Immigrant and Minority Businesses: Making the Policy Case

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1. Introduction

Government can play an important role in the socio-economic inclusion of immigrants and ethnic minorities not only in its formal capacity as policy-maker but also in its role as employer and purchaser of services. These latter functions are particularly significant since government is often the largest employer and purchaser of goods and services. In this article we look at government as ‘a business’, and in particular as a buyer of goods and services. We explore whether and how public procurement can be made an instrument to pursue the social goal of the socio-economic inclusion of immigrants and ethnic minorities, at a time when new European anti-discrimination legislation is being transposed into the laws of the Member States\(^1\) and European public procurement legislation is under review.\(^2\)

2. Economic and Social Importance

Several factors point to the growing significance of ethnic minority and immigrant entrepreneurship in Europe. First, it is an alternative to wage labour, unemployment and public assistance.\(^3\) Contemporary economic developments have disproportionately affected immigrant and ethnic

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\(^3\) The importance of self-employment of immigrants is, among other organisations, stressed by the Zentrum für Türkeistudien (Essen) in its empirical study on Turkish entrepreneurs in Germany (www.zft-online.de).
minority residents in European countries, augmenting the importance of self-employment as a viable means of economic activity for persons with diminishing opportunities in the current labour market. With the decline of the industrial sector, immigrant and ethnic minority businesses (MBs) are providing a channel through which such individuals may participate in the economic life of their communities and divert the costly consequences of marginalisation.

Second, ethnic entrepreneurship benefits national economies. In some countries, immigrants and ethnic minorities constitute higher rates of self-employment than national populations. Minority and immigrant entrepreneurs are often cited for their “entrepreneurial” traits, most notably, their tendency towards self-reliance and risk-taking. There are several other ways in which MBs are contributing to the economies. MBs generate thousands of jobs every year. They account for the annual creation of hundreds of new types of businesses and they expand into under-served markets. They generate economic growth through the purchase of equipment and products, the provision of additional employment opportunities, and the utilisation of links with countries of origin to stimulate import-export trade.

Third, ethnic entrepreneurship is a pathway to socio-economic integration. Whether a consequence of exclusion from mainstream economies or a by-product of the human capital these populations often exhibit, entrepreneurship is contributing to the commercial success of many resident immigrants and ethnic minorities. Moreover, economic participation – which enables such individuals to assume a greater degree of financial independence and self-sufficiency – is an important element in their integration into larger society. In particular, entrepreneurship may help to address the aspirations of second- and third-generation immigrants and other ethnic minority youth who are not willing to accept exclusion from mainstream institutions. Local communities gain both economically and socially from the resourceful participation of resident populations.
