

6 Summary

The migrant economy in Vienna covers a multitude of diverse economic sectors; business start-ups by migrants have increased significantly over the past years, both in numbers and in their share of the overall total; what was once a niche economy, has now become an important part of the Viennese economy. Nevertheless, the various groups of origin continue their entrepreneurial activities to rather differing degrees. Among those previously referred to as “Gastarbeiter” – immigrant workers from Turkey and former Yugoslavia – there is still some catching up to do as far as self-employment is concerned, which is also the focus of the main question asked in the present study: Why are there so few entrepreneurs among the groups of Bosnian/Croatian/Serbian (BCS) and Turkish immigrants in Vienna?

In an OECD comparison, the share of self-employed persons among the total number of persons in employment in Austria was lower than in other states. In 2009, representing around 10% of the overall working population in Austria, persons with a migration background were far less likely to be self-employed than the Austrian population (14%). Compared to other OECD countries, Austria also exhibited a relatively low rate of business start-ups, which continued into the second half of the first decade of the 21st century.

During the 1990s, and particularly after the turn of the millennium, the trend towards self-employment began to gain momentum in Vienna as well. This mirrored a development which had already commenced at least a decade earlier in other European metropolises. In Vienna too, the path leading to self-employment is not always entirely voluntary (“push foundations”), often representing a survival strategy in times of economic crisis and high unemployment rates. This adherence to regularities is reflected in the high correlations between the rates of the self-employed and the rates of the unemployed, viewed by branch. Wholesale and retail, gastronomy and catering, as well as the occupation of vacated niches, are typical activity areas for entrepreneurs with a migration background.

Starting with a critical reflection of the terminology used in scientific publications, the authors criticise the term “ethnic economy”, because it is accompanied by a simplifying ethnicising of what is, in fact, a highly diverse group of entrepreneurs.

Many studies investigating “ethnic” entrepreneurship simply equate ethnicity with the country of origin. This labelling can have the effect of obstructing well-reflected analyses, but it is sometimes difficult to avoid. Consequently, more recent research efforts have reduced the emphasis on the connection between entrepreneurship and the ethnic factor, and have substituted this perspective by underlining the significance of the national migration regimes, amongst other things, which determine the labour market integration of migrants. Thus, the present study gives preference to the term “entrepreneur with a migration background”, which – in the case of Vienna – includes all those self-employed persons whose country of birth is not Austria, or who are not Austrian citizens, or who are second or third generation descendants of immigrants. In

the place of “ethnic economy”, the terms “migrant economy”, “migrant business”, and “economy of migrants” are preferred.

A chapter on relevant theory elaborates upon the most important approaches to an explanation and introduces those theoretical models, which best explain the entrepreneurial activities of migrants. They cannot all be strictly separated, but they each emphasise different partial aspects of the economy of immigrants.

In Austria, the academic study of the economy of immigrants began in the 1990s. There are, therefore, more than a few aspects of self-employment among migrants about which relatively little is known as yet – and this does not only apply to Vienna. For example, this includes the individual management strategies, the work satisfaction of employees in these businesses, the causes of insolvencies, as well as the spatial distribution of migrant businesses across the urban space.

Data sources represent one problem, as during the period under investigation, the Vienna Chamber of Commerce (WKW) still had no data that was more recent than the data set from the 2006 L+R survey. An alternative was provided by the matched labour market statistics. This exhaustive survey was developed in the context of the 2006 trial census, and is based on administrative data using the 31st of October as effective date. Since 2008, these statistics have been compiled annually, in accordance with Appendix II, Federal Statistics Act, and cover features of the economic activity of the resident Austrian population. Based on the matched labour market statistics, the empirical analyses in the subsequent chapter were also carried out.

The matched labour market statistics establish that there are blatant differences with regard to the presence of the individual groups of origin in the area of self-employment. The share of self-employed persons among those individuals born in one of the EU-12 countries is almost three times higher than the share of those born in former Yugoslavia (3.8%). This latter group brings up the rear among the groups analysed in this context. Although, with a rate of 6.1%, significantly more Turkish-born individuals are active as entrepreneurs than can be said for those from former Yugoslavia, nevertheless these two groups of origin lie far behind the EU-14 and, in particular, behind the EU-12, with regard to self-employment.

As far as the distribution of self-employed persons according to category of economic activity is concerned in the case of Vienna, the concentration tendency among those from former Yugoslavia is markedly weaker than in the group with a Turkish migration background. The highest proportion of BCS entrepreneurs can be found in trade, closely followed by gastronomy and construction in joint second place. Other well-represented categories are transport and free-lance/technical services. The category of “other business services” also deserves to be mentioned. The remaining categories of economic activity each reveal only very low numbers of BCS entrepreneurs. In the Turkish group of origin the higher concentration in Vienna is quite pronounced. Almost half of the entrepreneurs of Turkish origin are active in the trade or the gastronomy branch. Of the remaining categories, only transport achieves a share of more than 14%, while the other branches feature very low proportional values.

A further focus of the empirical part of the report is provided by cartographic surveys and comparative structural analyses of two Viennese shopping streets, these being the Taborstraße and the Klosterneuburger Straße. The selection was determined, on the one hand, by socio-demographic criteria, e.g. the proportions of foreign citizens and the population with a migration background at the district and registration district level; on the other hand, the authors were also interested in the status quo of the migrant economy in less highly frequented commercial streets.

The main empirical part is formed by the results of the 11 expert interviews conducted by the authors themselves, and by the survey of entrepreneurs, which was carried out by TRICONSULT. 15 Turkish and 15 BCS entrepreneurs were interviewed about their own assessments of entrepreneurship in Vienna. The interviewees cover a wide spectrum of economic sectors. In relation to the size of business, there is a significant spread of variations, ranging from one-person-businesses to a company with over 150 employees, though small and medium-size businesses dominate in terms of numbers. By using semi-standardised interviews it was possible to respond to the central research question from a different perspective – that of the entrepreneurs with a migration background. Their views were supplemented with the results of the expert interviews, in order to produce a picture that is as comprehensive as possible.

The exceedingly broad range of questions addressed spanned basic qualifications and motivations of migrant entrepreneurs, as well as their decision-making processes during the founding state, and further encompassed specific problem constellations in the context of setting up the business, the use of private and institutional guidance and support, staff recruitment, the market positioning of the businesses, as well as the role of their own community in the context of business relationships, difficulties experienced in business management, the success of their enterprise, and finally the entrepreneurial satisfaction factor. Furthermore, issues such as institutional barriers encountered along the path towards being an entrepreneur, and the figure of the entrepreneur as a positive role model, i.e. the social prestige of the entrepreneur within the migrant communities, were also subjected to consideration.

Within the scope of a comprehensive analysis of the causal factors for the roots of the continuously low share of self-employed persons in the Turkish and the BCS community in Vienna, all experts named the long term persistence of the “immigrant worker” background as weightiest argument. The traditional labour market positioning on the lower rungs of the employment hierarchy and especially in conditions as (unskilled) labourer had the effect that, for a long time, self-employment was not even perceived as an attractive alternative for gainful employment. The structures of this long obsolete “migrant worker system” have proven to retain a stubborn persistence that has lasted for decades with regard to the perception of opportunities and the relevance of action.

The assessment of the continuing concentration (especially of Turkish entrepreneurs) in certain economic sectors yields ambivalent results. On the one hand, the spearhead sector effect leads to more frequent business start-ups and greater numbers

of self-employed persons in certain branches. However, within these sectors the competitive pressure within the communities increases even further, as does the risk of bankruptcy. The absence of a strong spearhead branch effect in the BCS group also produces ambivalent consequences. On the one hand, imitation effects are reduced, which weakens the overall propensity to found a business as compared to Turkish immigrants, but on the other hand, the competitive pressure in the contested branches is also dampened.

Additional factors manifest themselves in a lack of entrepreneurial equity capital. The lack of seed money also results in a high bankruptcy risk. Training deficits and non-compliance with relevant formal requirements for self-employment frequently represent a further consequence of the former immigrant worker system. Very often, the groups concerned are those who did not have good access to education and who came to Vienna in the context of “migrant worker recruitment”. Compared to Germany, the workers received by Austria from the Balkan region and from Turkey were low-skilled workers in particular. The educational gaps these workers brought with them have demonstrated a significant continuity, and the effect they produce in the intergenerational succession takes the form of lower educational participation. This factor of education also presents a clear distinction between the two “old” migrant worker groups, and the “new” immigration from East Central and Eastern Europe, which features a higher average level of qualification and greater entrepreneurial success, both in Vienna and beyond. Connected to the level of education, one finds skills gaps in areas such as German and foreign language skills, management skills, entrepreneurial know how, knowledge relating to fiscal tax frameworks, the use of modern channels of information acquisition, as well as the willingness to utilise institutionalised offers of advice.

Although difficult to pin down empirically, the relevance of the differences in mentality and attitude, as well as cultural value patterns and role models must not be underestimated. It was argued, for example, that an “immigrant worker mentality” exists, which goes hand in hand with a rural-agrarian socialisation, a lack of knowledge about the reality of entrepreneurship, and a non-perception of self-employment as a possible alternative for gainful employment. The possible causes tend to vary depending on the groups of origin. Because there was no critical mass of successful businesses in the BCS community over a long period of time, there has been a lack of role models in the form of successfully self-employed persons in particular, though the business start-up statistics covering the most recent years reveal a pronounced increase in the number of businesses founded by persons from former Yugoslavia.

Based on the results of the surveys, a catalogue of measures was developed, adopting the perspective of the affected group of people, to promote self-employment among immigrants. Measures providing assistance tailored to specific groups of origin were rejected due to the inherent constellation of preference/discrimination. This is congruent with international results. In many European metropolises, emphasis is put on providing the greatest possible amount of “tailor-made” guidance and support,

which offers an optimal fit for the specific structure of requirements of each individual entrepreneur. The arguments put forward by the entrepreneurs and experts surveyed also follow this line. They repeatedly point out that three categories of entrepreneurs experience particular problems (for example in developing a business plan): those with a low level of education, those with a limited knowledge of German, and entrepreneurs who are forced onto this path due to unemployment. These categories feature an accumulation of problems, which is further exacerbated by a distance to institutions, the reluctance of the individuals to avail themselves of advice, a weak capital base, and a lack of entrepreneurial know how. The result is a strong recommendation for the implementation of specific measures to better meet the needs of the groups described above.

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