

# **Migration, integration and entrepreneurship: insights from the Serbian experience**

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## Migration in the globalized world:

- Accelerating migration movements and the growing number of migrants;
  - Multiplication of migration patterns and modes of integration in host countries;
  - Differentiation of economic, social and cultural origin of migrants;
  - Development of different ties between societies of origin and destination (Papastergiadis, 2000; Kuznetsov, 2006; Valette, 2016; Bartolomeo et al. 2017).
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- Migration **theory should be in line with new societal conditions** and postindustrial world (Castles and Miller, 2008), where migration is an integral element of overall social change (de Haas, 2014).
  - To observe **migration through transnational (TN) perspective**: facilitates that consequences of emigration trends not to be understood as an irreversible loss of human resources and capital (especially for the countries of origin - usually small open economies).

# The Link between Migration and Integration with Entrepreneurship

- There is **no universal model** of immigrant and refugee integration (Castles et al. 2002; Valtonen, 2004).
- Economic integration is one of the **key aspects for successful integration** of both the newcomers and returnees (Ager and Strang, 2008).
- Self-employment and **entrepreneurship boost economic integration** of different immigrant groups in advanced economies and emerging markets (Vah-Jevsnik and Luksic-Hacin, 2011; Kloosterman and Rath 2010).
- In Europe, policy measures include immigrant entrepreneurship and self-employment aiming at reducing the high **risks of being marginalised** in the labour market (OECD, 2013).
- Link between immigrant **entrepreneurship and development** in developed countries and emerging markets : rising potential of “opportunity” entrepreneurs in hi-growth niches in developed countries (Sinatti and Horst, 2014; Kremer et al. 2009) - they also recognise and use advantages of new market **opportunities** (Kloosterman, 2010; Whadwa et al. 2009)

# The Link between Migration and Integration with Entrepreneurship in small open economies

- **Economic integration outcomes** of migrants can be a valuable indicator in helping policy makers tackling unequal growth challenges.
- The **focus on migration-entrepreneurship** nexus contributes to better definition of national and regional level tools for monitoring socio-economic inequalities (Portes and Yiu, 2013)
- **Lack of empirical evidence** on economic outcomes and entrepreneurship for specific categories of immigrants (Bevelander, Pendakur, 2012, Connor, 2010; Wauters and Lambrecht, 2008) especially in countries without high immigration pressure (Valtonen, 2004), as in the case of Serbia (Babovic et al. 2007).

# Migration, Entrepreneurship and Development in Small Open Economies

## Is there a link between Migration and development?

- Recent studies indicate that compared to the remittances sent by migrants, investments of migrants-entrepreneurs in countries of origin provide **better control over the invested funds** (Newland and Tanaka, 2010).
- Often, **business founders with migrant experience**, usually well integrated in the host society, **develop business and invest in their origin countries** through TNE (Saxenian et al. 2002; 2009; Whadva, 2011) and additionally induce return migration in later phases (Zlotnik, 2010).
- Their investment: *direct* investment, *indirect* investments (new ideas, skills, professional connections, innovative business approaches, technologies, business sectors...) stimulate reorganization of both state and private sector.

## The research focus:

- to explore entrepreneurship as a form of economic integration within two migrant groups in Serbia: long term settled refugees from ex SFRY and returnees in Serbia.

## The research objective :

- Point out the need to study relationship between migration and integration with entrepreneurship in Serbia;
- Identify features of entrepreneurship in two different groups: former refugees and returnees in Serbia;
- Determine macro, meso and micro factors affecting business start-up and business development, observed through the lens of the research respondents;
- Help our government to set up migration and development policies that are supportive for unleashing the economic potential of migrant entrepreneurship.

Target groups:

## 1. Transnational entrepreneurs returnees (TNE) in Serbia

Research (RRPP 2012-2013)\* employed a qualitative method: semi-structured, face-to-face **interviews** and **web-based survey** with the focus at a meso level factors (snowball method)

- 15 TNE from Serbia interviewed (47 survey respondents);

➤ **TNE** defined as the citizens of Serbia who resided abroad for more than a year, then returned and established businesses in Serbia or extended business operations already run abroad; the success of their business depends on regular contacts with foreign countries.

## 2. Long term settled refugee entrepreneurs (LSRE), co-ethnics from the former republics of Yugoslavia in Serbia.

Research (2014-2015) through three focus group discussions (2 from Croatia and 1 from BiH) with LSRE from Belgrade – 19 LSRE, referring also to the additionally processed 2011 census data.

\* This study is a part of the project: **Transnational networks, transnational entrepreneurship and role of the state**, funded by Regional Research Promotion Programme in the Western Balkans (RRPP), which is coordinated and run by the University of Fribourg, Switzerland.

# Socio-demographic characteristics of respondents

**15 TNE** (mostly with university degrees, mostly men, married with children, in their 30s and 40s, came back from USA, CAN, EU, after 2005, live in Belgrade, or local area town centres)

- **Sector of activity – heterogeneous (most of them in ICT high growth niches)**

9 have service companies; 4 have production companies

- Small enterprises employing between 1 and 38 persons, mainly domestic population

**19 LSREE** (more than half high school degree, mostly men, married with children, in their 30s and 40s, established companies between 2001 and 2012)

- **Sector of activity – heterogeneous (most of them in low growth niches, but some expanded their business with countries of origin, esp. BiH)**

8 in the retail sector; 3 in construction, and 3 in transport

- Small enterprises, all but two employing up to 5 employees, mostly family and relatives



## Micro level: Motives for making a decision on starting entrepreneurial activity

**LSRE:** Economic integration is a crucial prerequisite for their survival *'among refugees there was a great motive, i.e., an urge to do something'*, they initially accepted any available job.

- Turning point in making a final decision is acquisition of **Serbian citizenship in 2001** (before - informal sector)

**TNE:** Why they return as entrepreneurs? Usually **personal reasons**;

- Many work in a virtual space, so they opt for the country where they are surrounded by their family, relatives and close friends;
- Wish to try to develop or expand business in Serbia and the region, where labour is cheap;
- They usually **return when they assess the circumstances in Serbia as favourable** for their business;

# Meso-level analysis: Social capital

Types of networks identified:

- Networks arising from professional (TNE) / family and group they 'share biographies' with (LSRE) connections – very important for business development, and opportunities in different countries;
- Networks of clients/customers (TNE) / relatives in Serbia (LSRE) - respondents manage to overcome obstacles encountered due to the lack of mutual connections or the lack of connections with the government structures;
- Networks for recruiting workforce (TNE, LSRE) - mostly private and are used primarily to find a reliable and high-quality labour force.

## Macro-level analysis: Institutional infrastructure

Respondents emphasize:

- great **structural advantages in foreign countries** when compared with the socio-economic conditions in Serbia (TNE);
- the **uncertainty and unpredictability of doing business in Serbia** lie in the legal and regulatory fields (TNE, LSRE); ...
- the state **does not sufficiently stimulate entrepreneurship**, especially small and medium-sized enterprises (SMEs); (TNE, LSRE)
- **International banks and insurance companies**, do not contribute to stimulating business environment in Serbia. Lower business “standards”: less favorable and more expensive offers than in their respective countries - usually EU (TNE);

# Macro-level analysis: Institutional infrastructure

## (continued)

- TNE determined to move on: possess valuable insight and knowledge of language, custom, “ways of doing things” in their host (TNE) / origin (LSRE) society and Serbia. Having spent time “*there*” and “*here*”, they are **well positioned to navigate both environments**;
- **Serbia offers opportunities**, especially related to competitiveness in quality and price;
- Compared to developed Western countries, to start and do business in Serbia **requires less financial resources**; there is educated and **professional, but cheaper labour force** in many areas.

# Conclusions

- **Immigrants can move ahead economically.** The key factor is entrepreneurship, to escape necessity entrepreneurship, enter open market, high-profit niches (Portes and Yiu, 2013)
- Engagement of a **reliable and educated workforce** (second generation - LSRE) in business management as a precondition for firm development.
- **TN business operations** open possibilities for business development (with countries of the region and developed countries).
- **TNE can connect the countries of origin and destination** in the TN space with its social and human capital, and can overcome the obstacles in one part of the TN space by using opportunities from another part of the TN space (Predojevic-Despic et al. 2016).
- **Why returnees and not just any foreign investor:** On the basis of their relationships in/with their homeland, they are more likely to take risks and start businesses in the high-risk or newly emerging markets than other investors (Newland and Tanaka 2010).

# Migration and Entrepreneurship – challenges and guidelines

**Limited opportunities for research** - Lack of statistical data on migrants entrepreneurs and their companies in Serbia

➤ To develop relevant statistical base and combine indicators that can contribute to socio-economic inequalities in different migrant categories at different levels

**Underdeveloped perception on migration & entrepreneurship potential and the need for thorough research**

➤ Public policy decision making should be more proactive and dynamic and in line with new/fast change migration and mobility trends.

- **Future research:**

- meso analytical level and dynamics of social capital among immigrant entrepreneurs.
- engagement of migrants with development processes in the country of origin, the preferences of migrants in such engagements, the hurdles they perceive.

**THANK YOU FOR YOUR ATTENTION!**

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