was smaller than 1% of the total population of the city).
- in all cities the data available in different public institutions on the local level are not very coherent and there are many difficulties in accessing these data. There are no analyses done about the reasons for setting up businesses in the presented cities, barriers faced by immigrants in setting up and running business in the cities, the influence of immigrant businesses for local economy.

The number of immigrants in the cities of the CEE region is going to increase and many of immigrants will set up their businesses. As we said in the article, ethnic entrepreneurs create jobs not only for themselves but also for others, as leaders of ethnic groups they might be very useful to local authorities in creating and implementing local integration policies. Knowing the experiences of older member states and the potential scenarios of migration situation in this region of EU, local authorities should at least analyze the existing data in order to avoid mistakes when developing strategies for? migrants. They should understand ethnic entrepreneurship as a part of migrant integration policy as well as part of development of the local economy.

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