



Eurofound

Ethnic entrepreneurship

Case study: Copenhagen, Denmark



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About CLIP

In 2006, the Congress of Local and Regional Authorities of the Council of Europe, the city of Stuttgart and the European Foundation for the Improvement of Living and Working Conditions (Eurofound) formed the ‘European network of cities for local integration policies’, henceforth known as CLIP.¹ This network comprises a steering committee, a group of expert European research centres and a number of European cities. In the following two years, the cities of Vienna and Amsterdam joined the CLIP Steering Committee. The network is also supported by the Committee of the Regions (CoR) and the Council of European Municipalities and Regions (CEMR) and has formed a partnership with the European Network Against Racism (ENAR).

Through the medium of separate city reports (case studies) and workshops, the network enables local authorities to learn from each other and to deliver a more effective integration policy. The unique character of the CLIP network is that it organises a shared learning process between the participating cities and between the cities and a group of expert European research centres as well as between policymakers at local and European level.

The CLIP network currently brings together more than 30 large and medium-sized cities from all regions of Europe: Amsterdam (NL), Antwerp (BE), Arnsberg (DE), Athens (EL), Barcelona (ES), Bologna (IT), Breda (NL), Budapest (HU), Copenhagen (DK), Dublin (IE), Frankfurt (DE), Helsinki (FI), Istanbul (TR), İzmir (TR), Kirklees (UK), Liège (BE), Lisbon (PT), Luxembourg (LU), L’Hospitalet (ES), Malmö (SE), Mataró (ES), Newport (UK), Prague (CZ), Strasbourg (FR), Stuttgart (DE), Sundsvall (SE), Tallinn (EE), Terrassa (ES), Turin (IT), Turku (FI), Valencia (ES), Vienna (AT), Wolverhampton (UK), Wrocław (PL), Zagreb (HR), Zeytinburnu (TR) and Zürich (CH).

The cities in the network are supported in their shared learning by a group of expert European research centres in:

- Bamberg, Germany (European Forum for Migration Studies, EFMS);
- Vienna (Institute for Urban and Regional Research, ISR);
- Amsterdam (Institute for Migration and Ethnic Studies, IMES);
- Turin (International and European Forum on Migration Research, FIERI);
- Wrocław (Institute of International Studies);
- Swansea, Wales (Centre for Migration Policy Research, CMPR).

There are four research modules in total. The first module was on housing – segregation, access to, quality and affordability for migrants – which has been identified as a major issue impacting on migrants’ integration into their host society. The second module examined equality and diversity policies in relation to employment within city administrations and in the provision of services. The focus of the third module was intercultural policies and intergroup relations. This final module looks at ethnic entrepreneurship.

¹ See also <http://www.eurofound.europa.eu/areas/populationandsociety/clip.htm>

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The Institute for Migration and Ethnic Studies (IMES) of the University of Amsterdam is responsible for this report on Copenhagen. Together with the contact persons of the city of Copenhagen, Christine Rasmussen of the Integration Office and Jette Vinther Christensen and particularly Shahriar Shams Ili of the Copenhagen Business Centre, the author has collected the data for this report. During his field visit he interviewed city officials, representatives of organisations that work in the field of small and medium-sized enterprises (SMEs) and stakeholders of civil society in Copenhagen (see the list of interview partners at the end of this report). Several of them also commented on earlier drafts. The author wishes to thank them for their time and effort.

Introduction 1

This fourth report on Copenhagen's integration policies focuses on immigrant entrepreneurs in the city and city policies towards them. The module was prepared from a concept paper by Jan Rath (Rath, 2010) that brings together the existing knowledge on the topic. On the basis of that concept paper, a questionnaire was prepared for the cities covering three clusters of questions. The first cluster focused on the characteristics of the urban economy in general since 1980. The second cluster asked questions about the specific profile of immigrant entrepreneurs. The third cluster of questions related to rules, regulations and policies of national authorities and of cities.

We have followed the methodology as much as possible in the collection of data and during the field visit, but some improvisation was necessary in the context of Copenhagen. Immigrant entrepreneurship has become part of national and local integration policies in Copenhagen and Denmark only recently and in a rather incremental way, which is reflected in the data on the phenomenon. Statistical data are scarce and difficult to obtain. Where these are absent, narratives and estimates of experts who have been directly involved in the development of immigrant entrepreneurship are the most important source of information.

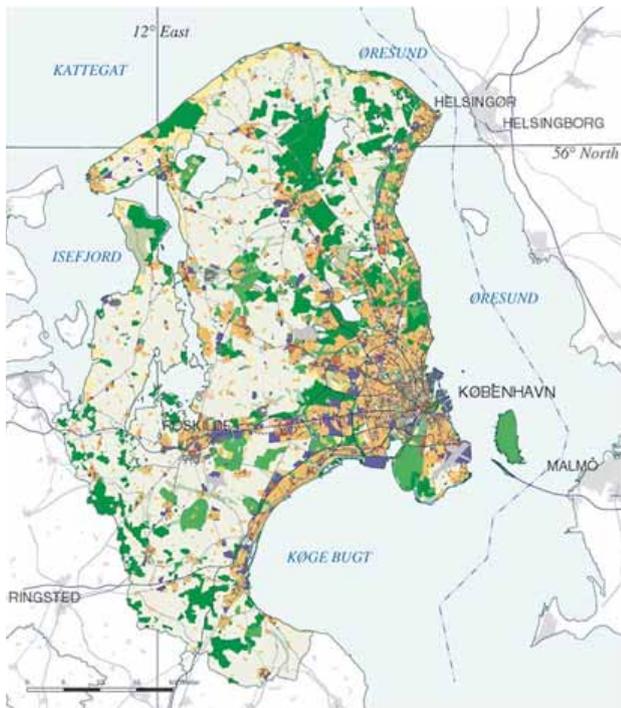
Background information and 2 Copenhagen's integration policy

Structural data of the city

Copenhagen (literally 'Merchants' Harbour') is situated on the eastern shore of the Øresund, the strait of water between Denmark and Sweden that connects the North Sea with the Baltic Sea. The city, founded in 1167, developed into an important trade city. Copenhagen was severely damaged during the Napoleonic wars in 1807, but recovery took place in the second half of the 19th century based on industrialisation, new crafts, trade and banking (Skifter Anderson et al, 2000).

Nowadays Copenhagen is the capital of Denmark and is the country's political and financial centre, with 528,208 inhabitants as of 1 January 2010. The limited physical size of the city (91 km²) leads to a remarkably high population density of some 5,800 people per square kilometre. The economic profile of the city has changed significantly in recent decades towards an international service-based economy. At the beginning of the 21st century, the city had around 307,000 jobs, of which only 28,000 were in manufacturing industries, 48,000 in trade and tourism and 191,000 in other services (Skifter Andersen et al, 2000, p. 15). Around 15% of the country's gross national product is produced in Copenhagen city. Among the larger and well-known companies are Carlsberg Breweries, Novo Nordisk pharmaceuticals, the Maersk shipping conglomerate, the Danisco conglomerate and FLS Industries.

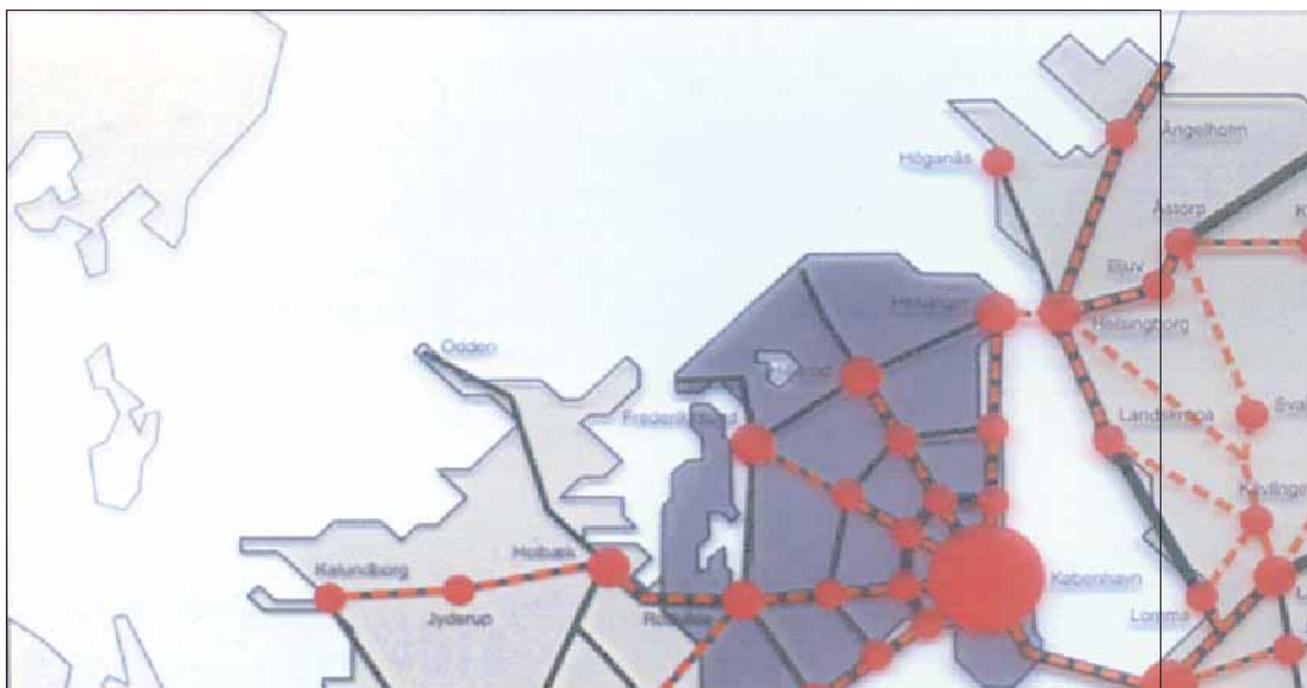
Figure 1: Map of the city of Copenhagen and adjacent region



Source: *Greater Copenhagen Authority*

Since the reforms of 2007, Copenhagen, together with the enclave municipality of Frederiksberg and 27 adjacent municipalities, forms one of the five regions of Denmark – the Capital Region (Hovedstaden) – with a total population of approximately 1.64 million inhabitants, 30% of the country's population (see Figure 2; Ministry of the Interior and Health, 2005; OECD, 2008, p. 92). Since 2000, the Øresund (railway and road) bridge connects Copenhagen with the south of Sweden, particularly Malmö, thereby creating a transnational economic Øresund zone, facilitating cooperation and exchange on all levels.

Figure 2: The new administrative division since 1 January 2007



Denmark and Copenhagen and the surrounding region 2004–2005

	Area km ²	Number of municipalities*	Dwellings 1,000s	Population 1,000s	Jobs 1,000s
Municipality of Copenhagen	90	1	286	500	320
Copenhagen Region	2,900	29	900	1,830	980
Øresund Region	21,200	79	1,750	3,600	1,720
<i>Danish part</i>	9,800	46	1,200	2,440	1,230
<i>Swedish part</i>	11,400	33	550	1,160	490
Denmark	43,100	98	2,630	5,410	2,700

Note: * as at 1 January 2007

National and municipal migration and integration

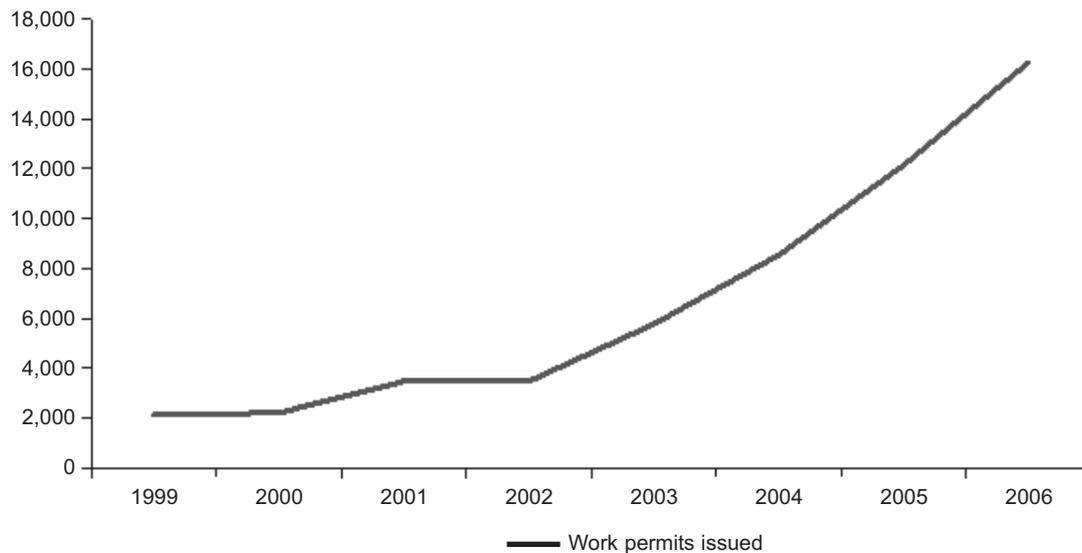
Notwithstanding past experiences (Hedetoft, 2006, p. 2), Denmark did not, and still does not, regard itself as an immigration country. In the early post-war period, more people emigrated from Denmark (predominantly to the New World) than settled as newcomers, and the ones that came used to be from Nordic and Western countries. Denmark’s post-war immigration started with the recruitment of ‘guest workers’ in the late 1960s and early 1970s. Compared to its southern neighbours, however, such recruitment was relatively late and small. Workers came mainly from Turkey, Pakistan, (former) Yugoslavia and Morocco. At the time of the first oil crisis (and the end of recruitment) in 1973, there were only about 15,000 guest workers.

After 1973 immigration in Denmark was predominantly supply driven, firstly by refugees from Chile and Vietnam in the 1970s, followed by refugee and asylum migration from Bosnia, Iran, Iraq, Somalia, Afghanistan and Lebanon in the 1990s; secondly, family members and spouses of migrant workers and refugees came to Denmark in significant numbers;

and thirdly, recent immigration comes from the new EU accession countries, particularly from Poland, the Baltic states and Romania.

Refugee and asylum and family reunification accounted for most of the new residence permits in the 1980s and 1990s, but this changed after 2000. In 2008, Denmark issued more study and work permits than ever before (see <http://www.nyidanmark.dk>).

Figure 3: *Number of work permits issued per year to foreigners in Denmark, 1999–2006*



Source: *Statistics Denmark 2007 (from OECD, 2007, part 1, p. 50)*

Table 1: *Residence permits granted in Denmark in 2007 and 2008*

	2007	2008
For work	21,440	12,638
For study	16,083	20,235
EU/EEA citizens	14,620	30,544
Family reunification	5,148	4,407
Refugee/asylum	1,278	1,433
Total	58,569	69,277

Source: <http://www.nyidanmark.dk>.

These inflows have led to a significant growth of the immigrant population in the country since the beginning of the 1990s, coming predominantly from non-Western countries.² UN publications give the following key data on residents with an immigration background, based on the criterion of place of birth outside Denmark (see Table 2).

² According to Statistics Denmark, the number of resident persons from non-Western countries increased by 520% between 1980 and 2005, accounting for 90% of the total increase of resident foreigners in that period.

Table 2: *Total population and number of migrants in Denmark, 1985–2005*

	1985	1990	1995	2000	2005	2010
Total population*		5,140	5,228	5,320	5,431	5,535
Number of migrants**	190	220	250	304	389	414
%	3.7	4.2	4.8	5.7	7.2	7.5

* In thousands

** Born outside the country

Source: <http://www.unpopulation.org>, and Statistics Denmark: <http://www.dst.dk>.

The percentage of immigrants in the total population was only 3.7% in the mid-1980s. Twenty years later (by 2005), that percentage had doubled, when 7.2% of the total population of Denmark were immigrants (i.e. born outside Denmark). By 1 January 2010, the number of residents born outside Denmark had reached 414,422, or 7.5% of the total population of Denmark.

Alternative definitions³ indicate different percentages. As of 1 January 2010, the number of registered foreigners (nationality criterion⁴) was 329,940 (6.0% of the total population), while the number of immigrants at that date was 414,422 and descendants (second-generation immigrants) was 128,316, totalling 542,738, or 9.8% of the total population

The largest immigrant groups at the beginning of 2009 were of Turkish origin (58,191 persons). German, Iraqi, Polish, Lebanese, Bosnian and Pakistani origin followed, with populations between 20,000 and 30,000. As for their distribution in Denmark, the three largest cities have the highest percentage of ‘immigrants and descendants’ (Statistisk Årbog, 2009, p. 26).

The growth of the national immigrant population as described above is reflected in the figures for Copenhagen, but on a significantly higher proportional level, as Copenhagen has always been the attraction pole for immigrants in Denmark. As of 1 January 2010, 70,684 (13.4%) of the 528,208 inhabitants of Copenhagen were non-Danish citizens. As of the same date, 114,180 (21.6%) of the 528,208 inhabitants had a migration background (they themselves or their parents immigrated). Of all inhabitants, 85,954 (16.3%) are immigrants in the narrow sense (born outside Denmark), while 28,226 (5.3%) are children born to immigrants. The figures given in any recent policy documents, however, do not relate to immigrants as defined above, but rather to the target groups of policies: ‘immigrants, the descendants of immigrants and refugees from non-Western countries’ (Ministry 2005a, p. 5), excluding Western immigrants and their children.

National policies

Policies relating to immigration and integration developed relatively late in Denmark. From the mid-1980s on there were policy efforts to restrict immigration. The Aliens Act of 1986 was devised to be able to restrict immigration and applications for asylum. In 1992 the law regulating family reunification removed the automatic right to reunification and restricted possibilities for entrance under this category, among others by imposing a ‘breadwinner condition’ for resident spouses.

³ Statistics Denmark has introduced two novel sets of definitions that are frequently used. The first set is that of Dane (at least one of the person’s parents is a Danish national and was born in Denmark), Immigrant (person is born abroad) and Descendant (child of an immigrant born in Denmark). The second set is that of Western (all EU countries plus Iceland, Norway, the US, Canada, Australia, New Zealand, Andorra, Liechtenstein, Monaco, San Marino, Switzerland and the Vatican State) versus non-Western Immigrant and Descendants (all other countries) (see Ministry of Refugees, Immigration and Integration Affairs, 2006b, pp. 18–19).

⁴ Between 1995 and 2005, more than 54,000 foreigners acquired Danish citizenship (Hedetoft, 2006, p. 2).

In the 1990s, the issue of immigration and integration developed into a controversial and politicised issue, particularly after the establishment of the Danish People's Party (DPP) in 1995, which mobilised electoral support on the immigrant issue above all others. The party promoted the issue also in the electoral campaigns of 1998, 2001 and 2005. Although the DPP was never part of the government coalition, their influence on policies has been and still is great. As Hedetoft (2006, p. 5) states: 'It is particularly the DPP, supported by the media, which managed to keep the debate alive over the past 10 years and has been successful in placing it squarely at the centre of political attention. The strong support for DPP's articulate anti-immigrant policies has meant that, by and large, all other parties in the Danish Parliament have chosen to mobilise on this issue and have prioritised migration and integration policy area in their policy statements and legislative proposals.'⁵

It was in this political climate that the Social Democratic-Radical coalition introduced the 1999 Integration Act that focused on refugees and their family members.⁶ Important features were that it put the main responsibility for integration in the hands of municipalities in order to improve the management and coordination of formerly disparate governmental and private bodies (such as the Danish Refugee Council). The integration period for refugees was extended to 18 months, during which time they should learn Danish, familiarise themselves with Danish history, culture and society and acquire skills and competences to find jobs. During that period, refugees would receive a monthly integration allowance (in the original proposal, this allowance was lower than regular welfare benefits, but after strong protest it was changed to the regular level). Family dependents, EU and Nordic citizens and immigrants coming on the so-called Job Card Scheme, as recruited workers, were allowed to join the introduction programme.

Under the liberal-conservative government that took over from the Social Democratic-Radical coalition in November 2001, tougher governmental policies brought an end to what were labelled 'lenient immigration policies and practices' of the former coalition. A new Ministry for Refugees, Immigration and Integration⁷ was formed, taking over the former tasks of the Ministry of the Interior. This new minister prepared a legislative package on immigration and integration for Parliament, the principal purpose of which was 'to restrict the number of immigrants and refugees, to introduce tougher requirements on access to permanent residence and citizenship, to ensure the loyalty of newcomers to "Danish values", and to speed up the integration of immigrants, particularly of women and young, second generation males, into the labour market' (Hedetoft, 2006, p. 9). The lower monthly integration allowance that was rejected in 1999 was now reintroduced.⁸ These proposals were passed in Parliament in the summer of 2002 with the support of the DPP.

⁵ Although few discount the substantial influence of the DPP on the immigrant question, other factors have also made that influence possible and other parties have obviously bought into the content of the discourse. The phrase 'a firm and fair integration/immigration policy' can be found in almost all party programmes. See also Frølund Thomson (2006). For an empirical analysis of the complicated relationship between immigration, politics and the welfare state, see Goul Andersen (2006).

⁶ The group of immigrants for which the municipalities have these obligations are 'persons who 1) got a residence permit after 1 January 1999, 2) were 16–64 years of age when they got their residence permit, 3) are from non-EU and non-Nordic countries, and 4) are refugees or family reunified' (Skifter Andersen et al, 2000, p.1).

⁷ See <http://www.nyidanmark.dk>.

⁸ Interestingly, it was (re)introduced as a general rule regarding 'all persons who have not lived in Denmark for the last seven years'. In practice, few Danish citizens fall into that category, while most immigrants do. In 2006 the allowances roughly corresponded to 50–70% of the usual allowances. 'The incentive to take work is considerably enhanced by the new rates' (Ministry of Refugees, Immigration and Integration Affairs, 2006b, p. 65). By 2006, the qualifying period was extended from three years to a maximum of seven years.

A number of concrete measures followed.⁹ In 2003, the minimum age for marriage migration was increased to 24 years, apart from other requirements like ‘affiliation’ (ties with Denmark),¹⁰ economic independence and proper housing.¹¹ Conditions for naturalisation, which were already strict because of the dominance of the *ius sanguinis* principle, were further tightened: requirements of nine years’ continuous residence, fluency in Danish, proper housing conditions and economic self-sufficiency were set. Similar requirements were introduced for acquiring a permanent residence permit. On the other hand, anti-discrimination instruments were also introduced. In 2003, the Act on Ethnic Equal Treatment was adopted and the Act on Unequal Treatment in the Labour Market was amended in 2004. In 2003, the Danish Institute for Human Rights became the National Equality Body and established the Complaint Committee for Ethnic Equal Treatment to review individual complaints (Ministry of Refugees, Immigration and Integration Affairs, 2006b, pp. 70–1).¹²

A new Integration Act and a new Act on Danish Courses for Adult Aliens and Others came into force on 1 January 2004. It was based on an agreement with the social partners and local authorities on promoting integration in the labour market and fit the government’s general policy of ‘more people in work’. The purpose of the new law was to secure flexibility and personal development for newcomers in relation to the labour market. The public sector’s efforts were redirected to three tasks: counselling and upgrading; job training in private and public companies; and employment with a wage supplement. The duration of the formerly three-year individual integration contract was extended (to the point where the immigrant receives a permanent residence permit, which is normally after seven years) and its form changed in order ‘to underline the responsibility of the individual foreigner for his or her integration into the Danish society’ (Ministry of Refugees, Immigration and Integration Affairs, 2006b, p. 61).

In May 2005, a new integration plan, entitled *A new chance for everyone*, was launched by the national government after approval by Parliament. In the words of the official summary (Ministry 2006a), the intention is ‘to enhance its current integration efforts through several new initiatives intended to boost education and employment among immigrants and their descendants, counter ghettoisation in vulnerable neighbourhoods and prevent and combat crime’. The text is framed generically – ‘for everyone’ – but it will primarily affect people with a non-Western immigrant background. As for education and employment, new and more compulsory measures are proposed, such as to provide more pre-school training; more vocational courses and apprenticeship schemes for young people; oblige young people (aged 18 to 25)

⁹ For an overview of the categories of entrance and conditions attached to each, see Ministry of Refugees, Immigration and Integration Affairs (2006b, pp. 37–56).

¹⁰ The website of the Department of Family Affairs of the Ministry of Justice (<http://www.familiestyrelsen.dk>) specifies this as follows: ‘Unless the spouse living in Denmark is a Danish national and has been so for 28 years, or was born and raised in Denmark, or came to Denmark as a young child and was raised in this country, and has stayed lawfully in Denmark for – in all essentials a consecutive period of – at least 28 years, the spouses’ aggregate ties with Denmark must be stronger than their aggregate ties with any other country, cf. section 9(7), first sentence, of the Aliens Act.’ See also Jørgensen (2009).

¹¹ This had consequences both for native Danish and foreign residents in Denmark who want to bring over a spouse from abroad. Conversations in Malmö, the city in the south of Sweden that is very close to Copenhagen since the new bridge connects the two cities, indicated that many Danes use Malmö and the more lenient Swedish rules to evade the new Danish restrictions. The bridge is therefore nicknamed the ‘love bridge’. Swedish authorities estimated that there were more than a thousand ‘Danish couples’ living in Malmö in 2004 as a consequence of the 24-year rule. Copenhagen city sources, however, suggested that it was closer to a hundred couples. See also Hedetoft (2006, p. 5) and Jørgensen (2009).

¹² It was indicated that access to and competence of this committee are limited. For example, the committee can only accept complaints from trade union members if the complainant does not get help from the union. The committee may advise complainants to go to court, but cannot itself take cases to court.

who receive cash assistance to commence a job-qualifying course; stimulate parents' responsibility by adjusting the family allowance scheme 'so that only young people of 15–17 years who have started a qualifying course or have a job with an educational perspective will be eligible for the allowance'; 'the Government suggests that where both spouses receive cash assistance, the cash assistance to one of the spouses should be replaced by a lower spousal allowance if that spouse has not had ordinary paid work for 300 hours in the preceding two year period'; and 'in future, the local authorities must be obliged to provide offers to all recipients of cash assistance – also people who have passively received maintenance for several years'. It must be noted here that the range of measures to integrate immigrants economically is exclusively focused on wage labour. Entrepreneurship as a mode of independent economic integration simply does not appear in the policy documents.¹³

Hedetoft (2006, p. 7) characterises the integration policies of Denmark as follows: 'The official Danish position has been that ethnic minorities should be treated on an equal footing and that the ambition should be to have as few specially designed laws as possible ... there is little sympathy for multicultural policies or positive discrimination ... nor are there formalized rules for how institutions may adapt to cultural diversity. The ground rule is that minorities must learn how to come to terms with Denmark – not vice versa.'¹⁴ Consequently, there is also little space for the collective organisation of migrant interests. There is freedom to organise, but such organisations are not given much influence. The Council for Ethnic Minorities (CEM) at the national level and the local integration councils at the local level are meant to be sounding boards to governmental agencies.

The general picture of national immigration policies of the last two decades is thus one of consistent efforts to restrict further immigration, the exception being the Job Card Scheme of 2003 that made it easier for highly skilled migrants to enter Denmark.¹⁵ Integration policies are based on a specific approach: generic policies of equality in education and labour are increasingly mandatory for newcomers to fit into Danish society and its labour market specifically; and policies to be implemented at the local level. Acquiring Danish citizenship has become more difficult since 2005 and more dependent on criteria of actual integration. General anti-discrimination policies are an important pillar of such a generic policy.

Copenhagen integration policy

Copenhagen's integration policy has not escaped the general development and politicisation in the country as a whole described above, but the latest general municipal policy document, Integration policy (City of Copenhagen, 2006), differs somewhat from the national documents in its framing and tone, thereby reflecting the different political orientation of the capital. Copenhagen's vision in that document is summarised as follows: 'Copenhagen will be an integrated city in which citizens are able to live together safely and securely, sharing a respect for diversity and common basic values such as freedom of speech, democracy and gender equality. Integration is a mutual process in which all citizens, irrespective of ethnic origin, create and form their society. Integration policy is designed to promote equal opportunities for all' (City of Copenhagen, 2006, p. 5). The specific Copenhagen nature of the policy, as compared to national policies, is expressed, among other things, in concepts like 'diversity' and 'the mutual process'. It is also more comprehensive than the national documents, including topics such as security, culture, leisure and healthcare services in addition to the classical topics of labour, education and housing.

¹³ Since 2006, however, the topic has become part of the activities of the Ministry for Refugee, Immigration and Integration Affairs, as we shall see later.

¹⁴ Jørgensen (2008, p. 6) adds an interesting strategic element of the policy to this analysis: the *quid pro quo* principle. It means that 'extra efforts of migrants should be rewarded and the opposite punished'.

¹⁵ Data on granted residence permits confirm that the government has been successful in restricting unsolicited immigration. On the other hand, work, commerce and study permits increased significantly.

The three main principles of the city policy underline that integration is a joint responsibility, that integration requires diversity and integration must be attractive. These principles should be applied in five priority policy areas for which concrete targets should be attained by 2010: employment, education and training, housing, safety and health and care services. However, the diversity requirement remains quite vague. The policy statement at the beginning of the document (City of Copenhagen, 2006, p. 6) reads: 'Ethnic diversity has the potential to improve Copenhagen's status as a large city in a constantly changing, diversified world. The interaction of Copenhagengers with different ethnic, cultural and religious backgrounds makes the city a more rewarding place, and boosts the linguistic and cultural skills needed to face the challenge posed by globalisation.' The translation of diversity as a positive contributor to integration or as part of policies, however, does not include immigrant entrepreneurship as a possible vehicle. Actually, it is not mentioned at all. It was obviously not yet part of the integration concept in Copenhagen.¹⁶

Organisation of integration policies in Copenhagen

The highest political authority within the city of Copenhagen is the City Council of 55 members, chosen for four years. The number of elected representatives with an immigrant background is significant: based on the list of photos and names of chosen representatives in the 2002–2006 council (City of Copenhagen, 2002, pp. 6–7), one can conclude that at least nine of the 55 representatives probably have a migration background and they represent several parties. Jakob Hougaard, the former mayor of the Employment and Integration Administration of the city of Copenhagen (until autumn 2009), reports in an interview that in the present council, eight of 55 elected members have an immigrant background, of which five represent the Social-Democrat Party. It is remarkable, however, that these elected representatives of immigrant background were never mentioned by any interviewee.¹⁷ They do not seem to play a special role in discussions on integration.

The council has a long tradition of being more leftist than the country as a whole. Since the 2005 elections, the Social-Democrats hold 21 seats, followed by Venstre (the Liberal Party) with eight seats and the Socialist People's Party and the Radical Venstre, each with seven seats. The Danish People's Party, which started in 1997 with seven seats on the council, is now one of the smaller parties (two seats), along with three more small parties.

There are seven committees on this council. The first and most important one, chaired by the lord mayor, is Finances. There are then six executive administrative departments, each having responsibility for a specific field: Children and Youth; Culture and Leisure; Employment and Integration; Health and Care; Social Services; and Technical and Environmental Issues. Before 2005, integration policies for immigrants had to be coordinated across these departments. After the elections of 2005, a special Office for Integration was formed, located in the new Department of Employment and Integration, in order to strengthen the coordination and implementation of policies. The Office for Integration monitors the implementation of the integration policy and cooperates with experts from other departments. In the last local elections in 2009, Klaus Bondam became the mayor of Employment and Integration.

¹⁶ We will see later that it appears in policy documents on Economic and Business Development since 2006.

¹⁷ The one exception to this was that civil servants of the Integration Office mentioned that one councillor, Hamid el Mousti, had been the driving force behind a now-established international day, held annually in Copenhagen for the past six years.

Copenhagen has had an integration council since 1998. The first council consisted of nominated representatives of ethnic organisations, experts and representatives of the social partners, housing corporations and education. The council was supposed to ‘attend to the interests of the ethnic minorities and act as their mouthpiece’ and ‘guide the politicians, the standing committees and the administration of the city on how to secure an efficient and coherent integration policy’. It was a consultative body with a specific domain. It reported directly to the City Council, the highest decision-making body of the city.

In 2006 the council changed to consist of 23 members. Fifteen of them were directly and individually elected from among the population of (non-Western) immigrants in officially organised elections in November 2006. The other eight were nominated members from the social partners (Danish Industry and the Danish Confederation of Trade Unions), civil society (School and Society, the Federation of Non-profit Housing Associations, the Danish Gymnastics and Sports Associations) and three ‘experts’. Immigrant organisations as such are not involved. Three elected members of the integration council who were interviewed (two of whom had chaired the council) report that the functioning of the Council has been problematic in their eyes. Among the elected members, there has been a feeling of not being taken seriously.¹⁸ The turnover in the council is reportedly high: many members left, particularly elected members. The internal functioning was also not stable, as the chairmanship changed several times.

In 2007, the council discussed and accepted a new model for its work to be implemented in 2008. It would take a more proactive approach, working as a think tank. However, that change did not seem to solve problems, at least not in the eyes of many members of the council, nor in the eyes of the then mayor of employment and integration.

The council was now being evaluated by an external bureau.

¹⁸ One of the ways that elected members voice their criticisms (suggesting that the Integration Council has more of a symbolic than a real function for local politics) is to refer to the unsound financial aspects. The city, they say, spent DKK3.5 million for the election of the Council and spent DKK250,000 more for an external evaluation, while the annual budget that the Council has to work on is only DKK150,000.

Urban economy of the city of Copenhagen 3

Historical development

The 1970s and 1980s were marked by a long economic recession, the loss of state¹⁹ and private jobs, a low rate of foreign investment and a lack of government investment. The decline in manufacturing business had a particularly big impact on the capital region. In addition, the city of Copenhagen in particular suffered from worn-out, run-down housing stock and a socially skewed population composition with a relatively large share of people on benefits and of unemployed and unskilled people as well as many immigrants. As a consequence, the financial situation of the city of Copenhagen was critical in the late 1980s. The city had large debts and received special state grants of approximately DKK250 million per year in the period 1986 to 1990 (OECD, 2007, part 2, pp. 3–5).

Moreover, the regional economic policy at the time prioritised decentralisation by facilitating an equal regional economic structure in which public service and business development in the peripheral regions were given better framework conditions. Under that policy, the development of the capital region needed to be handled with moderation in order not to exceed that of the rest of the country. This was reflected in the lack of governmental investment in the capital region in, for example, public transportation, the road system (the capital region only received about 10% of the total investment) and facilities for leisure and tourism in the city.

This gloomy picture of the capital region and the city of Copenhagen changed towards the end of the 1980s, when positive economic development set in and continued, particularly during the last 15 years. The city of Copenhagen is now experiencing growth, investment and budget surplus and is developing continuously.

The foundation for this positive development was formed in the late 1980s when a consensus was reached on the need to pay attention to the special situation of the capital region. One of the crucial initiatives was to create the Capital Region Initiative Group (*Initiativgruppen om Hovedstadsregionen*) in 1989. This initiative group, composed mainly of municipal and county mayors, representatives of national ministries and of employers' and workers' associations as well as people from regional business life, wanted to address the problem of the capital region's stagnation. It did so by outlining a number of concrete suggestions on how to boost the economic development in the capital region, remedy the business and employment problems of the region and in particular of the city of Copenhagen, and reform the administrative local-regional-national coordination structure in order to restore the region's and city's competitiveness within the EC internal market.

The final report of the initiative group (*Hovedstaden – hvad vil vi med den?*) recommended a number of substantive projects, including:

- building the Øresund Bridge (Copenhagen-Malmö);
- developing Ørestad (on Amager) and the infrastructure on the island;
- building a new metro line between the city centre and the airport;
- expanding Copenhagen Airport and improving its infrastructural connections;
- renovating the city train lines and public transportation;

¹⁹ In 1989, the central government decided to abolish a large number of state jobs in the city of Copenhagen in the so-called Defense Settlement (*Forsvarsforliget*).

- further expanding Copenhagen Port;
- promoting R&D, in particular in the bio-medical cluster;
- investing in conference, tourism, culture and sports facilities;
- redevelopment of the housing stock.

After a debate in Parliament, most of the initiative group's recommendations were implemented by the regional and local actors with the support of the state. In March 1991, the Danish and the Swedish governments signed the agreement to build a bridge between Copenhagen and Malmö. The state and the city of Copenhagen also agreed on the development of Amager/Ørestaden as an entirely new city district on Amager and as a strong regional and internationally competitive centre.

In addition, massive infrastructural investments were agreed on in relation to building the bridge and the airport, including the plan to establish an entirely new city metro line in three stages. R&D parks were planned and a redevelopment of the housing stock was initiated. The state and the city of Copenhagen agreed on a development plan for the port areas. Moreover, the recommendations of the initiative group led the municipalities and the counties in the region to form a number of well-functioning joint regional agencies and institutions which still exist today, such as:

- Wonderful Copenhagen (tourism, culture, conferences and events);
- Copenhagen Capacity (business development and foreign direct investment attraction);
- the Øresund Committee, a political body for the integration and coordination of the Øresund Region;
- Medicon Valley Academy (bio-medical cluster development);
- the Greater Copenhagen Authority to coordinate regional development (closed in the reforms of 2007).

Following the economic recession in the 1980s, the 1990s were a turning point for economic development in the city of Copenhagen. The population started to increase, families stopped moving out of the city and the number of workplaces increased. The population increased by 35,000 people from 1990 to 2005. Construction activity also increased significantly: between 1997 and 2006, nearly 11,000 new dwellings were built in Copenhagen. More businesses have also been located in Copenhagen; in 2006 alone, the city gained 6,000 new workplaces.

In recent years, the City Council has been working to turn Copenhagen into a more recreational and attractive city for its citizens. Major infrastructural investments include a metro, providing the city with better public transportation as well as new development opportunities around the new stations. A new basis for a better municipal economy in Copenhagen was laid (OECD, 2007, part 2, pp. 3–5). This improvement also saw an increase in entrepreneurship and a significant decrease in unemployment, as we will see later.

Main industries and services

Nowadays, Copenhagen has a diversified, open and service-based economy. The city's economy has relatively high import and export shares (compared to the rest of Denmark) and is diversified in several sectors, most of which have relatively stable markets that are moderately exposed to risks of global price fluctuations. Several of its strong sectors use relatively few highly technological inputs. Manufacturing has decreased over the last decades as an important source of added value, especially in Copenhagen (OECD, 2009, p. 44).

Among cities in Europe, Copenhagen now has the lowest employment share in manufacturing (13%) and the largest employment share in the services sector (86%). Sectors in the Capital Region with large employment shares are business services (17% of regional employment), wholesale/retail (15.8%) and several public services (13.2% in social institutions, 8.5% in education and 8.2% in public administration). Most value added per worker is generated in smaller economic sectors such as finance and transport, which have also shown the highest growth rates in value added over the last decade (together with the wholesale sector) (OECD, 2009, p. 44).

Size of the workforce

There were 373,064 people aged between 16 and 66 years in Copenhagen in 2006. Of those, 264,373 were employed and 15,767 were unemployed, which gives a labour participation rate of 75.1%.²⁰

Table 3 illustrates the specific position of the city of Copenhagen (indicated as CPH) compared to the Capital Region, the greater Copenhagen area and Denmark as a whole. The city of Copenhagen has the lowest employment rates irrespective of origin (including native Danes) and gender.²¹

Table 3: *Employment rate (%) differentiated according to gender and origin, 2006*

Gender	Origin	DK	CR	CPH	GCPH
Men	Immigrants (Western countries)	49.7	48.7	43.0	46.8
	Immigrants (non-Western countries)	40.9	41.8	37.6	41.2
	Descendants (Western countries)	56.1	55.5	47.7	52.4
	Descendants (non-Western countries)	36.1	38.3	36.3	37.6
	Danes	66.5	65.6	60.2	64.5
Women	Immigrants (Western countries)	43.3	43.5	37.3	41.7
	Immigrants (non-Western countries)	31.5	33.4	30.2	33.0
	Descendants (Western countries)	52.8	53.9	46.4	51.7
	Descendants (non-Western countries)	32.8	35.4	34.8	35.1
	Danes	60.8	62.5	57.5	61.7

Note: DK = Denmark, CR = Capital Region, CPH = Copenhagen and GCPH = greater Copenhagen.

Source: *Statistics Denmark 2007, (from OECD, 2007, part 1, p. 50).*

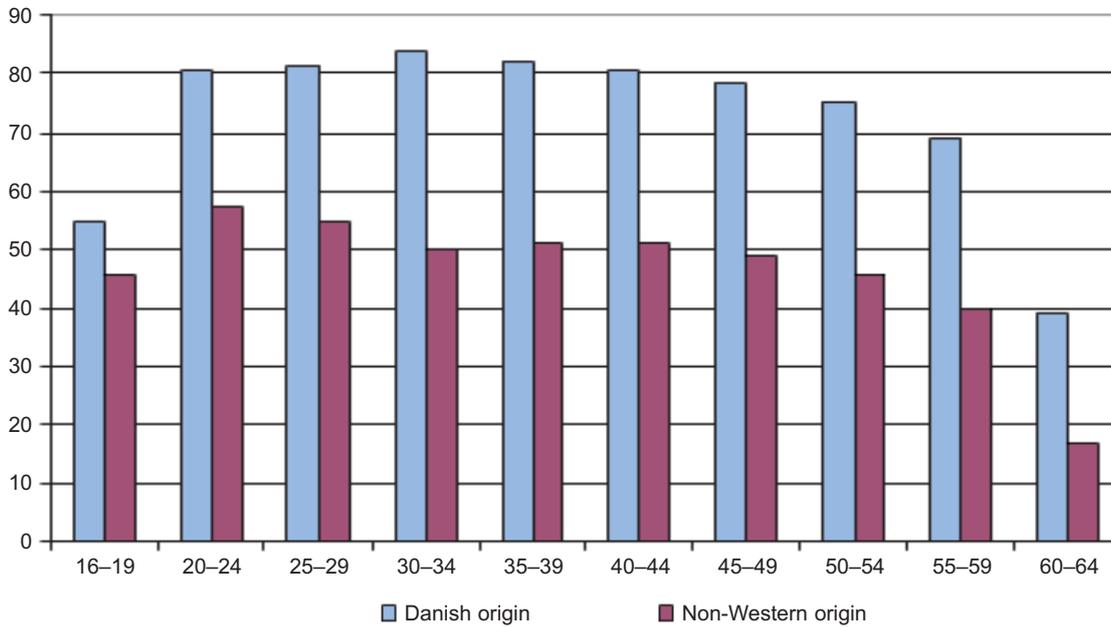
It should be noted that Copenhagen has increased the labour participation rate relative to the other areas in 2005 and 2006 and that rates tend to converge.

Figure 4 further shows that employment rates differ systematically for all age groups between native Danes and 'immigrants and descendants of non-Western origin'. The differences are somewhat smaller only in the age groups below 30 years of age.

²⁰ The labour participation rate is defined as the number of employed and unemployed persons aged between 16 and 66 years as a percentage of the total population in that age category.

²¹ In an international perspective, Denmark has the highest participation rates in Europe.

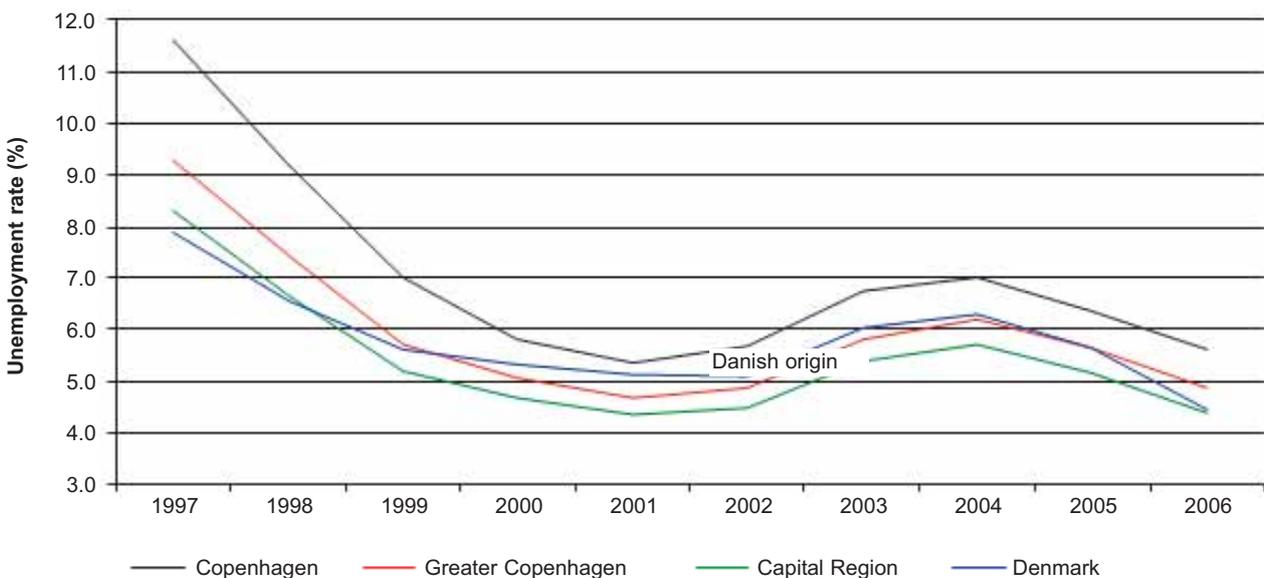
Figure 4: Employment rate by origin and age in Copenhagen city, 1 January 2006



Source: Statistics Denmark, Statistikbanken, 2007 (from OECD, 2007, part 1, p. 29).

Figure 5 shows the overall evolution of the unemployment rate from 1997 to 2006 (defined as the share of unemployed of the total workforce). It is clear from the figure that there was generally a large decrease in unemployment from 1997 to 2001, followed by a small increase from 2002 to 2004 (as a consequence of the recession) and another decrease from 2005 on. The city of Copenhagen shows the largest relative decrease in the unemployment rate in the whole period – the unemployment rate fell from 11.6% in 1997 to 5.6% in 2005.

Figure 5: Unemployment rate from 1997 to 2006 for selected territorial units



Source: Statistics Denmark 2007 (from OECD, 2007, part 1, p. 48).

Characteristics of the workforce

The OECD Copenhagen territorial review (OECD, 2009) underlines the comparative lack of skills in the workforce, which would impede development and should be a policy priority. The scarcity of skills is attributed to four factors. Firstly, the population's level of attainment in higher education is average in Copenhagen, mainly caused by high dropout rates. Secondly, the late entry of students into the labour market is an issue. The third and fourth factors deserve a full quotation, since they refer explicitly to immigrants and foreigners. It states that:

the existing foreign labour force is under-utilised. The figures for aggregate employment of immigrants in Denmark are low. Employment rates for native-born Danes stood at around 78% in 2005, as compared with 56% among the foreign-born, and 51% for the foreign-born from non-OECD countries. In few other OECD countries is the disparity between employment rates for immigrants and the native-born, across all education levels, as high as in Denmark. Although immigrants in Denmark are less highly educated than the native population, their rates of qualification do not appear to be any lower than those in other countries. The gap in employment rates between highly skilled native-born and foreign-born workers is even higher (19%) than the gap for low- (15%) and medium-skilled workers (15%). This is particularly challenging for Copenhagen, where most of the immigrants are located and where labour market scarcity is most acute. Fourthly, Copenhagen has a lacklustre track record of attracting high-skilled foreigners and the number of immigrant arrivals, as well as of foreign students, is relatively limited. Copenhagen's share of immigrant population is below average compared with that of other metropolitan areas. (OECD, 2009, pp. 11–12)

Development of small and medium-sized businesses

Denmark sees itself as one of the easiest places in the world to do business. In expressing this opinion, it refers to quotes from renowned international business institutions: Denmark ranks first in the business environment ranking of the Economist Intelligence Unit and fifth in the World Bank's Doing Business ranking. Denmark has the fewest procedures in the world for obtaining licenses, requires the fewest days to arrange for exports and imports and does not have any firing costs. Starting up a business in Denmark takes only six days and does not entail any costs (World Bank, 2007). Product markets are generally open and highly competitive and the product market environment provides ample opportunity for Danish entrepreneurs (OECD, 2009, pp. 82–3). We will see later what this actually means for small immigrant entrepreneurs in the country.

The OECD review (2009, p. 82) gives the following key figures on the development of entrepreneurship in Denmark and the Capital Region.

Table 4: Key data on entrepreneurship in the Capital Region and Denmark, 2001–2003

	Capital Region (%)	Denmark (%)
Entrepreneurship rate	5.3	3.9
Start-up rate	10.2	8.4
Survival rate	78.8	80.6
Growth entrepreneurship rate	3.7	3.6
Global orientation	29.8	25.7
Growth of employees	9.7	12.9

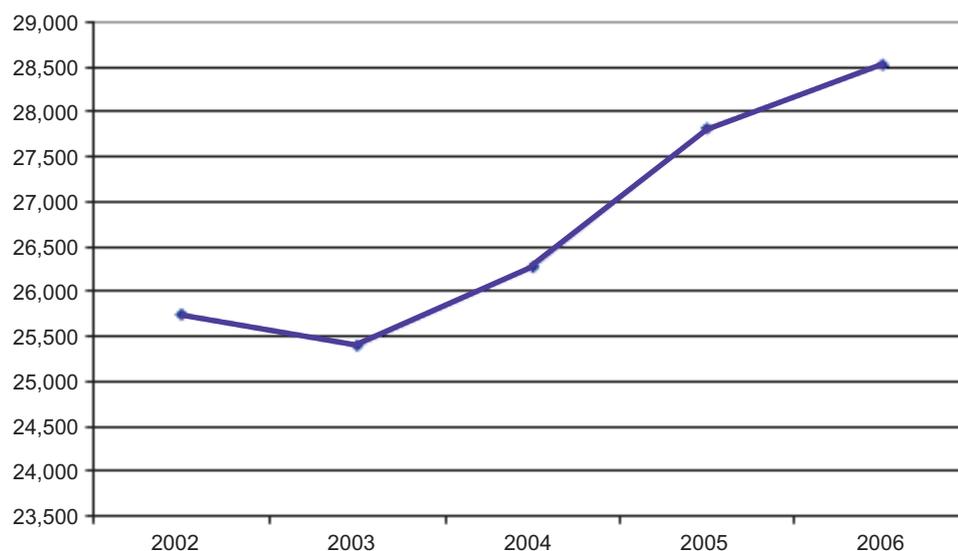
Source: OECD (2009, p. 82).

In comparison with European cities, these Copenhagen data are relatively low. But Denmark has a specific profile: ‘Of the European countries, Denmark has one of the highest numbers of new firms relative to the stock of existing companies, but it has fewer high growth entrepreneurs’ (OECD, 2009, p. 80). This hints at two dominant characteristics that will be illustrated below: (1) a relatively recent strong growth; (2) small companies/entrepreneurs with relatively low skills.

Within Denmark, the Capital Region (and as we shall see later, specifically the city of Copenhagen) has a special position: the entrepreneurship rate and the start-up rate are significantly higher in Copenhagen than in the rest of Denmark, but at the same time the survival rate of new companies and their contribution to new jobs is lower. (We will suggest later that the sizeable immigrant entrepreneurship in Copenhagen and its specific characteristics are probably an important explanation for this.)

Regarding the development of SMEs in Copenhagen, Figure 6 indicates that until recently, the number of enterprises in the city of Copenhagen grew significantly. From 2003 to 2006, their number increased by 11% from some 25,500 to 28,535 work organisations in the private and public sector (9.6% of the total in Denmark in 2006).

Figure 6: *Development of the number of enterprises in Copenhagen, 2002–2006*



Source: *Københavns Kommune (2009, p. 1)*.

When looking at the development of small and medium-sized companies, Table 5 gives a general indication of how companies are distributed as to their size, measured by the number of employees. Around 80% of all companies in Denmark and in Copenhagen that existed in 2006 were small, having fewer than 10 employees. Roughly 16% more were also small, with between 10 and 50 people employed. It indicates the strong dominance of SMEs in the Danish and Copenhagen economy.

Table 5: Number of firms by size and share of total, differentiated by territorial unit

	0–9	%	10–49	%	50–99	%	100+	%
Copenhagen	22,215	79.9	4,427	15.9	635	2.3	537	1.9
Greater Copenhagen	45,953	79.1	9,730	16.7	1,322	2.3	1,115	1.9
Capital Region	65,646	80.4	12,942	15.9	1,696	2.1	1,342	1.6
Øresund Region	102,069	81.4	19,308	15.4	2,376	1.9	1,701	1.4
Denmark	237,743	81.1	46,191	15.8	5,559	1.9	3,517	1.2

Source: Statistics Denmark 2007 (from OECD, 2007, part 1, p. 71).

Table 6 focuses on the city of Copenhagen only and shows a highly refined picture of the size of companies and their development tendencies over the period 2002 to 2006. The number of companies with more than 100 employees decreases, while the largest growth in small companies is in the category that employs only one person (most are probably self-employed).

Table 6: Companies in Copenhagen according to number of employees, 2002–2006

	2002	2003	2004	2005	2006	2002–06
1	9,777	9,518	10,061	11,116	11,341	1,564
2–4	7,041	7,022	7,158	7,416	7,538	497
5–9	3,456	3,521	3,615	3,683	3,859	403
10–19	2,542	2,479	2,553	2,632	2,762	220
20–49	1,770	1,733	1,764	1,795	1,838	68
50–99	613	604	603	635	658	45
100+	552	524	531	537	539	-13
Total	25,751	25,401	26,285	27,814	28,535	2,784

Source: Danmarks Statistik, in Københavns Kommune (2009, p. 3).

The specific result of such development is that the density of entrepreneurs (*Iværksættere*), expressed as their number per thousand inhabitants, is very high in Copenhagen. In 2008, the number of entrepreneurs per 1,000 was 9.25 in the capital city, while it was 5.38 for Denmark as a whole.

Sector and spatial distribution of SMEs

Two important shifts in the economic structure of Copenhagen during the last few decades – a shift from manufacturing to services and a shift from larger companies with many employees to growing numbers of small companies – come together in a specific way regarding sectors of economic activity. The present very low share of manufacturing (13%) in employment in Copenhagen has gone hand in hand with the decrease in the number of larger companies, while the strong increase in the services sector (86%) is coupled with the strong increase in new small enterprises. The combination of Table 7 and Figure 7 illustrates this.

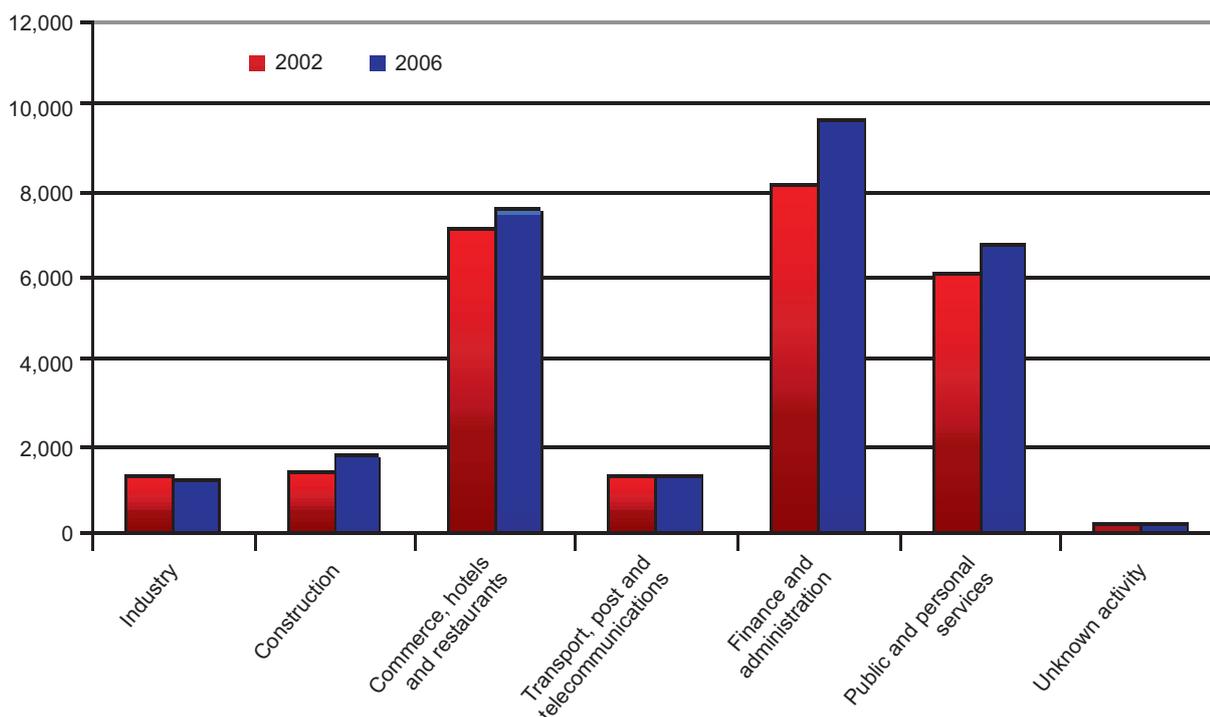
Table 7: Number employed and growth in employment since 2000 by sector and territorial unit (%)

Territorial unit	Copenhagen		Capital Region		Oresund Region		Denmark	
	2005	2000–2005	2005	2000–2005	2005	2000–2005	2005	2000–2005
Industry	16,306	-20.3	71,717	-11.0	110,733	-11.4	354,640	-13.2
Construction and plants	6,150	-30.2	39,951	-6.3	61,679	-1.7	144,869	1.7
Car dealing, service and petrol stations	1,995	-11.1	11,660	-1.7	18,720	-0.2	46,525	0.0
Wholesale trade	12,533	-19.9	58,616	-11.8	69,955	-9.6	142,674	-1.5
Retail trade	14,780	1.9	36,470	-0.6	54,234	2.0	120,969	2.8
Hotels and restaurants	10,177	15.9	17,386	8.1	21,464	7.1	41,814	6.6
Transportation	23,837	95.9	51,048	113.7	62,978	100.7	121,360	71.1
Real estate and business service	56,699	9.6	110,795	7.1	125,224	8.4	201,826	11.9

Note: Data for Copenhagen includes the Frederiksberg municipality.

Source: *Statistics Denmark 2007 (from OECD, 2007, part 1, p. 70)*.

Figure 7: Enterprises in Copenhagen per sector of activity, 2002–2006



Source: *Danmarks Statistik, in Københavns Kommune (2009)*.

Recent policies on SMEs

To understand Copenhagen's policies related to SMEs, we need to take several levels into account. Firstly, there is a specific *national policy* to stimulate business. In 2006, the central government formulated its strategy for Denmark in the global economy, with the key goals of strong competitiveness and strong cohesion, to be achieved by world-class education, research, entrepreneurship and innovation. Among the quantifiable targets were 50% higher education attainment, devoting 3% of GDP to R&D expenditure and the largest number of business start-ups and high-growth start-

ups in Europe. An action plan was drawn up outlining the initiatives in more detail. This policy was introduced in the wake of the local government reforms of 2007. It included the establishment of a Growth House (*Væksthus*) in each of the five new regions in Denmark. The basic idea is that these Growth Houses should stimulate high-growth start-ups and high-growth businesses. Innovation is an important aspect of the strategy. Each Growth House has a performance contract with the Ministry of Economic and Business Affairs that guides their activities. The national government and the regional Growth Forum of the Capital Region made an agreement on partnership for growth for 2007 to 2009, to synchronise the national globalisation strategy and regional growth initiatives (OECD, 2009, p. 142).

The priority on high-growth entrepreneurship is reflected in strategic visions at the *level of the Capital Region*. The region's business development strategy, called Partnerships for Knowledge, Growth and Welfare, mentions high-growth start-ups as an important challenge, particularly knowledge-based high-growth start-ups, considering the high density of knowledge institutes in the Capital Region. The Capital Region sets itself the target of becoming northern Europe's most attractive metropolis by 2015 with respect to quality of life, education, work, doing business and tourism. Priorities in this plan are infrastructure, education, recreation, the environment and a favourable climate for business. The Capital Region aims to be the greenest capital in Europe and envisages becoming a northern European logistics and trade hub. Economic clusters that will be stimulated are information technology, interactive entertainment, mobile and wireless communication, the bio-medical cluster, movie industry, fashion, environment and energy technology, and foods and nutrition.

Institutionally, there is the *Regional Centre of Growth* in the Danish Capital Region, with Business Link Greater Copenhagen Area as the most important actor in business services, employing around 25 people on a budget of DKK20 million in 2008, primarily via a state grant. Their main tasks are to provide information, advice and mediation as well as oversee the administration of projects financed by the EU Structural Funds, the Capital Region and others. Information is provided via a website, a hotline and meetings organised by the centre as well as advice through guidance, mentoring, coaching and networks. Mediation is conducted through private advisors, public organisations and banks. Important projects initiated by Business Link Greater Copenhagen Area are the Copenhagen Innovation Centre and the Fashion Accelerator (OECD, 2009, pp. 140–1).

Policy priorities at the *level of the city of Copenhagen* are more ambivalent. On the one hand, the city shares the regional ambition to create favourable conditions for high-growth start-ups and has formulated the creative sector as a priority for business development. The City Development Strategy Paper 2007 stresses sustainability, affordability, accessibility to the water and economic dynamism. In addition, the city of Copenhagen relaxed regulations for businesses with the Gearing Up Copenhagen project in 2007 with the aim of securing deregulation and easing business creation by establishing a single entry point. A more permissive approach was taken to events and concerts in the public spaces in the city as well as flexible stalls and outdoor service from restaurants and cafés. The City Development Strategy 2005–09 designated eight creative zones where affordable working space would be made available. These zones – part of the port area, adjacent to the new Opera House and the Vesterbro meat processing district – are identified as incubators for creative industries. These areas are located at the border of the dense inner city and old industrial city fringe, with mixed-use buildings of varying size that are in need of refurbishment and reuse. This zoning initiative, using lower plot ratios as a planning tool, has sought to provide flexible workspace opportunities for creative and other small businesses while retaining the industrial heritage and light industrial space (OECD, 2009, p. 142).

On the other hand, at the beginning of the 1990s (long before the new national policy and the regional Growth Houses) the city of Copenhagen had already developed a more general policy of promoting particularly small entrepreneurship that was politically motivated as an additional tool to combat high unemployment (which amounted to around 17% of the working population at that time). In 1991, a Business Centre for Entrepreneurs was established in Copenhagen as part of the city's Finance Department. It offered all entrepreneurs free advice on setting up a business, VAT, business

planning and finance. Later (1997–1998), this centre changed to the Joint Centre of the Municipalities of Copenhagen and Frederiksberg that existed until the reforms of 2007.

These two different policy orientations and priorities (economic growth on the one hand and employment on the other) were brought together institutionally in 2008 in the CBC (Copenhagen Business Centre) that replaced the centre that was co-founded with the municipality of Frederiksberg. The new CBC is administratively part of the Department of Finance that is under the responsibility of the lord mayor and operates on an annual budget of more than DKK9 million. The CBC is supposed to work with the regional growth houses on high-growth start-ups in specific sectors and also offers free advice to entrepreneurs on setting up businesses, taxes, planning and finance. The amount of advice is determined by the individual case. A hotline and website have been in place since 2007 and business services include network arrangements and courses. The CBC currently has advisors who assist entrepreneurs in the first six months. Since 2009, this has been done in the format of a one-stop-shop for entrepreneurs and SMEs that includes the availability of tax and police officers in the centre at certain times. Special priorities for the business centre are creative and ethnic entrepreneurs.

Profiles of immigrant entrepreneurship 4

A recent report for the OECD (OECD, 2009, p. 82) makes the following brief general assessment of immigrant entrepreneurship in the Copenhagen region: 'The entrepreneurship rate among immigrants is relatively low. Immigrants often use self-employment as a means of escaping marginalisation in the labour market, but the self-employment figures for immigrants are comparatively low. Although there are no formal obstacles to self-employment in Denmark directly related to immigrant status, it may be more difficult for immigrants to obtain loans. This is probably related to the fact that most immigrant entrepreneurs start up in sectors with low entry barriers and intense competition, such as restaurants.' In this chapter, we will try to flesh out this general statement. First of all, let's examine terminology and statistical sources, which can be used to give a more nuanced picture.

Statistical sources and definitions

The most commonly used term, particularly in politics, is 'migrant businesses'. The few official documents made by national governmental agencies do follow the statistical sources and use 'Entrepreneurs with a foreign background' (Erhvervs- og Byggestyrelsen/Danish Commerce and Companies Agency, 2009; Ministry, 2009}. These sources refer to the businesses owned by persons who are born outside Denmark or when both parents have been born outside Denmark. OECD publications use 'immigrant entrepreneurs' in most cases. However, the term 'ethnic businesses' is also used, particularly in scientific publications written in English. The Danish term *etnisk* (ethnic businesses) is used infrequently.

Immigrant enterprises refer statistically to those businesses that have a major concentration of owners with a background other than Danish. However, the criteria for establishing such non-Danish background are not directly available during the registrations of companies. The registration form for enterprises does not have questions/data on the country of birth and the country of birth of the parents or the person(s) that registers an enterprise. Registrants do, however, have their personal registration number. This means that statistics on immigrant entrepreneurship can only be obtained by combining the data sets of company registration with the data set of the registration of persons legally registered in Denmark to make a new data set. Statistics Denmark can combine such data sets on request, under a number of conditions and for a fee. No regular statistics on immigrant entrepreneurship are made available by Statistics Denmark. Since such statistics are expensive, this is only done either as part of scientific research (like Rezaei's PhD thesis of 2001) or as part of research commissioned by governmental agencies (such as Rezaei's report for the Ministry of Refugees, Immigrants and Integration, 2005). This results in the remarkable fact that all statistical data in the literature on immigrant entrepreneurs in Denmark goes back to the same few sources. In these sources, the statistics on immigrant entrepreneurship in Denmark (and Copenhagen) in 1996, 2002 and 2005 form the core of the most recent material.²² Rezaei's 2007 and 2009 publications in English give the non-Danish reader the best overview of general information on immigrant entrepreneurs in Denmark.

Development of immigrant entrepreneurship

Statistics are thus only available for one decade (1996 to 2006). Documentation before 1996 is scarce. Remarkably, the first publication about immigrant entrepreneurship in Denmark is a small OECD report from 1989, written by Steven Sampson. In this publication, Sampson forecast that ethnic businesses would disappear in the coming 10 years due to the lack of a customer base and due to their bad quality. This did not happen – immigrant businesses have been growing both in size and in turnover. Furthermore, they have expanded to new business sectors.

²² The data on the self-employed (*selvstaendige*) as part of the economically active population that we will use later comes from a different source, probably the Labour Force Survey.

Table 8 gives an indication of how important small entrepreneurship had become for certain immigrant groups in Denmark by 2002. Firstly, on average self-employment among immigrants is higher than among native Danes. Secondly, it is notoriously high among the following specific groups (see column 2): Iraqis (17.3%), Pakistanis (16.5%), Iranians (15%), Palestinian/Lebanese (14.7%), Turks (12.7%) and Chinese (11.4%).²³

Table 8: *Number of self-employed and their percentage of the economically active population, of the total potential workforce aged 18–65 years and of the total population in 2002*

	Number of self-employed	Percentage of economically active population	Percentage of all aged 18–65 years	Percentage of total population
Denmark	174,990	6.6	5.4	3.5
Turkey	2,563	12.7	7.9	4.8
China, Vietnam, Hong Kong, Taiwan	828	11.4	7.0	4.7
Pakistan	1,111	16.5	9.0	5.8
Iran	815	15.0	8.1	5.8
Former Yugoslavia	351	4.8	3.0	2.0
Bosnia-Herzegovina	105	1.4	0.8	0.5
Countries from former Yugoslavia excluding Bosnia- Herzegovina	66	3.8	2.0	1.2
Sri Lanka	151	3.8	2.5	1.5
Iraq	641	17.3	4.7	2.7
Palæstine, Lebanon, Stateless	538	14.7	5.1	2.5
Somalia	23	1.2	0.3	0.1
Afghanistan	116	10.2	2.5	1.2
All other countries	7,101	7.5	4.7	3.6
Total	189,399	6.7	5.3	3.4

Source: *Ministry (2009, p. 59)*.

Self-employment and entrepreneurship in the Capital Region and in the city of Copenhagen are relatively stronger than in the rest of Denmark, both among Danes and immigrants. In addition, the percentages among immigrants are higher than for Danes, both for men and women (Erhvervs- og Byggestyrelsen, 2009, p. 44).

The city of Copenhagen counted 2,118 self-employed in 2001 (1,585 men and 533 women). This number grew to 2,469 in 2006 (1,831 men and 638 women). Most of the immigrant businesses (about 85%) have a company form as 'one-man company'. About 15% have chosen other kinds of company forms.

Also in the city of Copenhagen, the percentage of self-employed (as part of the total number employed) is significantly higher among non-Western immigrants than among ethnic Danes. In 2002, 12% of the former category was self-employed compared to 7% for Danes. Four years later, in 2006, both percentages had decreased significantly to 8.6% and 6.2%, respectively. It is assumed that this decrease has primarily been a consequence of improved labour market chances and the decrease of unemployment in that period.

²³ The Danish Commerce and Companies Agency (2009, pp. 46–9) depicts profiles of the four most important entrepreneurial groups of immigrants at the national level: Pakistanis, Turks, Iraqis and Vietnamese.

Another indication of the development is given by data on new business start-ups that is available for the year 2005. In that year, 15,256 people in Denmark started a new business. Of these, 1,912 (12.5%) were immigrants and descendants and more than 1,450 of them (9.5%) were from a non-Western background. In this respect, immigrants and descendants from a non-Western background are thus also over-represented in entrepreneurial statistics (Erhvervs- og Byggestyrelsen, 2009, p. 45).

Sector and spatial distribution of ethnic enterprises

The first data on the distribution of immigrant businesses by sector and sub sector is available for 1996 (Rezaei, 2007, p. 98). The most prominent sectors of activity in 1996 were:

- cafeterias, barbeques, etc.: 31.1% of all Chinese, 22.4% of all Iranian and 14.1% of all Turkish businesses had established themselves in that area;
- supermarkets, kiosks, etc.: 25% of all Pakistani and 8.7% of all Iranian businesses in that sector;
- food and nutrition: 13.7% of all Pakistani and 9.7% of Turkish businesses in that sector;
- services: 18.8% of all former Yugoslavian and 9.5% of Iranian businesses;
- restaurants: 7.9% of all Chinese and 6.4% of all Iranian businesses.

In that year, the number of immigrant businesses in special retail shops, trade, cleaning, transportation and manufacturing were still relatively small.

Ten years later, in 2006, migrant businesses in Copenhagen were mostly concentrated in the following sectors: retail (19.7% of ethnic businesses), restaurants (21%), business services (18.7%) and transport (15.7%).

Table 9 shows the general sector distribution of all start-ups in 2005 (Erhvervs- og Byggestyrelsen, 2009, p. 50). It is to be observed that non-Western immigrants are strongly overrepresented in the commerce, hotel and restoration sector and to a certain extent in transport, post and telecommunication, and personal services. As for the second generation, it is notable that they are roughly active in the same sectors as their parents. There is only a major increase in the transport, post and telecommunication sector. The same source shows that the number of start-ups by the second generation of non-Western background is still relatively low: in 2005, they had 178 start-ups compared to 1,304 for first-generation non-Western immigrants.

Table 9: *Sector distribution of business start-ups of non-Western immigrants and descendants in Denmark, 2005*

	Immigrants		Descendants	Danes	
	Male (%)	Female (%)	Male/female (%)	Male (%)	Female (%)
Industry	3	3	2	7	4
Construction	7	1	10	30	5
Commerce, hotel, restoration	63	52	52	22	38
Transport, post, telecommunication	6	5	11	5	1
Administration services	16	23	18	32	34
Personal services	5	20	7	3	18

Source: *Erhvervs- og Byggestyrelsen (2009, p. 50)*.

Immigrant enterprises in Copenhagen are geographically concentrated in three old working-class areas of Copenhagen. In Nørrebro, which is situated north-west of the city centre, the main street, Nørrebrogade, is now dominated by small immigrant businesses. Immigrant business activity has developed recently towards the Outer Nørrebro part of the city. Vesterbro is the second place of concentration, on the south-west side of the city centre, behind Central Station. Amagerbro is the third one, situated across the water in a south-eastern direction.

The statistical data given above, combined with interviews with business consultants from the CBC and observations in some quarters of Copenhagen, leads to the following general observations on the development of immigrant businesses in Copenhagen.

- Immigrant entrepreneurship is predominantly small business (the entrepreneur him/herself, assisted by family members).
- In the beginning, the cheap and fast food sector (pizzeria-kebab-shoarma), retail shops (groceries, mini-markets, kiosks, butcheries), clothes and repair and garage type business (car repair, motorcycles, bicycles) represented access to entrepreneurship because of the modest investments needed and few initial formal regulations in these sectors.
- There is a clear profile of these immigrant entrepreneurs when it comes to their background/country of origin: Iraqi, Pakistani, Iranians, Palestinian/Lebanese, Turks and Chinese populations do have a much stronger drive to establish themselves as entrepreneurs than other immigrant groups and ethnic Danes.
- During the last decade, immigrant entrepreneurs have entered new business domains (which are more observable in the streets of Nørrebro, Vesterbro and Amagerbro than in the scanty statistics). In particular, the following sectors have developed, presented here in an estimated order of importance: gold, silver, jewellery and watch shops; travel agents (often including money exchange); communication and IT services (mobile telephones, computer repair); café/bars; larger restaurants; and cleaning services.

Ownership of immigrant businesses

As mentioned above, more than 85% of ethnic businesses have the one-man company form, which indicates that the owner and the manager are the same person. The rest have the form of limited company or 'APS'. No data is available about the latter partnership, but based on observations of experts from CBC, it can be assumed that most of these 'limited companies' also have the same person as owner and manager.

In the last 10 years there has been a shift in certain sectors towards acquiring franchises. For example, the 7-Eleven chain of convenience stores that are open 24 hours a day were introduced from Sweden to Denmark more than a decade ago. Initially the chain did not want immigrants as franchisees from a marketing point of view, but after it was successfully introduced in Denmark, you can now find many immigrants in that chain (although it is not clear how many are franchisers themselves or simply workers). Another example in the food sector is the ice cream company, Paradis. You can find a significant number of immigrants in this chain as well.

Nevertheless, franchising by immigrants is not common. Within certain immigrant groups, networks of entrepreneurs (often kin related) are active in the same sector and share their knowledge and relations and thereby cultivate a similar kind of image of their business. These businesses may give the impression of belonging to a chain, but it is not franchising.

Reasons for entrepreneurship career

As stated earlier, there is a clear profile of immigrant entrepreneurs when it comes to their background/country of origin: Iraqi, Pakistani, Iranians, Palestinian/Lebanese, Turks and Chinese populations do have a much stronger drive to establish themselves as entrepreneurs than other immigrant groups and are also much stronger than ethnic Danes. Some researchers mention a strong motivation for and experience with entrepreneurship as an important factor. Research by the Rockwool Foundation (2004), for example, concludes that ethnic minorities choose to be entrepreneurs for the same reasons as Danes do, to be their own boss. Others stress the strong push effect of the wage labour market within which chances for these groups have been limited, particularly because their education and skills are not accepted. For anyone doing research in this field, it is clear that these factors are not mutually exclusive; on the contrary, they may reinforce each other. The relevance of both factors has been demonstrated by Rezaei (2007, p. 97), who shows that revenues of self-employed entrepreneurial minorities in Denmark were on average lower in 2002 than the income of wage earners in the same groups. Such an outcome can only be reasonably explained by a strong push factor (which Rezaei had stressed already in earlier publications; see Rezaei, 2000, 2005) combined with a strong motivation for entrepreneurship of these particular groups (as against other groups that feel the same push factors but do not choose the entrepreneur solution as often).

The fact that the push factor is of great importance is underlined by the statistical fact that the percentage of self-employed (for immigrants and Danes) decreased in a period of better labour market chances (see the 'Size of the workforce' section above). In the city of Copenhagen, the percentage of self-employed (as part of the total employed) was 12% for immigrants of non-Western origin in 2002 and decreased significantly to 8.6% in 2006. The figures of new start-ups also decreased in that period.

Market

Based on the research from Rezaei (2000, 2002, 2005, 2007, 2009) and the statistical data presented above, the main conclusion is that immigrant businesses are operating almost exclusively at the lower end of the different markets. This is certainly true for the sectors in which immigrants have established themselves in the first phase: the cheap and fast food sector (pizzeria-kebab-shoarma), retail shops (groceries, mini-markets, kiosks, butcher shops), clothes and repair and garage-type businesses (car repair, motorcycles, bicycles). But it is also the case to a great extent in the new sectors that immigrants have entered in the last decade: gold, silver, jewellery and watch shops; travel agents (often including money exchange); communication and IT services (mobile telephones, computer repair); café/bars; larger restaurants; and cleaning services. It may be less the case for the larger restaurants (outside the immigrant areas) and for the new kind of café/bars, but it is strongly the case for the other new areas. Even in the sector that is indicated as communication and IT services (mobile telephones, computer repair) it is clear that immigrant entrepreneurs' businesses are not the trendy places where you buy the newest computers and gadgets, but rather where you bring your mobile phone and computer for repair.

When it comes to clientele, it is clear that only a few of the immigrant businesses exclusively target immigrants as customers, such as the clothing shop for 'Islamic wear'. The great majority of businesses, including food shops and restaurants, are keen to sell to any possible client, irrespective of their ethnic origin, and the way they present their business is geared to that, particularly for businesses located outside immigrant areas, but also for the majority within such areas. At the same time, it is clear that many businesses, particularly the ones operating in immigrant areas, count on the specific demands and needs of immigrants that are not well covered by existing businesses. These specific demands may be defined culturally (preferences for food, clothing, etc.), socio-economically (cheap products, repair) or related to the aspect of being a migrant (travel, money exchange and communication with the homeland) or any combination of these three. This is most clear for shops that offer services such as telecommunication (phones, TV

reception dishes), travel agencies, foreign exchange, etc. Yet other shops are also based on specific attitudes and customs of immigrants: for example, the numerous gold, silver and jewellery shops within the immigrant area of Nørrebro obviously speculate on the specific place of this type of market wear in the economic and social life of immigrants. In that sense, a large part of the immigrant businesses are rooted to a great extent in immigrant communities while trying to service a broader clientele.

Although this specific orientation on immigrant clientele may enable the businessmen (and a few women) to take advantage of their transnational contacts in establishing their business, only a few manage to cater for a larger market regionally, nationally or outside Denmark. The Danish Commerce and Companies Agency (Erhvervs- og Byggestyrelsen, 2009, p. 37) gives an example of one successful Turkish entrepreneur, Mehmet Kirkan, who together with his partner, Tahsin Erdem, established the Danka Foodservice A/S with an annual turnover of more than DKK100 million. It is interesting to note that the business' success is built within the large sector of small immigrant entrepreneurs that they serve with their wholesale import-export activities.

Competition

Immigrant businesses in Copenhagen experience two different sources of competition. The first derives from their marginal position in the sectors they are active in. In the fast food sector they have to compete with the large fast food chains; in the retail sector they have to compete with the large chain supermarkets that have adapted their assortment to also serve certain specific ethnic preferences; and in the IT sector they are not able to compete with the established chains or the specialist shops because they do not have the right contacts or enough investment, so they carve out a niche in repair, second-hand and customer service that chains do not provide.

The second source of competition comes from the many fellow immigrants who have followed the same idea of creating a small business in the margin of a sector. Although immigrant entrepreneurship has expanded to some new areas, as described earlier, this has not meant a decrease in competition within the old and new sectors. Overcrowding in the lower segments of certain sectors leads to what one of the informants called 'a kind of cannibalism'. They are all competing on the same basis. Interviews with immigrant shopkeepers make it clear that the present economic crisis has increased competition.

A factor that contributes to the weakening of one of the traditional methods of competition of immigrant entrepreneurs lies in changes in the regulatory sphere. Opening hours have been 'liberalised', meaning that most shops have extended their opening hours now until 8:00 in the evening. Competition factors that work to the advantage of immigrant entrepreneurs (compared to non-immigrant ones) are still their knowledge about ethnic customers preferences, their image of selling fresh materials like vegetables, fruits and meat and their personal services. Using friends and family as labour makes it possible to keep expenses low.

Workforce

As noted earlier, the city of Copenhagen counted 2,118 self-employed in 2001 (1,585 men and 533 women), which grew to 2,469 in 2006 (1,831 men and 638 women). Most of the immigrant businesses (about 85%) are a 'one-man company'. About 15% have chosen other kinds of company forms. Table 10 presents statistics on new start-ups and their number of employees.

Table 10: *Business start-ups in Copenhagen according to origin of the entrepreneurs and the number of employees, 2008*

	Danish		Western		Non-Western	
	Male (%)	Female (%)	Male (%)	Female (%)	Male (%)	Female (%)
0 employees or not active	45.7	30.5	38.6	41.7	28.1	28.6
1–4 employees	53.9	68.4	60.2	58.3	70.1	71.4
5–9 employees	0.4	0.4	1.2	0.0	1.8	0.0
10–19 employees	0.1	0.8	0.0	0.0	0.0	0.0
20+ employees	0.0	0.0	0.0	0.0	0.0	0.0
All enterprises	100.0	100.0	100.0	100.0	100.0	100.0
Number	1,417	532	83	36	331	70
The share of enterprises with a minimum of 1 employee	54.3	69.6	61.4	58.3	71.9	71.4

Employment conditions and labour relations

Employees usually have the same ethnic background as the owner. Entrepreneurs base their recruitment on trust and (kinship) networks. Rules of the employment market do not apply in such cases and the level of unionisation is very low.

Problems and barriers

General management

The informal management style of most traditional immigrant businesses is very much geared to the kind of employees as well as their customer base. This is both their strength (flexibility) and a barrier for growth. In particular, having a weak system of bookkeeping often means that the entrepreneur does not have adequate information to steer their enterprise in difficult times or to manage the company in growth. Insufficient knowledge of relevant market aspects and of the regulatory context is a general problematic aspect of immigrant entrepreneurship. Not only are efforts to gain such knowledge weak or absent (or do not get priority), but the facilities to gain such knowledge are not always readily available.

Financial management

As mentioned above, most of these businesses lack proper (financial) records, which means they cannot acquire credit loans. There is a vicious circle at work here in the sense that not seeing the need for and thus not making the effort to create a proper system of bookkeeping leads to banks' refusal to give loans. In turn, most entrepreneurs get their investment capital within their informal networks. Rezaei (2007, p. 100) showed in his survey that 'own savings' is the most common source of financing their business in the five most entrepreneurial immigrant groups, followed by 'loan or gift from family or friend'. 'Loan in bank and/or financial institutions' is the least used source (as opposed to Danish entrepreneurs). This state of affairs seems to reinforce the banks' unwillingness to take risks in approving loans. It is indeed remarkable that no special efforts by banks could be reported to change this situation. Rezaei counts this non-availability of bank loans for immigrant entrepreneurs among the important factors that prevent the 'break out' of immigrant entrepreneurs in Denmark.

Marketing

As we have seen, immigrant entrepreneurship is strong within certain immigrant groups. Furthermore, these groups strongly cluster in marginal segments of certain sectors. The way markets are 'found' is obviously very much a matter

of imitating a fellow countryman or woman who more or less successfully found a niche. Given the fact that the motivation and/or pressure to establish themselves as independent entrepreneurs is high, the actual establishment is more dependent on the availability of an opportunity (investment money, a location) than on systematic exploration of the market.

The result expresses itself in two indicators that we can find in the statistics: a very low income out of the business (for immigrants, this is lower than their co-ethnic wage earners in the labour market, as we have seen) and in significantly lower survival rates of immigrant enterprises (see Table 11).

Table 11: *Survival rates of start-ups in Copenhagen, 2001 (%)*

	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years
Danish men	95.8	87.3	77.6	69.6	64.7
Danish women	94.5	83.3	73.2	67.0	63.4
Non-Western men	87.3	75.3	64.8	59.0	54.2
Non-Western women	80.2	64.0	52.3	46.5	41.9

The result of weak continuity is also recognisable in the biographies of the entrepreneurs: many had several different businesses in succession in different sectors before their present one.

Rules and regulations

Consultants from CBC signal that the level of awareness about regulations is very low in traditional immigrant businesses. There are several layered kinds of difficulties. The first is that immigrant entrepreneurs are often not aware of relevant laws and regulations. The second is that when they are aware of the law, they often do not have the skills to comply with them. The third is that they are aware of the law and have the skills but are mentally not up to it. In the past eight years, the city of Copenhagen has used outreach business advisors to contact these businesses and assist them in learning about regulations and complying with them. The advisors themselves have different ethnic backgrounds and in many cases speak the home languages of the entrepreneurs.

Bureaucracy and intermediary institutions

One important barrier is the lack of knowledge of the Danish language. As we have seen, by far most immigrant business owners are first-generation immigrants and they are not fluent in Danish. Obviously this is more of a problem in communication with bureaucratic institutions than with the clientele.

Rules, regulations and policies 5

Overall policies and strategy

As we have seen in the 'Recent changes' section in Chapter 3, policy priorities at *the level of the city of Copenhagen* are ambivalent. On the one hand, the city shares the regional ambition to create favourable conditions for high-growth start-ups and has formulated the creative sector as a priority for innovative business development. In this part of SME policies, immigrant businesses do not play a role. They are simply absent, both in the policy documents and in the reporting on results. On the other hand, the city of Copenhagen has, since the beginning of the 1990s, developed a more general policy of promoting small entrepreneurship in particular as a tool against high unemployment. Using that approach for the group of immigrants has not been a straightforward development. Initially, projects were developed by different stakeholders and financed by various ministries. More systematic attention for immigrant entrepreneurs in Copenhagen has only been given since 2002. We will now outline this historical development in Copenhagen and nationally for Denmark to understand its present place in SME and integration policies.

One of the first initiatives taken was that of the Copenhagen Business School in 1992, based on the idea that self-employment could be a partial solution for unemployment. At the same time, this project wanted to stimulate particularly innovative initiatives that should be created and developed during a course. The 25 participants would also be educated to become entrepreneurs during a course of less than a year. The project was accepted by the Danish Ministry of Labour (not of Economic and Business Affairs) and co-financed by the European Commission. The outcome of the course was disappointing, however. The initiatives could not get credit to start their businesses. Actually, most of the participants eventually found a job as an employee or had started/continued their traditional small immigrant business.

In 1997 the Ministry of Housing commissioned a study to ask whether immigrant entrepreneurship could be a way of improving residential quarters. The report was not followed up by policy initiatives.

The first practical policy decision to take *existing immigrant entrepreneurship* seriously was taken in Copenhagen by the city in 2002. It was decided that in the framework of the renewal of the Nørrebro residential area, a so-called Butik Consultant was appointed for two years, whose task was to collect information on immigrant entrepreneurs and advise how to fit them into the renewal. The Butik Consultant actually started to work as a broker between institutions and immigrant entrepreneurs and as an advisor to them. This project was apparently so successful that the city of Copenhagen decided to continue that kind of advisory work and employed a number of specific consultants for immigrants.

The next step towards professionalising consultancy for immigrant entrepreneurs was taken in 2005 in a larger EU-funded EQUAL project that addressed entrepreneurship, growth and innovation in general. Within that framework, a new institution was designed called EVU (Business Centre for Growth and Development), funded by the Ministry of Economic and Business Affairs and other partners, including the city of Copenhagen. Within EVU, a special *Knowledge Centre for Immigrant Entrepreneurship* was established that functioned in principle as a national centre, but was actually based on the active contribution of a few larger cities like Aarhus, Odense and Copenhagen. These cities had people employed working on the topic.

As of 1 January 2007, when the new administrative reforms were implemented, the regions took over all of EVU's tasks except the Knowledge Centre for Immigrant Entrepreneurship. Obviously, the Ministry of Economic and Business Affairs did not see this centre as a real asset. However, Prime Minister Rasmussen had visited the Knowledge Centre and after his re-election he wrote a National Knowledge Centre for Immigrant Entrepreneurship into the policy programme of the new government in 2007.

However, the implementation of this new national centre has been problematic, reflecting the difficulties of the past. The Ministry of Refugee, Immigration and Integration Affairs has been given the responsibility to develop the centre.²⁴ That ministry has commissioned a report (the COWI report, 2009) to study the feasibility of the centre and how to organise it. The reason there were still no final decisions as of 2010 is the lack of consensus between the partners that are supposed to be engaged: the Ministry of Refugee, Immigration and Integration Affairs and six major cities are prepared and ready to make their (financial) contribution to the centre, but the five regions and the Ministry of Economic and Business Affairs have so far refused to cooperate and finance it. The Knowledge Centre is obviously not a priority for them.

While at the national and regional levels the different views and priorities of ministries have had a paralysing effect, the two different policy orientations and priorities (economic growth on the one hand versus employment on the other) have been brought together institutionally in Copenhagen since 2008 in the CBC (Copenhagen Business Centre). CBC replaced the centre that was co-founded with the municipality of Frederiksberg. The new CBC is administratively part of the Department of Finance under the lord mayor and operates on an annual budget of more than DKK9 million. The CBC is supposed to work together with the Regional Growth Houses on high-growth start-ups in specific sectors and also offers free advice to entrepreneurs on setting up businesses, taxes, planning and finance. The business services include network arrangements and courses. The CBC currently has advisors who assist entrepreneurs in the first six months. Since 2009 this is done in the format of a one-stop-shop for entrepreneurs and SMEs that includes the availability of tax and police officers in the centre at certain times. Special priorities for CBC consultants are creative and ethnic entrepreneurs.

According to the OECD reports (2007, 2009), the CBC been particularly successful in setting up outreach advisory services for the city's immigrant entrepreneurs and businesses. The expertise that had been built up earlier in collaboration with other large cities (Aarhus and Odense) and with international inspiration from the EQUAL project is anchored in CBC.

CBC currently has four special advisors working specifically for immigrant entrepreneurs (and who all have an immigrant background themselves). In 2009, CBC registered some 4,500 'service contacts'. It is estimated that about one-third of these contacts have been with immigrant entrepreneurs. This estimate is based on names, since the registration of ethnic background is reported to be forbidden.²⁵

Objectives and dimensions

As we have seen above, immigrant entrepreneurship has become an important topic recently in the institutional practice of CBC. Yet at the same time, the topic of immigrant entrepreneurship does not seem to be attractive enough to appear in official documents (not in the documents on integration policies, nor in those on SME policies). Although immigrant entrepreneurship is expected to contribute to creating employment for the people who otherwise would not be able to find employment, this role is certainly not generally appreciated nor prioritised by the policymakers. They tend not to consider this kind of employment (self-employed) as real employment and do not appreciate the existence of small ethnic enclaves in which such entrepreneurship flourishes. The negative image of immigrant entrepreneurs is also a serious problem among policymakers in the SME sector.

²⁴ From interviews with employees of the ministry, it became clear that the ministry did not have policies on immigrant entrepreneurs before 2007. After 2007 the ministry financed a number of projects on immigrant entrepreneurs in the four largest cities. A recent new target group for the ministry is women resident in Denmark who were born elsewhere.

²⁵ It is relevant to observe that the four special advisors for immigrant entrepreneurs are prominently displayed on the front page of the CBC website with their photos and contact details.

Main actors

As we have seen in the foregoing sections, particularly in ‘Overall policies and strategy’, there has been incidental policy interest from several ministries (labour, housing, refugees) but no consistent policy as a result. The most important ministry, that of economy and business, has no active policy (except for the fact that the Danish Commerce and Companies Agency, which is located in the ministry, has published a brochure to encourage immigrant entrepreneurs (Erhvervs- og Byggestyrelsen, 2009)). Since 2007 the Ministry of Refugee, Immigration and Integration Affairs has been tasked with establishing and coordinating the new National Knowledge Centre on Immigrant Entrepreneurship, but it has not yet succeeded in getting the cooperation of the regions and the Ministry of Economic and Business Affairs.

In fact, some large cities in Denmark (Copenhagen, Aarhus and Odense) have been the driving force behind local policies and activities in the past and are currently the most important policy actors. There are many examples where local authorities have tried to engage ethnic business owners in the local activities. In the case of Copenhagen, this has not been incorporated significantly in policy documents on SMEs, but rather, practically in the activities of the CBC (Copenhagen Business Centre), which has a number of consultants with an immigrant background themselves. The CBC provides entrepreneurial counselling and helps new start-ups in particular, having easier access to local facilities. Being located in the city of Copenhagen is the only condition needed to have access to these facilities.

Target groups

Most of the activities (of the CBC) target the traditional ethnic businesses as described in ‘Ownership of immigrant businesses’ in Chapter 4. In recent years there have also been efforts to encourage immigrant women to start up businesses. One interesting example is the Q-project that has been implemented by CBC, largely financed by the Ministry of Refugee, Immigration and Integration Affairs.

The Q-project for immigrant women entrepreneurs

The Q-project was implemented by the CBC and was largely financed by the Ministry of Refugee, Immigration and Integration Affairs. The principle of the project was to recruit some 300 immigrant women (including ex-pat women) who were brought into the project through introductory activities to test their motivation. Out of these, some 45 women were selected to go to a two-day camp on a university campus to develop concepts for new businesses. A further selection of 35 of these received courses afterwards on how to make a business plan and 22 of them actually made one. These plans were then presented to professionals for comment and further selection. Five of these were chosen to be supported. Financial support of some DKK100,000 in total could be used to hire external expert help for further development of the plans. After three months, one (out of a shortlist of 10)²⁶ was chosen as the winner and received DKK20,000 as an award from a big firm. The new mayor of the city of Copenhagen was involved in the award ceremony, which received some media coverage during our field visit (see *The Copenhagen Post*, 2010, p. 11).

²⁶ The list of 10 in *The Copenhagen Post* indicates that the traditional immigrant entrepreneurial groups were virtually absent in the list. Most shortlisted women entrepreneurs seem to be ex-pat women.

Institutions

As we have seen before, there has been incidental interest in the topic of immigrant entrepreneurship at the national level, but it did not result in any form of consistent policy. The National Knowledge Centre for Immigrant Entrepreneurship is still in the making and its long procedure for establishment is due to the lack of motivation of the regions and the Ministry of Economic and Business Affairs, which prioritise growth start-ups and innovative SME development. If there has been support at the national level, it has come from the Ministry for Refugee, Immigration and Integration Affairs in the form of financial support for projects (like the Q-project).

The Danish Commerce and Companies Agency (DCCA), an agency under the Ministry of Economic and Business Affairs that employs 275 people, is the official place of registration for Danish businesses, thus also for immigrant businesses. Their special activity for immigrant businesses has been limited to the publication of a brochure in 2009 (Erhvervs- og Byggestyrelsen, 2009).

Thus, institutional support comes mainly from the local level. In the case of Copenhagen, the CBC (Copenhagen Business Centre), established in 2008, is the main actor. CBC's activity is still very much focused on immigrant business start-ups and the centre realises that they have to develop broader activities, particularly aimed at improving the quality of immigrant enterprises and increasing their survival rate. Remarkably, quite a lot of its work is said to be spent 'on working with the other authorities who are involved with immigrant businesses to create a better understanding of these businesses and their challenges'. It indicates that policies relating to immigrant entrepreneurship are not a priority for those other institutions. This also holds true for the Integration Office that coordinates integration policies in the city: as indicated earlier, the topic is not mentioned in any policy documents on integration. Contacts between the Integration Office and CBC were also virtually absent until this study started.

Involvement in policymaking

There is no formal barrier for immigrant business owners to become members of business-related organisations, but they rarely do become members. Neither is there an observable organisation of immigrant entrepreneurs themselves. Informal networks exist, particularly within immigrant groups, but there are no signs that these try to represent the interests of these groups to the outside world or that they try to influence policies.

Formal access to entrepreneurship

There are no special requirements for ethnic businesses to register themselves, as explained in Chapter 4. Such registration is rather quick and without costs.

Rules and regulations

Problems start for many entrepreneurs when they actually start a business in a certain sector. Denmark has a strongly regulated welfare system and there are numerous regulations in sectors that may pertain to getting a licence to establish a business in a certain sector; fulfilling educational and skill requirements to get a licence in certain sectors; and fulfilling requirements of the inspectorates for hygiene and environment, labour conditions and tax and social security. In principle, such strong regulation is a problem for all entrepreneurs, which was a reason for the city to start the Gearing Up Copenhagen project to look critically at regulations and relax a number of them. For many immigrant entrepreneurs it is more difficult to fulfil all these requirements (and the relaxation exercise was not inspired by specific problems of immigrant entrepreneurs). The biggest challenge in trying to fulfil them is language skills. By far, the majority of

immigrant entrepreneurs are first generation with a limited command of the Danish language. Getting to know the rules is thus the first problem and complying with the rules and communicating with the relevant authorities is the second.

Zoning plans

As indicated earlier, Copenhagen did have zoning policies for entrepreneurs, but for a very specific sector. The City Development Strategy 2005–09 designated eight creative zones where affordable working space would be made available. These zones – part of the port area, adjacent to the new Opera House and the Vesterbro meat-processing district – are identified as incubators for creative industries. These areas are located at the border of the dense inner city and old industrial city fringe, with mixed-use buildings of varying sizes that are in need of refurbishment and reuse. This zoning initiative, using lower plot ratios as a planning tool, has sought to provide flexible workspace opportunities for creative and other small businesses while retaining the industrial heritage and light industrial space (OECD, 2009, p. 142). This particular initiative was taken in the framework of the national high-growth policy. In principle, the facility was open for immigrant entrepreneurs, but in practice it does not seem to have any relevance for them.

Sector rules and regulations

As indicated earlier, there are many special rules for several sectors. One of the most important sectors is food, relevant for many immigrant entrepreneurs in the retail, grocery, butcher and hotel and restaurants sectors. An instruction booklet²⁷ for entrepreneurs in these areas is illustrative both of the complicated nature of regulations as well as the way control is implemented. A few quotes from it make this clear:

'When starting a food business, there are a number of important considerations prior to opening. This applies to a new business as well as to an ongoing business you have purchased. In some cases you may not be permitted to begin your business before the regional veterinary and food control centre has paid a visit and authorized it. In other cases the regional veterinary and food control centre needs only to register you and confirm the information you have provided. Therefore you must always contact the regional veterinary and food control centre prior to starting.'

'On this site you can see what things need to be in order prior to starting a new business. You can read more about the requirements for different types of businesses at the sites dealing with: Kiosk, supermarked, Slagter, bager, fiskehandler, Restaurant, café, Fabrik, Lager, handel and Slagteri. It is your responsibility. When starting a food business you must contact the regional veterinary and food control centre prior to opening. You must also contact the regional veterinary and food control centre before undertaking major renovations and before making major changes in the types of foods you will produce and sell as well as prior to making major changes in the layout of your business.'

'If you operate a food shop or a wholesale food business, you must begin by taking a business test (næringsprøve). Following this you will be registered in the Business Registry (Næringsbasen) in order to obtain a business license. If you operate a restaurant, you must be issued a business license by the local police (in Copenhagen by the municipality), and you must be registered in the Business Registry ... If you wish to know more about the Business Registry and the business license, go to <http://www.naeringsbasen.dk>. Here you can read, among other things, about what the business test includes and how one is registered in the Business Registry.'

²⁷ See <http://www.foedevarestyrelsen.dk/NR/rdonlyres/2A181C94-1B01-4261-9171-725A32C7A031/0/EngelskNyvirksomhednyversion.pdf>.

'The regional veterinary and food control centre can provide guidance, but it is always your responsibility to abide by the rules. You can receive guidance regarding requirements for the layout and the running of your business and about how the requirements apply to the products you wish to produce and sell. But the regional veterinary and food control centre cannot tell you precisely what you must do. It can be to your advantage to contact the regional veterinary and food control centre before beginning to outfit your business or before making major changes in the types of products you produce or sell. And if you change your activities – for example, you begin to transport food products yourself – you must also contact the regional veterinary and food control centre before you start. As a business, it is your responsibility that your foodstuffs are safe.'

Actual implementation of control is a hot topic of discussion with immigrant entrepreneurs. They fear the controllers and do not really understand why they even have to pay for the visits of these controllers. They reported that they pay between EUR200 and EUR300 for such visits that, when things go right, yields them a one-page statement with a number of smileys on it to testify that everything is all right. Many shops show these 'reports' visibly on the doors of their shops. It is not clear whether this is done primarily for the clientele or for the controlling agency.

Immigrant business consultants also report on the ambivalent role of controlling agencies and agents. On the one hand, they report that in general, controlling agencies approach immigrant businesses on the basis of the rather negative stereotype of immigrant businesses as informal businesses that don't comply with the rules. On the other hand, they make it clear that the advisory function (that is suggested in the booklet) of controllers cannot really be combined with their controlling function. The result is that no viable way of implementing control in an educational spirit has been developed yet and relations between control agencies and immigrant entrepreneurs remain strained. This is reinforced by the fact that established Danish entrepreneurs have protested against the stronger control regime in general, with the perceived outcome that controllers discriminate by implementing less control among Danish and more among immigrant entrepreneurs.

Setting up a business

Business acumen

Although courses for starting entrepreneurs are available in general, there are no indications at all that educational institutions have tried to specifically recruit immigrant entrepreneurs for such courses, nor are special courses organised for them. The CBC has introduced some short-term introductory and training courses for starting immigrant entrepreneurs only recently. The CBC – or at least its immigrant consultants – feels the need to extend educational and training facilities for immigrants, but such systematic efforts have not started yet (see 'Overall policies and strategy' above).

The National Knowledge Centre for Immigrant Entrepreneurship that has been planned since 2007 could possibly have an important role in developing and stimulating educational activities on entrepreneurship, but its actual start has been seriously delayed, as we have seen above. At the time of writing, it was hoped that the centre would start in the summer of 2010.

Finance

As stated in Chapter 4, immigrant businesses are primarily financed by immigrants themselves and their networks. As far as could be observed, there have been no initiatives from the banking sector itself to reach out to immigrant entrepreneurs or at least facilitate contacts with them. Obviously, immigrant businesses are not seen as a worthwhile segment for which to develop specific initiatives (which differs from what we see in other countries, such as the Netherlands).

Business locations

Except for the specific zoning facilities for the creative industries described above, there are no special policies for the specific location of immigrant businesses.

Access to employment in immigrant businesses

There are some special measures to facilitate access to employment in SMEs. They are general in nature, i.e. for all companies, including immigrant businesses. In view of the specific nature and recruitment of employees in immigrant businesses (see 'Employment conditions and labour relations' in Chapter 4), these measures are not relevant for immigrant entrepreneurs.

Staff matters

Employees usually have the same ethnic background as the owner. Entrepreneurs base their recruitment on trust and (kinship) networks. Relations between the employer and employee are thus more determined by personal and context factors than by general rules. The level of unionisation is very low. Interestingly, we did not encounter any form of trade union interest in immigrant entrepreneurship or policy initiatives on this topic. It is likely that the size of the phenomenon (of employees in immigrant businesses) is so insignificant that it is not seen as a threat by trade unions.

Marketing

There have been several projects (see 'Overall policies and strategy' above) in which the question of identifying new markets and innovative products have been important, but nothing like a regular programme or a regular facility to support market-based initiatives has been developed. Of course, it is part of the advisory task of the immigrant business consultants of CBC as one of the important aspects of starting up a business.

Transnational economic connections

Transnational economic connections do exist, particularly in sectors where products relate to the countries of origin of the entrepreneurs, but there has not been any specific policy initiatives to promote or facilitate such connections.

Training and management support

The CBC recently started to offer special tailor-made short basic courses for starting immigrant entrepreneurs, given at specific hours convenient for entrepreneurs and on specific topics. The interest from the traditional immigrant entrepreneurs, however, is very low. Immigrant consultants at CBC are aware that much has to be done, both in terms of offering such courses and actively promoting participation of immigrant entrepreneurs in these courses.

Illegal and informal practices

In general, the image of immigrant entrepreneurship is a rather negative one, including in politics. There is a strong association with informality and non-compliance with all kind of rules. Such businesses are thus strongly monitored and supervision, particularly by the Veterinary Inspectorate, seems to be rather strict and severe. Thus, the somewhat strained relations between immigrant entrepreneurs and controllers seem to be reinforced instead of improvements being made. As far as illegal and informal practices exist (and they certainly do), the present practice of control does not seem to stimulate improvement, and those who comply with the rules feel the strict controls are unnecessary and discriminatory.

Active and non-active organisations

As described above, all institutions that could possibly be expected to be actively involved are either passive or absent (like most of the national institutions: the Ministry of Economic and Business Affairs, the Registration Agency for Businesses, the Regional Growth Centres, the educational institutions, the banks). At the local level of Copenhagen, the CBC (Copenhagen Business Centre) is the exception, having developed a number of activities in practice. The official policy status of these activities, however, is still low even in Copenhagen: in official policy documents, the topic is not prominent, even in those of CBC. In other parts of local governance (like integration policies), active involvement is absent, which makes CBC more or less the only institution that is involved.

Dialogue

Except for CBC's activities, it is difficult to detect constructive contacts or dialogue. This is even more difficult because immigrant entrepreneurs are also not organised in any significant way.

Summary and conclusions 6

Scant statistical data, combined with interviews with business consultants from the CBC and entrepreneurs and observations in some quarters of Copenhagen, lead to the following general observations on the development of immigrant businesses in Copenhagen.

Firstly, immigrant entrepreneurship is predominantly small business, generally consisting of the entrepreneur him/herself, assisted by family members. In the beginning, the cheap and fast food sector (pizzeria-kebab), retail shops (groceries, mini-markets, kiosks, butcheries), clothes and repair, and garage-type businesses (car repair, motorcycles, bicycles) represented access to an independent economic activity for which modest investments were needed and few formal regulations existed.

Secondly, there is a clear profile of these immigrant entrepreneurs when it comes to their background in terms of their country of origin. Iraqi, Pakistani, Iranian, Palestinian/Lebanese, Turkish and Chinese populations manifest a much stronger tendency to establish themselves as entrepreneurs than other immigrant groups and are also much stronger entrepreneurs than ethnic Danes. Research, though scarce, indicates that the motivation and experience for entrepreneurship is higher among these groups, but there has also been a strong push effect from the wage labour market (within which chances for these groups have been limited, particularly because their education and skills were not accepted). The relevance of both factors has been demonstrated by Rezaei, who shows that in 2002 the revenues of self-employed entrepreneurial minorities in Denmark were on average lower than the income of wage earners of the same groups (Rezaei, 2007, p. 97).

Thirdly, during the last decade, immigrant entrepreneurs have entered new business domains, which is directly observable in the streets of the immigrant neighbourhoods of Nørrebro, Vesterbro and Amagerbro. In particular, the following new areas of activities developed:

- gold, silver, jewellery and watch shops;
- travel agents (often including money exchange);
- communication and IT services (mobile telephones, computer repair);
- café/bars;
- larger restaurants;
- cleaning services.

Currently, the vast majority of immigrant entrepreneurs are first-generation immigrants. Their basic disadvantages are their lack of knowledge of the Danish language, of the Danish regulatory context and of the way of doing and organising business (not so much the low level of education since many, particularly those from refugee groups, have a significant but unrecognised educational background). The second generation seems to be much more hesitant to start a business, and insofar as they do, they are active roughly in the same sectors as their parents.

Fourthly, the overall picture is that immigrant entrepreneurs establish themselves in economically marginal segments of markets. Access to those segments is relatively easy in terms of the low investment needed and few formal requirements, but competition is high. They have to compete with the more powerful established businesses that drive them to specific margins of the sector, but since the choice of activity is often based more on imitation than on sound market exploration, competition among immigrant entrepreneurs themselves is often fierce, which means these enterprises only generate marginal turnover and income for the owner. There is little or no organisation amongst immigrant entrepreneurs to protect common interests, except for the informal networks within their ethnic groups. Although some shifts and

broadening of the areas of activity of immigrant entrepreneurs have occurred over time, as indicated above, the nature of immigrant entrepreneurship as mainly in the margins of sectors still seems to be the rule, even for second-generation entrepreneurs. 'Breaking out' does not yet exist in any significant way.

Fifthly, when it comes to clientele, very few entrepreneurs focus specifically on immigrants (e.g. a shop for 'Muslim wear'); most use a hybrid formula of anchoring themselves in an immigrant demand market but explicitly trying to attract a broader clientele.

Sixthly, immigrant entrepreneurs feel misled by the easy formal access to entrepreneurship that is then followed by many institutional thresholds, rules and regulations as soon as one starts the business, particularly in food-related businesses. In general, the image of immigrant entrepreneurship within institutions is a rather negative one, including in politics. There is a strong association with informality and non-compliance with all kind of rules. Such businesses thus come under close scrutiny; supervision, particularly by the Veterinary Inspectorate, seems to be rather strict and severe. Thus, the somewhat strained relations between immigrant entrepreneurs and controllers seem to be reinforced instead of improvements being made. As far as illegal and informal practices exist (and they certainly do), the present practice of control does not seem to stimulate improvement and those who comply with the rules feel the strict controls are unnecessary and discriminatory.

Notwithstanding this somewhat gloomy picture of immigrant entrepreneurship, it cannot be denied that the phenomenon in Danish society is an important one. First of all, it is remarkable that such a large percentage of (certain groups of) immigrants – much higher than among Danes – chooses this way of earning a living in Denmark, even if that choice may largely be determined by their meagre chances to earn a living as a salaried employee. They therefore relieve the burden of the welfare state, even if their remuneration is low in general. But immigrant entrepreneurship as it functions nowadays – even if it does not significantly add to innovative economic growth – also has an important social function of offering services for the general consumer market that would otherwise not be available. That function is obviously appreciated by many customers, whether this is for reasons of cultural preferences or socio-economic arguments or both.

In view of these arguments, it is remarkable that immigrant entrepreneurship has received so little systematic attention in policies on SMEs. At the national and regional level, innovation and growth-oriented policies have systematically overshadowed any attempts to make more of the immigrant entrepreneur initiatives than these entrepreneurs were able to do themselves. Although they were not excluded from the dominant policy initiatives, there has been no effort to increase their participation and to possibly build on their specific advantages. They were simply left to themselves within the given prevalent system, and within that system they may even be regarded as potentially suspect rather than an asset.

Policy initiatives have been developed at the local level in the larger cities of Denmark and specifically in Copenhagen. But even within these cities, such policies were not easily accepted. The creation of policy initiatives in Copenhagen shows that it took a long time of experimenting with incidental projects before immigrant entrepreneurship earned a place in the institutional context of the CBC. Even today, CBC's activities do not yet have a high policy profile for the city as a whole. Rather, the CBC's systematic activities support start-up immigrant entrepreneurs. Other local institutional actors that one could expect to be interested – the educational sector related to SMEs, local entrepreneur associations, banks or even the Integration Office of the city – do not give evidence that the topic has any priority for them.

Good practice

The history of projects related to immigrant entrepreneurship in Copenhagen shows some interesting examples of good practice, particularly the project in which immigrant entrepreneurship was included in the implementation of a general renovation plan for an immigrant neighbourhood, which led to the broader engagement of CBC in immigrant entrepreneurship. The Q-project is another interesting project to stimulate entrepreneurial initiative and expertise among a specific group (immigrant women).

Other final comments and suggestions

The most important example of good practice has been built up within the CBC (and is still being built up and extended) by providing easily accessible guidance and advice to immigrant entrepreneurs. It is to be hoped that in the near future, the CBC will be able to mobilise other important institutional agencies in the educational sector, in the organised world of entrepreneurs themselves, among financial institutions and in institutions that control enterprises in order to develop more concerted actions to better utilise the potential of immigrant entrepreneurship, irrespective of whether this is done for economic or social reasons.

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Ministry of the Interior and Health: <http://www.im.dk>

Ministry of Refugee, Immigration and Integration Affairs: <http://www.nyidanmark.dk>

Start Growth, the starter page for the Growth Houses: <http://www.startvaekst.dk/>

Statistics Denmark: <http://www.dst.dk>

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