



Eurofound

Ethnic entrepreneurship

Case study: Vienna, Austria



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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, 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), Kirkcaldy (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.

The case studies on ethnic entrepreneurship were carried out in 2010.

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

Acknowledgements

An enormous effort has been undertaken to collect all the necessary data for this report. MA 17 (Vienna's Municipal Department for Integration and Diversity Affairs) provided precious basic information for this case study at a kick-off meeting on 17 November 2009 with Kemal Boztepe, deputy director, and Karin König. To both officials, and in particular to the head of the department, Ursula Struppe, we are very thankful for the support and the valuable suggestions received. Much information was gathered in interviews with Reinhard Troper, Municipal Senate Counsellor (Municipal Department 27 – Services of General Interest) and with Andreas Müller (Municipal Department 59 – Food Inspection and Market Authority). We are also very obliged to the representatives of Vienna Employment Promotion Fund (*Wiener Arbeitnehmer Förderungsfonds*, waff) and the Social-Democratic Economic Association, the main institutions in close contact with the municipality. We further thank the Vienna Economic Chamber, the Austrian Trade Union, the Vienna Public Employment Service and the many other institutions which assisted us. We want to express our appreciation for their cooperation.

We also need to mention ECOMIGRA, the first trade fair on the ethnic economy, which took place in the Vienna City Hall from 4–6 December 2009, with participation by high-level representatives from the Republic of Turkey and many other relevant stakeholders in the field of ethnic business. This fair gave us the opportunity to gain an insight into many relevant aspects of ethnic business in Vienna. During this event we carried out many interviews with ethnic entrepreneurs, the majority of them with a Turkish migration background.

We thank all the experts and in particular the entrepreneurs who were willing to provide us with information – a list of them can be found at the end of this report.

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The fourth module of the CLIP network is about ethnic entrepreneurship. It explores the development of ethnic entrepreneurship and reviews the role of policy interventions in that process. It is motivated by the desire of municipal, national and European governments and third sector institutions to create an environment conducive to setting up and developing small and medium-sized enterprises (SMEs) in general and ethnic businesses in particular.

The study focuses on the emergence of ethnic entrepreneurs in the sectors and cities involved and the role of governmental and non-governmental regulation in it. The basic research questions are:

- What are the characteristics of the urban economy and which openings have emerged in a number of cities since 1980?
- What kind of profiles of ethnic entrepreneurship can be identified?
- What state and non-state rules and regulations govern the SME sector in general and the ethnic SME sector in particular at the national and local levels, and how have they shaped ethnic minorities' self-employment trajectories?

As in the previous CLIP modules, a mixed methodology of data acquisition was used. Previous modules made use of a questionnaire, but in this case the city of Vienna did not provide a completed questionnaire, so the information had to be compiled from 2001 census and microcensus data. Certain statistics were not available, but the deficiency in information was balanced by a detailed recent study (L&R Sozialforschung, 2007) on the ethnic economy. Unlike with earlier reports, interviews were started at a very early stage of the research process and their results systematically combined with statistical sources.

Throughout all sectors of industry, entrepreneurs with immigrant parents or who are immigrants themselves are now an established and important part of Vienna's business life. They improve the variety of products and services available, build and maintain supply structures and strengthen the business location with their cross-border contacts. With their international roots and intercultural experience, entrepreneurs with an immigrant background are crucial to Vienna's economy. They provide an invaluable contribution to the successful networking of the city within an increasingly global world economy. Furthermore, they make Vienna an even more attractive location for a large number of international corporations to establish their eastern European headquarters.

Vienna is one of the nine federal states of Austria, with a population of 1,678,435 (more than 2.2 million within the metropolitan area) as of 1 January 2008. Vienna is the capital and by far the largest city in Austria. As well as being the cultural, economic and political centre it is the seat of many international organisations (official UN seat, OECD headquarters). Vienna is both a city and a federal province. The city is composed of 23 districts. The Social-Democratic Party has dominated the Viennese local government since the 1920s. The city councillors, currently 14 in number, are part of the City Senate and politically responsible for specific areas. A consensus-oriented political culture is typical of Vienna. It is rooted in the establishment of ‘social partnership’. This is a specific Austrian form of corporatism – a network consisting of the state and employees (unions, chamber of work), as well as the employers’ associations (Vienna Economic Chamber, Federation of Austrian Industry).

Vienna is a city of immigration. It can look back to a long-standing tradition of cultural and linguistic diversity, since Vienna attracted many people when it was the capital of the Habsburg Empire. Vienna boasts a variety of immigrants, with classical countries of origin being the former Yugoslavia and Turkey. Regardless of their citizenship, about one-third of the entire Viennese population has a migration background in that either they or their parents were born abroad.

By the end of 2007, Vienna had a population of 1,670,749, including 324,951 foreign nationals (19.4% of the total). The percentage of foreign nationals rose from about 7% or 8% during the 1980s to between 10% and 15% during the 1990s, reaching a peak in 2007. The total number of foreigners living in the city in 2005 was three times higher than 1980. In 2007, the index (where 1980=100) rose to 293.4. After a period of stagnation or even decline in the overall population during the 1980s it was primarily the positive migration balance that caused Vienna’s population to rise in the 1990s. The population is still rising; Vienna is one of the very few Austrian federal provinces with rising birth rates and increasing numbers of children in schools and kindergartens. The number of children (under 15 years) will rise markedly, from 241,000 (2006) to 260,000 by 2015 and 294,000 by 2030. Statistics Austria (*Statistik Austria*) forecasts that Vienna’s population will rise by 8% from its 2006 level of 1.66 million to reach 1.78 million by 2015 and 1.95 million by 2030. In 30 years, therefore, Vienna will once again be a ‘two-million city’ – as it was at the end of the Habsburg Empire.

Table 1: *Population by migration background in Vienna, microcensus 2005/2004*

Population by descent	Number	%
Austrians	1,126,180	69.5
Naturalised migrants	198,450	12.2
Second generation	42,519	2.6
Immigrants with foreign citizenship	253,801	15.7
With a migration background	494,770	30.5
Total	1,620,950	100.0

Source: *Microcensus 2005/2004, author calculations*

Table 1 provides a picture of the Viennese population on the basis of microcensus data for the last quarter of 2005, when 30.5% had a migration background. The naturalised sub-group, which represents more than 12% of the population, is of rising numerical importance.

Vienna's urban economy

Although it has one-fifth of the Austrian population, Vienna accounts for more than a quarter of the country's total economic performance. Even by international standards the city has a very high level of prosperity: per capita gross domestic product (GDP) is over 180% of the EU average.

Vienna's success is based on a high degree of diversification, with a strong focus on modern service industries as well as on measures to strengthen material goods production and promote research. More than 300 international corporations have chosen Vienna (and its surrounding region) as a location in which to set up their eastern European headquarters. Among them are global players like Henkel, Hewlett-Packard, Siemens, Beiersdorf, Coca-Cola, McDonalds and Heineken. Vienna's strategic economic priorities focus on life sciences, information and communication technologies and automotive and creative industries. With more than 8,000 information technology (IT) companies achieving a total gross turnover of €20.8 billion and employing 73,000, Vienna not only takes the lead in Austria but across central and eastern Europe. The strength of Vienna's IT sector is based on the accessible markets and a competitive telecommunications infrastructure. VITE (Vienna IT Enterprises) is an instrument for the city to network the competence available in IT companies in order to initiate innovative projects. There are similar objectives for enterprises in the fields of mobility, transport, and new vehicle technologies.

Historical development of the urban economy

During the 1970s and 1980s, Vienna's economic performance was stable but relatively weak, which was at least partly a consequence of the city's disconnection from the economic hinterland in central and eastern Europe for more than 40 years. During this period of weak growth, less competition for the mostly national oriented enterprises existed in a protected domestic market.

Since the vanishing of the Iron Curtain, the Viennese economy has performed well. Exports have increased significantly in recent years. The opening up of the Eastern Bloc and the admission of neighbouring countries to EU membership mean that Vienna is no longer geographically marginalised, and can benefit considerably from these developments. While the burgeoning markets of eastern Europe provide great opportunities, the challenges of meeting international competition have also increased significantly.

Vienna has profited from the dynamic economic development of recent years by taking targeted action to develop its standing as a business location and to create future-oriented jobs. Like other major cities, Vienna has seen a structural shift from production to business-related services. The census of 1991 showed that nearly 80% of the labour force was working in the services sector. There was a concentration of scientific and artistic jobs and technical and administration/management occupations. Employment in the business-related services sector alone increased by 38.4% between 1997 and 2007. The 'tertiarisation' of the economy is mirrored in the rising numbers of people employed in services and the falling numbers working in construction, manufacturing and other 'traditional' sectors. The change in employment in percentage terms between 1997 and 2007 for major sectors was: company-related services (+38.4%); tourism (+8.8%), other services (-1.3%), traffic and transport (-6.7%), trade (-9.4%), construction (-17.5%), manufacturing (-26.8%).²

² Source: Association of Austrian Social Insurance Institutions.

The ‘informal sector’³ gained increasing weight in this period. The rising share of informal labour in total employment was associated with other elements of greater flexibility in the formal labour market generated by the forces of demand and supply. These elements are compatible with what already prevails in the informal economy (workers employed by informal enterprises, domestic workers, outworkers, home-workers, part-time and casual workers in informal enterprises). Migrants play an important role in the informal sector, particularly in segments where access to formal-sector jobs is difficult due to quota regulations and other institutional barriers to entry.

It is not Vienna alone, but the Vienna Region, consisting of the provinces of Vienna, Lower Austria and Burgenland, which is the economic heart of Austria.

- The Vienna Region’s high-performance business sector accounts for more than 44% of Austria’s GDP.
- Its 1.4 million employees represent more than 43% of the nation’s total workforce, ensuring a good availability of qualified employees.
- The region offers a high level of political and economic stability, a practice-oriented educational system and extraordinary personal security.
- Further enhancing the Vienna Region as a business destination is a series of jointly financed public-private partnerships, especially in the area of technology. These helped the region achieve a 40% share of all Austrian business start-ups.

Vienna experienced a veritable boom in the relocation of international companies in 2007: no fewer than 115 enterprises – 55% more than in 2006 – moved to Vienna. The decisive factor behind this success was the collaboration between the Vienna Business Agency and the Austrian Business Agency. As a result of this partnership about 1,100 new jobs have been created in Vienna. Over 50% of all companies that relocated to Austria in 2007 chose Vienna as their destination. This is an absolute record in international business relocation to Vienna, and the investments made by these new companies totalled around €113 million (Wien international.at, 2008).

The city’s economic success is also illustrated by local business start-up statistics. From 1998 a total of 73,960 new enterprises were founded in Vienna. The number of business start-ups rose from 4,929 in 1998 to 6,005 by 2000. It was 6,435 in 2002, and reached a peak in 2005 with 8,683 newly founded businesses. There was a short phase of decrease in 2006 (7,811), but in 2007 there were 8,043 start-ups. In 2008, entrepreneurs from 83 countries began a business in Vienna, creating one-quarter of all new enterprises started in the city. Although a decline in the industrial sector needs to be emphasised, the number of start-ups in crafts rose significantly over the same period. Considering that these figures are based on Vienna Economic Chamber members only, the actual number of new businesses is likely to be significantly higher.

Main industries and services

An estimated 10% of all Austrian material-goods exports are produced in Vienna. The main emphasis is on machines, electro-technical equipment and chemical products, motor vehicles and foodstuffs. The Vienna economy’s high level of prosperity is founded on a strong and diverse services sector, which generates well over 80% of the economic output. In the service field the city of Vienna’s share probably amounts to around 50% of the Austrian total. Besides public administration, trade and the financial services sector, Vienna also has an above-average share of other business-related

³ A common description, encompassing petty trading, casual and irregular wage work, employment in personal services or in small-scale enterprises mostly in services.

services. Higher quality knowledge-based services are also of growing importance. One in seven employees in Vienna works in the secondary (industrial) sector – the majority of them in SMEs, which continue to grow in importance. This means that Vienna has a very sound industrial and trade base in comparison with other cities. Vienna also gives additional priority to the promotion of research and development, and of creative industries such as advertising, design and multimedia (for details see Municipal Department 5 (MA 5), 2009; Bornett et al, 2003).

In recent years, economic development has been generally positive, at least until the global economic crisis of late 2008. Since 1974 Vienna's GDP per capita has risen by more than 90% – an increase of about 30 percentage points higher than the average major European city. Vienna's gross regional product (GRP) has increased by 37.5%, which corresponds to an annual growth rate of 3.2%. Taking into account price levels, which are rather moderate compared to other EU cities, Vienna is the fifth most affluent region in Europe.

Table 2: *Gross urban product by sectors in € million, Vienna 2005/2006*

	2005	2006	2005/06 (%)
Gross urban product	59,621	62,211	+4.3
Agriculture and forestry in %	0.2	0.2	-0.5
Manufacturing in %	16.3	16.8	+3.2
Services to consumers and businesses in %	83.5	83.0	-0.6

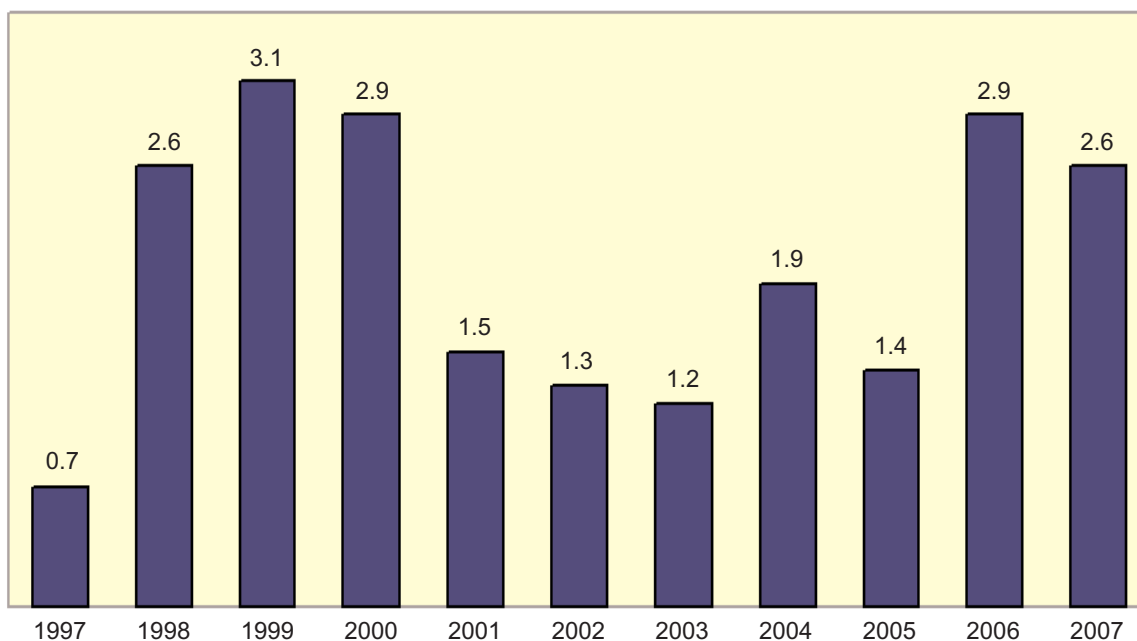
Source: *Statistics Austria – Regional Accounts*

International business networks are continuing to grow. Businesses in Vienna make or receive almost two-thirds of all Austrian direct investments. According to data of the Austrian National Bank, direct investments by foreign businesses in Vienna reached a record high of almost €49,827 billion in 2005, while foreign investments by Viennese entrepreneurs rose to an equally unprecedented €40 billion.

The targeted and sustainable promotion of technology-intensive and future-oriented branches has given rise to the favourable framework conditions for business and labour which now prevail in Vienna, enabling the city to hold its own as a top competitor among urban business locations.

Vienna's role as a hub for economic relations between east and west is illustrated by the dynamic development of foreign trade. Economic networking, particularly with eastern Europe, has intensified in recent years, although it has suffered since the crisis of 2008. The most important trading partners for Viennese companies are enterprises in countries such as Hungary, the Czech Republic, Slovakia, Slovenia, Poland, Romania, Croatia and Turkey. Austrian banks, which had invested large sums in eastern Europe, got into serious trouble during the crisis. With the production sector accounting for no more than about 16% of Vienna's gross value added, the volume of exports totalled €14.8 billion in 2007 – a rise of 5.4% from the previous year. The neighbouring states to the east play a key role in the economic relations context: with exports of about €1 billion each, Hungary and the Czech Republic rank third and fourth among Vienna's main trading partners, trailing only Germany and Italy.

Figure 1: Change of the real economic growth rate in Vienna, 1997–2007 (%)



Source: Austrian Institute of Economic Research (WIFO), <http://www.wien.gv.at/english/politics/statistics/images/economic-growth.gif>

At the same time, the high number of tourist overnight stays – a record-breaking 9.7 million in 2007 – is proof of Vienna’s international standing. In 2007, the economic benefit of more than 300 events amounted to about €600 million. International organisations in Vienna such as the United Nations (UN), the United Nations Industrial Development Organization (UNIDO), the International Atomic Energy Agency (IAEA), and the Organization of Petroleum Exporting Countries (OPEC) create a multinational environment. With more than €4 billion in direct and indirect benefits, tourism remained a significant factor for total added value in Vienna.

Table 3 reflects the structure of Vienna’s economy in the distribution of the member enterprises of the Vienna Economic Chamber by economic sectors. Over recent years there has been a rise in the number of enterprises in almost all sectors. The total number of members of the chamber rose from about 118,000 in 2001 to 147,000 in 2008. Exceptions to this trend are enterprises in the bank and insurance sector and in trade, where a considerable shrinking process has taken place. In the banking sector this was mostly due to rationalisation processes creating bigger and transnational bank corporations. The loss of enterprises in the trade sector was caused by general problems in this branch of the economy. An extremely positive upward development is observable in information and consulting, where the number of chamber members rose by more than 10,000 within eight years. Considering Vienna’s attractiveness as a tourist destination, it is not surprising there was an expansion in the number of enterprises in tourism and catering from 2001. The traditional sector of crafts and industrial arts also shows a significant upward trend. The sharp overall increase in the number of chamber members is to a high degree caused by the start-up of many single-person enterprises by EU citizens, often from the new accession countries in east and central Europe. Generally, the ‘enterprise landscape’ until 2008 (before the economic crisis) was characterised by positive developments.

Table 3: *Members of Vienna Economic Chamber by sector, 2001–2008*

	2001	2002	2003	2004	2005	2006	2007	2008
Craft, industrial arts	27,020	28,058	29,119	32,403	35,390	37,882	39,900	43,897
Industry	2,252	2,168	2,282	2,296	2,248	2,271	2,330	2,412
Trade	44,375	43,663	43,478	43,843	43,337	43,296	42,833	42,053
Banks, insurance companies	383	384	379	369	356	356	349	353
Transport	6,510	6,604	6,755	7,091	7,364	7,470	7,690	7,888
Tourism	12,636	12,803	13,195	13,827	14,000	14,119	14,294	14,422
Information, consulting	25,009	26,672	28,428	30,530	31,894	33,309	34,590	35,651
Vienna total	118,185	120,352	123,636	130,359	134,589	138,703	141,986	146,676

Source: *Vienna Economic Chamber*

According to 2005 microcensus data there were 461,930 self-employed (and supporting family members) without a migration background and 21,182 entrepreneurs with a migration background. There is a clear concentration of ethnic entrepreneurship in the capital compared to other Austrian regions: 38.4% of all self-employed persons have a migration background but only 13.5% of entrepreneurs running their own business in Vienna are 'native'.

Size of workforce

The positive effects of economic growth have benefited the labour market. In 2007, Vienna saw both an increase in the total number of employees (+1.6%) and a decrease in the number of unemployed people (-0.8%) compared with the previous year. In 2007 the number of Viennese in employment reached an all-time high of 935,202. In recent years 'new forms of employment' constituted an expanding category. From 2007 to 2008, for example, this number rose from about 80,000 to 86,500 (+8.1%). During the same time span self-employment increased by 2.7% (see Table 4).

In Vienna entrepreneurship is still dominated by men; growth was significantly higher in the male category. This is despite the fact that there are more females than males in the overall employment market. In addition to high productivity, another significant factor in the economic growth is industrial peace: in 2006 and 2007 there were no strikes in Vienna.

Table 4: *Employment with compulsory social insurance in Vienna, 2007–2008*

	2007	2008	2007/08 in %
Employment with compulsory insurance, total	935,202	959,036	+2.5
Female	454,340	465,776	+2.5
Male	480,862	493,248	+2.6
Gainful employment, total	854,133	875,740	+2.5
Female	428,469	439,426	+2.6
Male	425,664	436,314	+2.5
Gainful employment, standard forms	774,137	789,251	+2.0
Female	381,772	389,240	+2.0
Male	392,365	400,011	+1.9
New forms of employment (minimal employment, quasi-freelance service contracts)	79,996	86,489	+8.1
Female	46,697	50,186	+7.5
Male	33,299	36,303	+9.0
Self-employment, total	81,069	83,296	+2.7
Female	25,871	26,350	+1.9
Male	55,198	56,934	+3.1

Source: *Association of Austrian Social Insurance Institutions, Social Insurance Institution for Farmers, Social Insurance Institution for Trade and Industry and forecast by MA 5* (<http://www.wien.gv.at/english/politics/statistics/rtf/compulsory-insurance.rtf>)

Characteristics of the workforce

Table 5 shows the numerical development of total standard employment and the employment of some of the major immigrant groups in Vienna from 2006 to 2008. There was a steady increase in total employment over the three years. Whereas total employment rose modestly, the employment of foreign citizens showed a sharp increase of 9% from 2007 to 2008. This increase was mainly due to an influx of labour from other EU countries, in particular from Romania and Germany. At the same time, there was a considerable decline in the employment of citizens from the former Yugoslavia. This group is traditionally the most numerous immigrant group in Vienna.

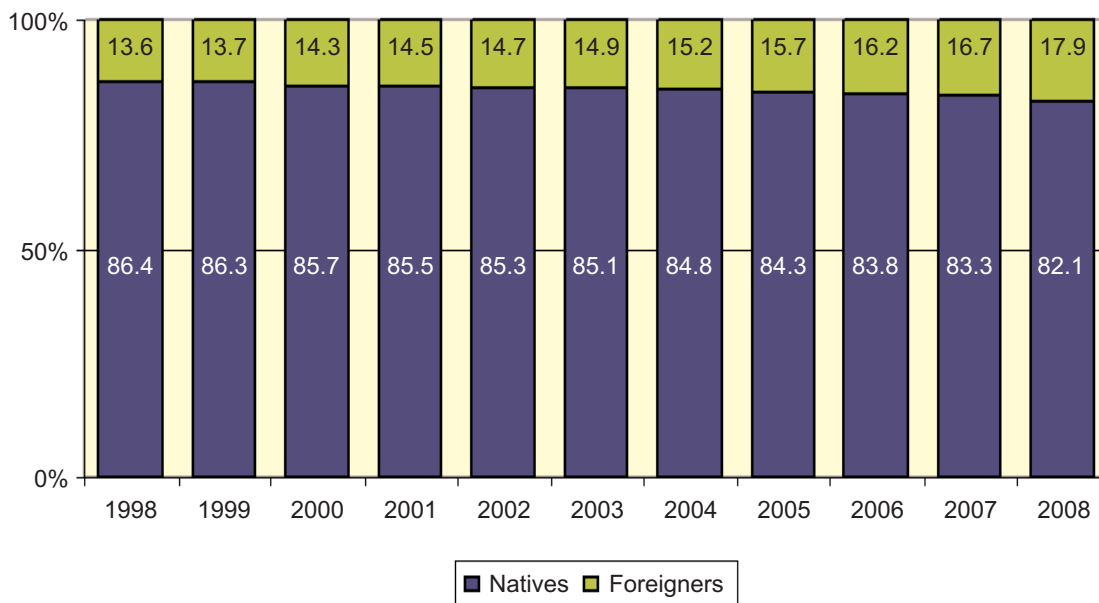
Table 5: Standard employment in Vienna by citizenship 2006–2008

Groups of employed	2006	2007	2008	2007/08 (%)
Employed, total	763,607	774,137	789,251	+2.0
Austrians	639,848	644,565	648,019	+0.5
Foreign citizens	123,759	129,572	141,232	+9.0
EU	-	-	43,162	-
Germany	9,961	11,380	14,244	+25.2
Poland	6,749	7,189	7,956	+10.7
Romania	2,573	2,910	3,735	+28.4
Hungary	2,950	3,289	3,625	+10.2
Other countries	-	-	98,070	-
Former Yugoslavia	54,923	54,806	44,798	-18.3
Turkey	17,547	17,970	18,981	+5.6

Source: *Association of Austrian Social Insurance Institutions*

Figure 2 shows the development of standard employment from 1998 to 2008. It can be seen that the proportion of foreign citizens in total standard employment rose from 13.6% to 17.9% in 2008, whereas in the case of Austrian citizens it fell from more than 86% to 82% during the same period.

Figure 2: Standard employment of Austrian and foreign citizens in Vienna, 1998–2008 (%)



Source: Association of Austrian Social Insurance Institutions

Immigrants of earlier generations entered labour markets during a phase of rapid industrialisation and rising labour demand for low and medium-skilled workers. Foreign workers traditionally tended to be concentrated in industries and occupations at the bottom end of the wage scale (construction, cleaning, housekeeping, catering, etc.). Those industries faced high competition in the national and global market either because they employed relatively common (global) technology and skills of workers and/or because of a limited concentration/market power of the industry. In these industries, migrants often occupied unskilled and semiskilled jobs or specialised medium-skilled jobs. Migrants in the 1970s and 1980s often had traditional craft skills such as sewing, tailoring, leather processing; or they had relatively low skills, as these skills are almost by definition easily transferable. Thus, migrants were and still are employed in higher than average proportions in textiles, leather goods and clothing production, food production and processing; and they have contributed to the survival of these industries as well as to certain low- to medium-tech industries. They are also disproportionately represented in construction industries, tourism, personal services, cleaning and nursing, as well as harvesting within the agriculture sector (see Biffel, 2000, 2002a,b; Gürses et al, 2004).

Today, de-industrialisation and the expansion of service activities affect both the structure and the nature of employment. The numbers of traditional jobs from the era of mass production which are concentrated on standardised work processes have declined. Flexible specialisations have gained in importance. There is a quest to adapt to consumer demands and for more market and client orientation. Firms are entering into flexible supplier-producer relationships, whereby formal and informal sector activities may be intertwined. There has been a qualitative change in jobs. Non-traditional working hours, contract labour, casual work, flexiworkers and homeworkers are becoming a feature of the labour market. Microeconomic reform and restructuring entailed above-average job losses for unskilled workers, the group in which migrants are more than proportionately represented. But reallocation of production to neighbouring countries in the 1990s increasingly affected medium-skilled tradespeople. Thus, while in the past migrants contributed to the employment stability of natives in tradeables by ensuring the competitiveness of exports, this was less the case in Vienna from the 1990s onwards.

Increases in the wages of unskilled workers and tradespeople have been restrained by international trade pressures on the one hand and the supply of migrant labour on the other. Few migrants find employment in industries with a high

capital/labour ratio and limited international competition. These are mainly banking, real estate and insurance, telecommunication and transport services, the high skill segment of health and education and the like. These sectors not only offer employment security but also above-average and rising wages. They were protected from market pressures and external competition, at least until the early to mid-1990s. In contrast, industries with a large share of migrant workers are now not only at the low end of the wage scale but exhibit significant cyclical and/or seasonal employment instability. A special case is the construction sector, which pays comparatively high wages to migrant and native workers alike. This is the result of the high degree of union density and thus the result of institutional rather than market forces.

As detailed statistics about the demographic and educational structure of the workforce are provided on the websites of the Municipality of Vienna⁴ and the Vienna Chamber of Labour (*Arbeiterkammer*, AK),⁵ a more detailed analysis will not be given in this chapter.

Development of small and medium-sized businesses (SMEs)

On 6 May 2003, the European Commission adopted Recommendation 2003/361/EC, which replaced Recommendation 96/280/EC regarding the definition of an SME. According to this classification, enterprises with a maximum of 49 employees (turnover and balance sheet total \leq €10 million) count as small enterprises. Micro enterprises employ fewer than 10 persons (turnover and balance sheet total both \leq €2 million). Medium-sized enterprises are considered to be those with 50–249 employees (turnover \leq €50 million; balance sheet total \leq €43 million).

SMEs account for 98% of all Austrian enterprises. Vienna's economy is also dominated by SMEs. With around 72,000 companies, Vienna has the highest number of enterprises of all Austrian federal provinces. Alongside 35,900 enterprises without any employees Vienna has about 35,000 small and more than 1,100 medium-sized companies, while 99.4% of all Viennese enterprises employing staff belong to the SME category. Altogether, SMEs employ about 310,000 people, which corresponds to more than two-thirds of total employment in industry in Vienna and 40% of the city's independently employed persons. The proportion of large enterprises in Vienna is 0.6%; that is 215 enterprises.⁶ SMEs have always been very important for Vienna's economy, particularly in times of crisis and economic restructuring. During the past two decades, SMEs have at least partially compensated for the loss of jobs and apprenticeship places in traditional large-scale industry.

Sectoral and spatial distribution of SMEs

Table 6 shows the numerical dominance of SMEs in almost all branches of the Viennese economy. In crafts, trade, transport, catering and tourism, and information/consulting the proportions of SMEs are above 96%. It is only in the banking and insurance sector and in industry where bigger enterprises become significant.

⁴ Wien.at: <http://www.wien.gv.at/>

⁵ See <http://wien.arbeiterkammer.at/online/page.php?P=2840>

⁶ Wien.at: *€30 million for Vienna's SMEs* (<http://www.wieninternational.at/en/node/969>)

Table 6: *Enterprises with employees in Vienna, July 2008*

Sector of economy	1 to 49		50 to 249		250 and more		Together	
	Number	%	Number	%	Number	%	Number	%
Craft, industrial arts	10,038	96.2	339	3.2	58	0.6	10,435	100.0
Industry	620	77.5	128	16.0	52	6.5	800	100.0
Trade	9,704	96.9	269	2.7	43	0.4	10,016	100.0
Banks and insurance companies	176	68.0	61	23.5	22	8.5	259	100.0
Transport	2,088	96.7	61	2.8	10	0.5	2,159	100.0
Tourism	6,155	96.5	195	3.0	31	0.5	6,381	100.0
Information, consulting	7,505	96.7	226	2.9	33	0.4	7,764	100.0
Total	36,286	96.0	1,279	3.4	249	0.6	37,814	100.0

Source: *Vienna Economic Chamber*

The distribution of employees in Vienna' SMEs (Table 7) shows an interesting pattern that is quite specific in different branches of the local economy. In catering and tourism more than 50% of the labour force is employed in SMEs. Crafts and information/consulting are further branches with a considerable proportion of personnel active in smaller enterprises. The concentration of 250 employees or more is most pronounced in banks and insurance companies. Here, three out of four employees are employed in large enterprises. In the industrial sector, about two-thirds of the whole labour force is concentrated in large enterprises that employ more than 250 persons. In transport, the concentration is weaker, as this sector is typically a heterogeneous conglomerate of small, medium and bigger firms.

Table 7: *Employees in enterprises with employees in Vienna, July 2008*

Sector of economy	1 to 49		50 to 249		250 and more		Together	
	Number	%	Number	%	Number	%	Number	%
Craft, industrial arts	63,113	48.7	34,512	26.6	31,979	24.7	129,604	100.0
Industry	5,710	9.8	14,290	24.6	38,153	65.6	58,153	100.0
Trade	50,716	45.7	27,825	25.1	32,433	29.2	110,974	100.0
Banks and insurance companies	2,087	5.5	7,178	18.7	29,030	75.8	38,295	100.0
Transport	13,274	28.5	5,465	11.8	27,763	59.7	46,502	100.0
Tourism	37,715	53.5	19,163	27.2	13,613	19.3	70,491	100.0
Information, consulting	40,091	48.5	22,034	26.7	20,460	24.8	82,585	100.0
Total	212,706	39.6	130,467	24.3	193,431	36.1	536,604	100.0

Source: *Vienna Economic Chamber*

SMEs can be found throughout the urban space of Vienna. Since the 1980s there has been a tendency for many craft enterprises to leave their traditional locations in the densely built-up areas and to move to the urban fringe. This out-migration was caused by rigid noise protection orders and general emission standards as well as by rising rents in the inner districts and the impossibility for many successful enterprises to expand spatially. Soft urban renewal tries to keep a balanced mixture of the urban functions of housing and working and thus promotes both the continuation of traditional enterprises and the settlement of new firms.

Recent changes

Information about different aspects of SMEs is available on the website of the Austrian Institute for SME Research (*KMU Forschung Austria*).⁷ Bornett (2009) and Riesenfelder et al (2006) also provide detailed recent analyses of the SME sector. Some general trends affecting the sector are discussed below.

SMEs are of increasing importance all over Europe (Welter and Lageman, 1998; Welter, 2001), and Vienna is no exception. This trend is particularly marked in times of economic crisis. There has been a loss of jobs in bigger enterprises, whereas the number of SMEs has increased significantly; in particular single-person enterprises. This trend has caused an increasing openness towards micro-enterprises. Thus, the Federal Ministry for Economy, Family and Youth (BMWFJ) has introduced significant measures to promote SMEs.

In 2009, the Austrian Minister of Economy, Family and Youth, Reinhold Mitterlehner, presented the ‘SMEs Package 09’ (*KMU-Paket 09*) in order to improve the framework conditions of the small business sector and the entrepreneurial middle class. This package includes some relief from administrative burdens, the promotion of innovation, efforts to improve the image of small enterprises, easier access to financial funding and a new ‘hallmark of excellence’ for model plants.⁸ The BMWFJ is also active in promoting research activities in the field of SME innovations. An example is the COIN programme, in which the Austrian Research Promotion Agency (FFG) offers FFG Innovation Cheques of €5,000 and special credits (erp-Small Credits up to €30,000 at a rate of 1.5%) to SMEs (see Kolar, 2010: 5–7).

In the first half of 2009, the Austrian Institute of Economic Research carried out a survey commissioned by the city of Vienna (Mayerhofer, 2009; Wien international.at, 2009c). About 1,000 entrepreneurs in Vienna were interviewed. According to the survey, Viennese entrepreneurs support further expansion of the infrastructure and regard government investment as a key measure in economic crisis management. Viennese entrepreneurs are actively responding to the economic crisis; 73.8% have already implemented concrete measures to deal with the crisis, or are planning to do so. From the point of view of location and employment policies, proactive strategies for maintaining sales levels, such as continued support for innovation orientation, qualification and internationalisation are recommended.

The city of Vienna’s economic stimulus and employment package was agreed with the social partners in the autumn of 2008 and is currently being implemented. In an effort to assist the Viennese business community the city spent an additional €700 million on contracts in 2009; a measure largely intended to safeguard employment. By 2013 the expansion of the underground railway network in Vienna will create over 26,000 jobs related to the construction work itself and associated subcontracting sectors.

⁷ See <http://www.kmuforschung.ac.at/>

⁸ See <http://www.bmwfj.gv.at/Unternehmen/UnternehmensUndKMU-Politik/Seiten/KMU-Paket09.aspx>

Definition of ethnic entrepreneurship

The legal definition of self-employment or entrepreneurship is very simple in Austria. A person can declare themselves self-employed, and will then be treated as such by the authorities.

In Austria, the term ‘ethnic entrepreneur’ is not used; ethnic entrepreneurs are usually referred to as ‘entrepreneurs with a migration background’ (*UnternehmerInnen mit Migrationshintergrund*), which means self-employed people who migrated to Austria or an individual who has at least one immigrant parent. This definition does not consider the actual citizenship of the individual. Sometimes the media also use the term ‘entrepreneurs with migration roots’ (*UnternehmerInnen mit migrantischen Wurzeln*).

Today, entrepreneurs with a migration background are active in every economic sector, use a wide range of business strategies, and run successful as well as less successful enterprises. Their heterogeneity is much higher than among entrepreneurs without a migration background.

Development of ethnic entrepreneurship

No data source provides valid information about the exact number of business owners with a migration background. The last census was in 2001, so this data source does not provide an up-to-date picture. For Vienna, the microcensus can be used to answer questions about the extent of self-employment in different national groups and give a rough insight into the socio-demographic structure of migrant entrepreneurs. A disadvantage of this data source is its sampling error, which means that the data give only an approximation of the actual situation.

The data bank of the Vienna Economic Chamber contains information about the nationality of each business owner at the time of founding their enterprise. The extent to which the second or third generation is involved in ethnic entrepreneurship can only be estimated. Combining this data pool with other ‘personal-related’ data sources (for example, naturalisation statistics) is not only difficult from a methodological point of view but cannot be done because of data security reasons. At the time of data collection for this report, personal data on the nationality of the entrepreneur were only available in the case of individual enterprises, not for companies with limited liability (GmbHs) and other forms of legal organisation. The municipal departments and experts responsible fully recognise the limits of data collection in the context of integration and diversity, and efforts are being made to overcome the existing lack of data.⁹

In view of the absence of comprehensive statistical information on ethnic entrepreneurs in Vienna and their role in the economy, only a qualitative overview of the past three decades can be given. In the early phase of the ‘guest worker’ migration of the 1960s and 1970s, self-employment among migrants was a rare phenomenon. As migrants faced more and more difficulties in finding employment in manufacturing and construction, which were their ‘traditional’ branches of the economy, they increasingly turned to self-employment during the 1980s. A further reason was that the classical ‘guest worker’ ideology vanished and many migrants decided to stay permanently. The ethno-national and educational profile of immigrants also became more heterogeneous. This was a relatively new feature of migration in Vienna compared with, for example, British or French cities with a long tradition of migrant entrepreneurship. In this early phase the proportions of self-employed migrants were significantly lower than among the natives. While there is a much wider

⁹ See <http://www.wien.gv.at/menschen/integration/grundlagen/monitoring.html>

spread of ethnic business today, in sectors ranging from catering to textile production to arts and crafts, there are still some branches where some concentration of ethnic enterprises can be observed. Migrants in Vienna tend to set up business in services, in particular cleaning, restaurants, food production and retail trade as well as in manufacturing; particularly clothing, leather goods, shoes and textile production and repairs. The 'classical ethnic shops' and restaurants are actually only one side of the coin, but public perception of the ethnic economy is often strongly influenced by this picture. It is also a fact that during the last three decades many shopping streets have been revitalised by ethnic enterprises. Traditionally, the proportion of self-employment in Vienna has been moderate compared to cities in France or the UK, but since the 1990s it has been steadily increasing. A complex ethnic economy embracing many different branches of the economy has developed. This means that a steadily growing diversity of ethnic enterprises and entrepreneurs is one important feature of ethnic business in Vienna (see Biffl, 2003; Haberfellner and Betz, 1999a,b; Haberfellner, 2000d; Mandl and Dorr, 2007).

The last systematic survey in August 2006 counted 53,064 single-proprietor enterprises in Vienna, of which 70% were managed by Austrians without a migration background, 11% by naturalised migrants and the rest by entrepreneurs with a migration background (L&R Sozialforschung, 2007: 12). The most important entrepreneur sending countries are Poland, the Czech and Slovak republics (see Franke et al, 2005), Germany, the former Yugoslavia and Turkey. Entrepreneurs from many other states are also active, but there may be statistical distortions. For example, according to Vienna Economic Chamber data for 2006, 29% of the business start-ups in Vienna were launched by Polish migrants (more than 50% of them in construction and construction-related branches) and 2% by Turks. This official number conflicts with other estimates. According to the 'Turklook' agency, nearly half of the Turks work in commerce (but of course not all of them as entrepreneurs). There are currently some 6,000 Turkish businesses in Austria, 3,500 of them in Vienna. In 1988, there were just 500 in the whole of Austria (Wien.international, 2009b). The causes of statistical distortion are manifold: Poles as EU citizens face fewer barriers in starting a business; many Polish micro-entrepreneurs could not find employment in construction or were pushed out of illegal employment due to the transitional rules and thus started a business; Turkish businesses are often started with an Austrian (or other EU) business executive and thus cannot easily be classified as 'Turkish' owned.

The main impact of the current economic crisis on SMEs is mirrored in the bankruptcy figures (see Kubicki, 2009). During the first six months of 2009 there were 3,509 insolvencies in Austria; an increase of 9.3% compared with the same period in 2008. Compared with other areas of Austria, Vienna had the highest number of insolvencies. The city's insolvencies showed a modest decrease of -1.5% from 1,957 in 2007 to 1,928 in 2008, giving an insolvency rate of 23.3%. During the first three quarters of 2008 the number of Viennese insolvencies was 1,456. As a consequence of the economic crisis, this number increased to 1,572 during the first three quarters of 2009. Thus, the relative increase was 8% and the insolvency rate 19%, the highest among all Austrian regions.

The crisis led to a rise in bankruptcies in all branches of the economy. The greatest increase was in the production sector, followed by banking and insurance. The highest incidence of insolvencies was in the construction sector with 23.3 bankruptcies per 1,000 enterprises. In trade and enterprise-related services the increase in insolvencies was far lower. The 'typical' bankrupt enterprise in Vienna is a limited liability company of small size (usually with a maximum of 10 employees) which is active in industrial arts and crafts and was started within the last five years. As a consequence of company insolvencies the number of 'private bankruptcies' (*Privatkonkurse*) also increased considerably.

With regard to bankruptcies in ethnic business the statistical sources are rather poor. Statistics about bankruptcies or business closures do not differentiate between migrant and Austrian entrepreneurs. None of the experts interviewed was able to provide estimates of the proportions of insolvencies in the ethnic business sector. An expert from the Vienna Economic Chamber noted that 'the chamber's statistics have no special interest in the success or failure of ethnic enterprises'.

Census 2001 data show that the proportion of self-employed people among Austrians and naturalised migrants was almost identical and significantly higher than among migrants with foreign citizenship. The lowest ratio of entrepreneurship could be found in the second generation of immigrants. In absolute numbers, the difference between naturalised migrants and foreign nationals is negligible (Table 8).

Table 8: *Economically active people*¹⁰ by migration background and labour market position, Vienna 2001

	Self-employed and supporting family members	Employed persons (including persons searching for first-time job)	Self-employed and supporting family members	Employed persons (including persons searching for first-time job)
	Number		%	
Austrians	54,022	521,621	9.4	90.6
Naturalised persons	8,405	82,395	9.3	90.7
Migrants				
Second generation	358	6,511	5.2	94.8
Immigrants	8,670	135,050	6.0	94.0
Altogether	71,455	745,577	8.7	91.3

Source: *Census 2001*, author calculations, *Institute for Urban and Regional Research (Institut für Stadt- und Regionalforschung (ISR))*

Microcensus data reflect the fact that the proportion of self-employed people is about four percentage points higher among the Austrians without a migration background. They also illustrate the considerable difference in the allocation of blue-collar and white-collar positions between migrants and Austrians (Table 9).

Table 9: *Labour market position by migration background, 2005*

	Without migration background	%	With migration background	%	Total	%
Self-employed and supporting family members	61,930	12.5	21,182	8.7	83,112	11.3
Blue-collar worker	57,210	11.6	112,507	46.0	169,717	23.0
White-collar worker, public servants (contract agents, freelancers)	375,043	75.9	110,630	45.3	485,673	65.7
Total	494,183	100.0	244,319	100.0	738,502	100.0

Source: *Microcensus*¹¹ 2005/2004, author calculations

Statistical sources also differentiate between categories of entrepreneurs. Entrepreneurs in the narrow sense of the word are economically active persons who are trade licence owners. This sub-category covers more than three-quarters of all self-employed migrants. ‘Freelancer’ and the category of the ‘new’ self-employed can more often be found among Austrians, of whom a small percentage are also active in agriculture (see Table 10).

¹⁰ In the Austrian census ‘economically active persons’ are those who are working full time or part time, unemployed, in military service or on parental leave. The term includes employed as well as self-employed people and their supporting family members.

¹¹ The definition of ‘migration background’ according to the microcensus is exactly the same as in Census 2001. A statistical problem arises because the microcensus is based on projections. Calculations based on fewer than 9,000 persons for Vienna contain an inevitable bias. Calculations based on fewer than 4,000 persons must not be statistically interpreted.

Table 10: Professional sub-categories of self-employed and supporting family members, Vienna 2005

	Without migration background	%	With migration background	%	Total	%
Agriculture	(1,060)	1.7	(0)	(0.0)	(1,060)	1.3
Freelancer and 'new' self-employed	27,716	44.8	5,115	24.1	32,831	39.5
Trade licence owners	33,154	53.5	16,067	75.9	49,221	59.2
Total	61,930	100.0	21,182	100.0	83,112	100.0

Source: *Microcensus 2005/2004, author calculations*

Table 11 shows the difference in gender proportions among self-employed persons. It is obvious that the presence of female entrepreneurs is significantly higher (by more than eight percentage points) among the Austrians. The reasons for this can easily be found in traditional gender roles in some of the bigger immigrant groups (such as Turks, former Yugoslavs, Egyptians). In those ethno-national groups a career as an entrepreneur is more traditionally associated with men for religious (Islam) and social reasons.

Table 11: Self-employed and supporting family members by gender and migration background, 2005

	Without migration background	%	With migration background	%	Total	%
Men	38,680	62.5	14,971	70.7	53,651	64.6
Women	23,250	37.5	6,211	29.3	29,461	35.4
Total	61,930	100.0	21,182	100.0	83,112	100.0

Source: *Census 2001, author calculations, ISR*

The gender ratio of self-employed and supporting family members also shows marked variations (Table 12). Female entrepreneurs are most frequently active among EU15 migrants and make up 36% of the Austrian self-employed. In the sub-category of supporting family members, the proportion of women is about two-thirds in both groups.

Table 12: Self-employed and supporting family members by nationality and gender, Vienna 2001

	Men	Women	Total	% of women
Self-employed				
Austria	38,407	21,576	59,983	36.0
EU15	1,367	957	2,324	41.2
Others	4,514	1,784	6,298	28.3
Supporting family members				
Austria	856	1,588	2,444	65.0
EU15	21	42	63	66.7
Others	137	206	343	60.1

Source: *Census 2001, author calculations, ISR*

Sectoral and spatial distribution of ethnic enterprises

Table 13 shows the distribution of ‘ethnic’ entrepreneurs and their supporting family members in different sectors of the local economy. In 2001 about one-fourth (24.4%) of Vienna’s entrepreneurs had a migration background. At 24.7% their proportion was the highest in the services sector and only slightly lower (23.7%) in the production and construction sector.

Table 13: *Self-employed and supporting family members by migration background and economic sector, Vienna 2001*

	Self-employed, family member	
	Number	%
Total	71,455	100.0
Austrians	54,022	75.6
Second generation	358	0.5
Naturalised	8,405	11.8
Foreign citizens	8,670	12.1
<i>With migration background</i>	<i>17,433</i>	<i>24.4</i>
Agriculture and forestry	884	100.0
Austrians	799	90.4
Second generation	1	0.1
Naturalised	29	3.3
Foreign citizens	55	6.2
<i>With migration background</i>	<i>85</i>	<i>9.6</i>
Production, construction	8,137	100.0
Austrians	6,206	76.3
Second generation	34	0.4
Naturalised	794	9.8
Foreign citizens	1,103	13.6
<i>With migration background</i>	<i>1,931</i>	<i>23.7</i>
Services	62,434	100.0
Austrians	47,017	75.3
Second generation	323	0.5
Naturalised	7,582	12.1
Foreign citizens	7,512	12.0
<i>With migration background</i>	<i>15,417</i>	<i>24.7</i>

Source: *Census 2001, author calculations, ISR*

There are also some differences in the distribution of entrepreneurs with a migration background within the branches of the Viennese economy. By far the highest proportions of businesspeople with a migration background can be found in the catering and hotel industry and private house-holding (both about 39%). Considerable proportions of migrant entrepreneurs are also active in the mining/stone extraction and transport and communication sectors. The lowest presence of migrant entrepreneurs can be found in public administration, social insurance and agriculture. The high proportion of second-generation entrepreneurs in real estate companies and business-affiliated services is striking. In the field of ‘trade; repair and production of durables’ the presence of a second generation is also considerable. These are the

branches of the Viennese economy in which naturalised immigrants and foreign citizens are most often active, but to a lesser extent than the second generation (Table 14).

Table 14: *Self-employed and supporting family members by migration status and sector of economy, Vienna 2001 (%)*

	Naturalised	Second generation	Immigrants	Together	Proportion with migration background
Agriculture and forestry	0.3	0.3	0.6	0.5	9.
Mining, stone extraction	0.0	0.0	0.1	0.1	35.7
Production	6.0	6.4	7.3	6.6	22.6
Energy and water supply	0.2	0.0	0.1	0.1	24.3
Construction	3.3	3.1	5.2	4.2	25.5
Trade; repair and production of durables	24.6	25.7	20.6	22.7	27.0
Catering and hotel industry	11.8	12.0	14.8	13.3	39.1
Transport and communication	6.5	4.7	6.1	6.3	33.3
Banks and insurances	1.8	2.5	1.7	1.8	18.4
Real estate companies, business affiliated services	19.7	28.2	20.9	20.5	19.6
Public administration, social insurances	0.2	0.3	0.1	0.1	10.0
Education	3.9	2.8	5.1	4.5	25.8
Health, veterinary and social sector	9.9	3.1	2.8	6.3	20.4
Other public end personal services	11.6	10.9	14.2	12.9	22.3
Private house-holding	0.0	0.0	0.1	0.1	38.7
Exterritorial organisations	0.0	0.0	0.2	0.1	57.5
Together	100.0	100.0	100.0	100.0	24.4

Source: *Census 2001, author calculations, ISR*

Table 15 shows the distribution of entrepreneurs of different national descent across the sectors of the Viennese economy. Foreign citizens are active in the secondary sector to a higher degree than naturalised migrants. It can also be seen that the highest concentration of naturalised as well as of non-naturalised entrepreneurs can be found in the tertiary sector, but there are marked differences between the ethno-national groups of the migrant economy. Enterprises in the secondary sector are often run by people from the former Yugoslavia, in particular by businessmen from Croatia, Slovenia and Bosnia and Herzegovina. Immigrants from Poland are a further group with a high representation in the secondary sector. Enterprises in the tertiary sector are mostly run by Hungarians and other EU-country nationals, US citizens and migrants from Switzerland.

Among the second generation it is the group with a Macedonian migration background followed by the Croats who most frequently run enterprises in the secondary sector. Self-employment in the tertiary sector can most often be found among EU nationals and in particular Germans.

Table 15: *Self-employed and supporting family members by migration background, country of origin and sector of the economy, Vienna, 2001 (%)*

	Primary	Secondary	Tertiary
Naturalised	0.3	9.4	90.2
Immigrants	0.6	12.7	86.6
Germany	0.2	8.3	91.6
Italy	0.0	8.6	91.4
Other EU countries	0.1	6.1	93.8
Bosnia and Herzegovina	1.7	19.5	78.7
Serbia and Montenegro	1.7	15.1	83.1
Croatia	1.5	22.2	76.3
Macedonia	6.8	13.6	79.6
Slovenia	0.0	22.2	77.8
Poland	0.9	19.4	79.7
Romania	0.0	10.2	89.8
Switzerland	0.0	8.4	91.6
Slovakia	0.0	10.7	89.3
Czech Republic	0.0	12.9	87.1
Turkey	0.6	14.1	85.3
Hungary	0.0	9.7	90.3
USA	0.0	5.2	94.8
Others and unknown	0.2	13.4	86.4
Second generation	0.3	9.5	90.2
Germany	0.0	8.7	91.3
Italy	0.0	11.4	88.6
Other EU countries	0.0	4.9	95.1
Bosnia and Herzegovina	0.0	14.3	85.7
Serbia and Montenegro	0.0	10.6	89.4
Croatia	0.0	17.6	82.4
Macedonia	0.0	25.0	75.0
Slovenia	-	-	-
Poland	0.0	0.0	100.0
Romania	-	-	-
Switzerland	0.0	0.0	100.0
Slovakia	-	-	-
Czech Republic	-	-	-
Turkey	3.8	15.4	80.8
Hungary	0.0	0.0	100.0
USA	0.0	0.0	100.0
Slovenia	0.0	9.1	90.9

Source: *Census 2001, author calculations, ISR*

Table 16 shows figures relating to the category of single-proprietor enterprises. Enterprises owned by Austrians without a migration background are mainly distributed over three sectors of the economy: crafts, trade, and information/consulting. In the category of Austrians with (assumed) migration background the distribution is slightly different. An underrepresentation of enterprises in crafts and information/consulting and an overrepresentation of trade and transport are obvious.

Table 16: *Single-proprietor enterprises by branches and national affiliation, August 2006 (%)*

Economic sector	Industrial arts and crafts	Industry	Trade	Banks, insurance	Transport	Catering, tourism	Information/consulting	Total
All enterprises	35.9	1.7	30.5	0.2	6.4	11.0	29.7	115.4
Austrians, no migration background	32.9	1.9	32.8	0.2	5.2	10.8	32.9	116.8
Austrians, with migration background	26.5	1.0	34.4	0.2	14.4	15.9	22.9	115.3
Germany	28.8	4.4	26.0	0.0	0.9	7.2	43.0	110.3
Poland	87.8	0.1	3.6	0.0	5.9	1.4	8.5	107.2
Czech Republic, Slovakia	43.9	0.3	16.0	0.0	11.2	9.0	31.2	111.6
Former Yugoslavia	32.5	0.0	33.3	0.0	13.0	12.5	22.8	114.0
Turkey	28.6	0.4	45.1	0.0	9.0	18.4	15.3	116.9
Hungary	38.9	0.0	18.0	0.0	14.7	9.5	25.1	106.2

Note: The 'totals' are higher than 100 because many entrepreneurs are registered in more than one sector (on average 1.2 branches per entrepreneur).

Source: *L&R Sozialforschung 2007; data basis: Vienna Economic Chamber, August 2006*

There is a further interesting fact in the sectoral concentration tendencies of certain nationalities. Nine out of 10 entrepreneurs of Polish descent are active in crafts. A detailed analysis shows that 66% run enterprises in ancillary construction businesses and 14% are active in façade and industrial cleaning. Thus, the Polish group is characterised by an extremely homogeneous pattern of entrepreneurial activities. Entrepreneurs from the Czech and Slovak republics are mainly concentrated in crafts and information and consulting. The most important professional groups are advertising and market communication (19%), ancillary construction business (19%), general crafts (13%) and industrial cleaning (11%). Hungarians are also overrepresented in crafts, 25% are active in information and consulting, 12% in ancillary construction business and 11% in small transport enterprises. There is a clear dominance of Turkish entrepreneurs in the trade sector. With 29%, the crafts trade is of secondary importance among this group. Catering (13%), textile trade (9%), grocery trade (9%) and trade in audio, video and electronic equipment are the main sub-categories of Turkish business activities. Businesspeople from the former Yugoslavia are mainly active in crafts (33%), trade (33%) and information and consulting (23%). There is some overrepresentation of this group in transport (13%). The distribution over the sub-segments shows a very specific pattern: the dominant professional groups are financial services (12%), façade and industrial cleaning (10%) and small transport enterprises (10%). The automotive trade (8%) is also playing an important role.

Figure 3: 'Mr Lee': a typical Asian fast food restaurant in Vienna's Naschmarkt



Source: http://www.wienernaschmarkt.eu/staende_278.html.

Figure 4: A typical fruit and vegetable stall in Vienna's Naschmarkt



Source: http://www.wienernaschmarkt.eu/staende_517.html

The ISR did not analyse the spatial segregation of enterprises, but the L&R social survey (L&R Sozialforschung, 2007: 33 ff.) showed some segregation tendencies of ethnic business in the urban space of Vienna. Single-proprietor entrepreneurs of non-Austrian descent can be found more frequently than average in districts 2, 15, 16, 17, and 20. The highest proportions of this category of entrepreneurs are settled in the 15th (32%), 16th (28%) and 17th (26%) districts. In the 2nd and 20th districts the proportion of ethnic single-proprietor entrepreneurs is 25%, and in the 10th and 5th districts it is 23%. The lowest percentages of ethnic single-proprietor entrepreneurs are found in the 1st and 23rd districts (both about 8.2%). It is obvious that the spatial pattern of distribution of the ethnic economy is very similar to the pattern of segregation of the immigrant population. This holds true for enterprises run by foreign citizens. For enterprises of naturalised entrepreneurs and of businesspeople who are members of the second and third generation no segregation patterns could be proven by the L&R survey.

The most visible concentrations of ethnic shops can be found on Vienna's traditional open markets. *Naschmarkt* (4th district) is the biggest, and for decades has been dominated by ethnic market stalls and gastronomy. Further important markets are *Meidlinger Markt* (12th district), *Karmelitermarkt* (2nd district), *Viktor-Adler-Markt* (10th district), and *Meiselmarkt* (which was completely rebuilt in 1995 as a shopping centre and thus has lost its traditional market atmosphere), and many other market areas all over the urban space.

Figure 5: *Inside the new Meiselmarkt, 15th district*



Source: <http://www.suf.at/wien/gebauede/meiselmarkt.htm>

It is obvious that in many traditional shopping promenades (for example, Lerchenfelder Strasse, Hernalser Hauptstrasse, Thaliastrasse) a succession process is going on. This process made a tentative start during the 1980s and intensified in the 1990s. A mixed structure of former Austrian enterprises is being replaced by ethnic businesses. This trend is especially pronounced in areas with higher proportions of residential population with a migration background, but in a weakened form it is also observable in districts and shopping streets with a more middle-class population. Noticeable is the concentration of betting shops, call centres, convenience stores and internet cafés with an almost exclusive migrant clientele as well as the accumulation of ethnic venues and pubs. There are many local initiatives by businesspeople (for example, in Hütteldorfer Strasse, Lerchenfelder Strasse, Taborstrasse, Praterstrasse, Gumpendorfer Strasse) revitalising a more mixed business structure. Of course there are shops for the ethnic economy too, which enrich the local business infrastructure.

Considering the importance of the ethnic economy for local development (Gollner, 2001) and in the broader context of ‘soft urban renewal’ activities, there is an urgent need for more systematic research into the distribution of ethnic business in the urban space. Some observers insist that residential concentrations of immigrant populations comparable to those in other European cities do not exist in Vienna. For example, despite a concentration of Indian restaurants in the 6th and 7th districts and a considerable number of Indian traders living in the 2nd district, the media (Klemun et al, 2009) deny the existence of an Indian population in Vienna. In addition, some of the Asian respondents for this study referred to the area between Thaliastrasse and Hippgasse in the 16th district as ‘Little Bollywood’ because of the many migrants from the Indian subcontinent living and running businesses there. Some of the Chinese respondents indicated that an unofficial ‘Chinatown’ exists, in the form of a concentration of Chinese shops and restaurants on both sides of the *Naschmarkt*.

An interesting aspect of the interviews for this study was the factor of affordable premises and office space, which seems to be an important determinant of the spatial distribution of many ethnic enterprises, in particular in trade and small crafts. A social survey (L&R Sozialforschung, 2007: 35) verified that in the bourgeois inner districts 1–9 the proportion of ethnic enterprises is lower than the proportion of the local foreign resident population. For example, in the 6th district (*Mariahilf*) the proportion of ethnic enterprises was 14% in 2005 whereas the proportion of foreign population was significantly higher at 19%. The opposite is true of the working-class districts outside the city ring road or ‘Belt’ (*Gürtel*). Here, the percentage of ethnic entrepreneurs is higher than the proportion of non-Austrian population. Many of the businesspeople interviewed spoke of the problem of finding affordable shops close to busy shopping streets. They know that the inner districts have a wealthy clientele but because of the high office rents they are often forced to start their business in the cheaper working class districts alongside the ‘Belt’. After the start-up phase, many successful entrepreneurs try to move to a more prosperous district, if possible.

When it comes to spatial distribution there are also differences between the various branches of the economy. Industrial arts and crafts is the only sector where the ethnic economy (58%) dominates over Austrian enterprises (33%). Ethnic industrial arts and crafts enterprises are located mainly in districts 2, 10, 14, 16, 17 and 20 (see L&R Sozialforschung 2007: 36 f.). Among ethnic enterprises 16% are involved in trade, but this figure is 31% among entrepreneurs with Austrian citizenship. The importance of trade in districts 1, 4, 6, 7, 19 and 23 is above average. The percentage of ethnic enterprises involved in information and consulting is 20%. This is significantly lower than among Austrian single-proprietor enterprises, where the proportion is 33%. There is a concentration of ethnic enterprises in the consulting sector in districts 1 and 13, where many consulting firms are traditionally located. High proportions can also be found in districts 6, 22 and 23. Ethnic enterprises active in tourism and catering are concentrated in the city centre and in districts 4–9 and 19.

Table 17 shows the distribution of the self-employed across the sectors of Vienna's economy. The proportion of entrepreneurship in industry, trade and crafts is significantly higher among migrants, whereas in the services sector people without a migration background dominate.

Table 17: *Self-employed and supporting family members by economic sector and migration background, Vienna, 2005*

	Without migration background	%	With migration background	%	Total	%
Agriculture	(2,067)	(3.3)	(0)	(0.0)	(2,067)	(2.5)
Industry, trade and crafts	5,149	8.3	4,244	20.0	9,393	11.3
Services	54,715	88.3	16,938	80.0	71,653	86.2
Total	61,931	100.0	21,182	100.0	83,113	100.0

Source: *Microcensus 2005/2004, author calculations*

In the context of entrepreneurship, education plays a role as an important determinant of language knowledge, the ability to collect relevant information and thus economic success. Microcensus data indicate a clearly higher level of education among Austrian entrepreneurs, who also show lower percentages with a basic education and a higher presence of entrepreneurs who have graduated from university. Ethnic entrepreneurs are clearly in the majority when it comes to secondary education, which includes college graduates, skilled workers and intermediate school graduates (Table 18).

Table 18: *Self-employed and supporting family members by level of education and migration background, Vienna, 2005*

	Without migration background	%	With migration background	%	Total	%
Basic education, apprenticeship	19,545	31.6	7,466	35.2	27,011	32.5
Secondary education	17,617	28.4	7,038	33.2	24,655	29.7
University, technical college	24,769	40.0	6,677	31.5	31,446	37.8
Total	61,931	100.0	21,181	100.0	83,112	100.0

Source: *Microcensus 2005/2004, author calculations*

Ownership of ethnic businesses

Table 19 gives an overview of the legal status of the enterprises that were members of the Vienna Economic Chamber from 2006–2008. It shows that the vast majority of enterprises were owned by single proprietors (SPS) and this proportion was increasing slightly. Second in ranking was the legal form of limited liability companies (GmbH), with slightly decreasing percentages. The enterprises that are legally organised as ordinary partnerships (OHG) and joint stock companies (AG) showed a high degree of stability, whereas the numbers of limited commercial partnerships (KG), the traditional form of enterprise, were continually dropping. No concrete numbers are available regarding the proportion of franchise models in ethnic business.

Table 19: *Members of the Vienna Economic Chamber by legal status on 31 December 2006, 2007 and 2008*

Legal status	2006		2007		2008	
	Number	%	Number	%	Number	%
SPS	75,367	70.5	78,086	71.0	82,062	71.7
OHG	1,740	1.6	1,720	1.5	1,768	1.5
KG	6,825	6.4	6,614	6.0	6,433	5.6
GmbH	21,539	20.1	22,091	20.1	22,693	19.8
AG	548	0.5	523	0.5	534	0.5
Others	941	0.9	969	0.9	981	0.9
Together	106,960	100.0	110,012	100.0	114,471	100.0

SPS = single-proprietorship of natural persons; OHG = ordinary partnership; KG = limited commercial partnership; GmbH = limited liability companies; AG = joint stock companies.

Source: *Vienna Economic Chamber*

A systematic analysis was made on the basis of data from 31 December 2005 (L&R Sozialforschung 2007: 8 ff.), when 79,914 active enterprises were counted, the majority of them (50,983 or 63.8%) single proprietors. The second largest group were GmbHs (19,884). This legal form is generally in decline. In 1993, for example, 43% of business start-ups were GmbHs. By 1996, their proportion had shrunk to 22% and they declined further to just 12% in 2005. Only 9.4% of enterprises (7,521) were run as small registered limited partnerships (KEG), KG or small registered partnerships (OEG), with a decreasing proportion of these legal forms. There is also a range of other legal constructions, but they are of marginal importance.

Further analysis of the ethnic entrepreneurs based on Vienna Economic Chamber data of August 2006 shows that:

- 38% of single-proprietor enterprises are owned by Austrian citizens with a migration background;
- 20% (4,607) of the enterprises with a single proprietor are run by Polish entrepreneurs;
- 7% (1,096) are owned by businesspeople from the Czech or the Slovak republics.

Further groups of numerical importance are Germans (6%, 919 enterprises), people from the former Yugoslavia (5%, 764), Turkey (2%, 334), Hungary (about 2%, 310) and Italy (1%, 206).

In August 2006, a social survey (L&R Sozialforschung 2007: 12) counted 53,063 single-proprietor enterprises, of which 70% were owned by Austrians without a migration background, 11% were owned by naturalised immigrants and 19% by foreign citizens (Table 20). About 18% (some 10,000) of the single-proprietor enterprises were started by foreign

citizens. To this number must be added those who probably have migrant roots. This means that in total 30% of single-proprietor enterprises and about 16,000 of Vienna's entrepreneurs have a migration background. As valid statistical sources were lacking, the basis for this count was a method based on the systematic cataloguing of family names, which made a certain bias inevitable. A special analysis of census data of 2001 by Municipal Department 5 (L&R Sozialforschung, 2007: 14) shows that the main groups of single proprietors with an ethnic background come from the former Yugoslavia (about 12%), followed by Germany (10.5%), Poland (8.8%), the Czech Republic and Slovakia (8.1%), Turkey (7.8%) and Hungary (6.3%).

Table 20: *Entrepreneurs in Vienna by gender, nationality and migration background, August 2006*

Owner of the enterprise	Gender					
	Women		Men		Total	
	Number	%	Number	%	Number	%
Austrian citizens with (assumed) migration background	1,788	10.9	4,182	11.4	5,970	11.3
Austrian citizenship	12,431	75.5	24,711	67.5	37,142	70.0
Foreign citizenship	2,153	13.1	7,478	20.4	9,633	18.2
Missing	94	0.6	226	0.6	320	0.6
Total	16,466	100.0	36,597	100.0	53,063	100.0

Source: L&R Sozialforschung; data basis: Vienna Economic Chamber, August 2006

No quantitative data are available regarding the ethnic structure of partnerships. In our interview survey, we found all possible combinations: for instance, partnerships with co-ethnics (relatives or not), with Austrians (sometimes spouses, friends, former schoolmates, etc.) or with migrants of a different ethno-national background. The selection of partners is determined not only by rational and thus practical decisions but also by family and friendship affiliations. Financial considerations, personal networks of a possible partner, the desire to have a partner with a better knowledge of German and many other factors play a role. All manner of symbiotic relationships are possible: one interview with a Turkish entrepreneur was translated by his wife who had attended school in Austria and spoke German fluently. Because of this she officially acted as the owner of the business. She was also responsible for the registration formalities of the business, for income tax declaration and thus for contacts with the tax office and other public authorities. Her husband ran the business, made all relevant decisions and maintained the contacts with co-ethnics in the local Turkish community and abroad.

Reasons for entrepreneurial career

The experts and the entrepreneurs interviewed confirmed that the reasons for starting a business are extremely heterogeneous: to pursue more freedom of choice, the aspiration for individual time management, general individualism, flexible working hours, economic independence, a better compatibility of family life and job, financial motivations (to gain a higher income), external constraints, family constraints, labour market opportunities, profit and success orientation, commitment, readiness to take risks, personal challenge, self-affirmation, self-realisation, self-responsibility and a lack of willingness to compromise (see also Reis Oliveira, 2007; Volery, 2007). From the scientific point of view, the motivations can roughly be categorised into intrinsic and extrinsic motivations (see Bögenhold, 1989).

- Some immigrants started a business because this was the only way they could work in Austria legally.¹² This motivation belongs to the extrinsic type ('economy of distress'), which means that those who gave this reason were mainly influenced by external factors, for example unemployment or legal regulations.

¹² To take up legal employment in Austria a resident permit and an employment authorisation is required. For the first job in Austria, this authorisation usually takes the form of an 'employment licence'. After long periods of continuous employment, one is entitled to apply for a work permit or a 'permanent work permit'.

- The opposite is the ‘economy of self-fulfilment’ (see Bögenhold, 1989), which is based on intrinsic motivations; for example, a pronounced business acumen, a strong orientation towards upward social mobility or individual success orientation.

Individuals with good business acumen can be found in every community. They are highly entrepreneurially motivated, innovative and success-oriented – the most important factors leading to success as an entrepreneur. The L&R survey found that the most frequently mentioned motivation was an aspiration for independence, formulated as ‘I wanted to be my own boss!’ (2007: 66 f.). This motivation was followed by the aspiration to earn a higher income (37%), dissatisfaction with the previous job (30%) and unemployment (12%). Usually material motives play an important role (Demircan, 2003). For many of the respondents entrepreneurship was a promising path to gain a higher income. Successful entrepreneurs provide important role models for young members of the immigrant communities and are proof of the possibilities for success in Austria. In a survey of the Vienna Economic Chamber’s Founder’s Service (*Gründerservice der WK Wien*) 53.6% of the respondents reported the slogan ‘Rather be the boss than have a boss’ (*‘Lieber Chef sein als Chef haben’*) as their main motivation for becoming self-employed (Janda, 2009: 13).

There are also gender differences in the motivations. Those gender-based differences must be investigated from an ‘integrated perspective’, which is rooted in psychological and sociological theories (see European Network to Promote Women’s Entrepreneurship (WES), 2004; Pütz et al, 2007). In Vienna there is still a lack of such studies. Some investigations about entrepreneurship emphasise that ‘gender’ is more important than ‘ethnicity’ in determining the behavioural attitudes of ethnic entrepreneurs (Esezobor, 2002; Welter, 2004). It is possible to describe male and female profiles of ethnic entrepreneurs and enterprises. In the L&R social survey (2007) unemployment as a determinant of self-employment was mentioned significantly more often by male respondents. Women more often continue a family business tradition, in particular in cases when there is no male successor to take over an enterprise. It is interesting that among female entrepreneurs intrinsic motivations play a significantly more important role than among men. Migrant women are seldom forced by an ‘economy of distress’ to start an enterprise. The reason can be found in more traditional family structures of some migrant communities and thus a culturally determined obligation of the men to supply the material basis of life (see Brettell, 2007; Welter, 2004).

Generally, ethno-culturally or socially determined traditions, individual motivations and some kind of (economic) pressure are strongly intermingled. Many of our informants proved this. According to our respondents and experts (see also Sahin et al, 2007; Welter, 2005) the ethno-cultural factor must not be neglected. On the one side, there are ethnic communities with a strong tradition of being self-employed. In these migrant communities, for example those of Turkish, Indian, Chinese, Latin-American or African origin (Lamadem, 1995; Pütz et al, 2007; Wang, 2008; Yavuzcan, 2003), running one’s own business enjoys a high reputation. Many families in these communities have a long tradition and a rich experience in entrepreneurship. These founders are usually successful because of their profound knowledge of market conditions and their entrepreneurial know-how. There are still considerable differences concerning the entrepreneurial career path between groups of different origin (Welter, 2005). It could be said that there is some process of social selection concerning the ethnic communities and the entrepreneurs among them. For most of the Turks, who moved to the Austrian labour market as blue-collar workers, an entrepreneurial career is important for the realisation of social upward mobility (Dyer and Ross, 2007). For EU citizens, entrepreneurship is often an escape from the ‘slavery of employment’ and an ‘attractive way of becoming independent’, as expressed by some respondents.

People with fairly low-level jobs start a business to rise in socioeconomic prestige.¹³ They define economic success as a visible sign of their social advancement. An expert said a ‘hunger for social advancement’ was one of the main

¹³ An advantage in the system of social security is that a switch from employment to self-employment, and vice versa, can easily be made. Insurance periods under both systems are credited in the other system (par. 1275). For instance, regarding pension savings a switch has no negative consequences; in this case, they will be transferred to the other system. This element of Austrian legislation can be defined as an example of good practice.

motivating forces to become an entrepreneur. As many migrants lack higher educational qualifications, or encounter problems when trying to have their degree recognised in the Austrian system (nostrification procedure), the crossover to self-employment is the most promising route to socioeconomic mobility. This aspiration for social advancement is in many immigrant groups specifically channelled into entrepreneurship careers in certain economic branches (see Demircan, 2003).

Some entrepreneurs build up experience as employees – in the Austrian labour market in general or in the field of their later enterprise – before they take the risk of starting their own business. For other migrants self-employment is not particularly attractive, but is the only chance to escape unemployment and to gain a foothold on the local labour market (Segert, 2009). An illustrative example is Ossiri's Academy, which was founded by Ossiri Gnaoré from the Ivory Coast. Ossiri, a graduate in German philology who attended the diplomatic academy, worked in a bank and in the export trade but eventually had to make a living as a taxi driver. He found it hard to survive, so he established a language academy for migrants who have to study for the German language examination which was established by law. He now employs 20 language teachers and offers special German-language courses for Chinese migrants, taught by a graduate in sinology (see Milborn, 2009: 25).

Among people from the former Yugoslavia, for example, self-employment (apart from taxi driving) was formerly not particularly highly regarded and was often only a last resort to escape unemployment. In many cases people from the Balkans tried to start a business without the necessary know-how and with insufficient financial resources because of a lack of alternative opportunities. These start-ups failed more often than 'intrinsically' motivated business start-ups. During recent years the situation among people from the former Yugoslavia has changed fundamentally and entrepreneurship has become an attractive alternative to employment and/or unemployment. Today there are successful businesspeople from the former Yugoslavia in many sectors of the local economy.

It was often emphasised in the interviews that the rigidity of the Austrian asylum and immigration law is a very important stimulus for many entrepreneurship careers. This holds true particularly for many third country nationals. The fact that entrepreneurship can be a kind of escape from forced deportation was often confirmed in our interviews. A further important factor is changing legal regulations. For example, in 2004 and 2005 a boom of start-up Polish enterprises was observed. Before 2004, the annual number of business start-ups by Polish citizens was not more than 200; in 2004, this number rocketed to 1,467. This trend continued in 2005 with 1,541 start-ups. The main reason for this was the accession of Poland to the European Union (1 May 2004) and the new legal regulations. These temporary EU arrangements prevented the complete equalisation of citizens of eastern European accession countries on the Austrian labour market, and were in force until 2011. Starting a business was an escape from those regulations. Many women, formerly part-time cleaners and ironers, decided to start one-woman cleaning enterprises and the men construction enterprises. A similar trend could later be observed concerning the start-ups of Czech and Slovak citizens (see L&R Sozialforschung, 2007: 41 f.; Franke et al, 2005). These entrepreneurs are an illustrative example for an 'extrinsically' motivated type of entrepreneurship.

An important legal change on the Austrian labour market was caused by the introduction of the category of the new self-employed (*Neue Selbständige*) in the Amendment to Labour and Social Law 1997 (*Arbeits- und Sozialrechts-Änderungsgesetz*). The new self-employed were integrated into a compulsory insurance scheme but had to be differentiated from the 'old self-employed', who held a trade licence and thus were members of the Vienna Economic Chamber. Journalists, scientists, artists, professionals in the banking and insurance sector, in sports and in entertainment often have the legal status as 'new self-employed', but cannot be categorised as 'classical' entrepreneurs.

Entrepreneurship is an important vehicle with regard to integration (Schuleri-Hartje et al, 2005). The level of education plays an important role, too, though no generalisations can be made (Flap et al, 2000). People with lower levels of education more often tend to take over the existing enterprises of family members¹⁴ and are often not as venturesome and flexible as entrepreneurs with a better education. Less educated respondents more often wanted to escape unemployment, were more dissatisfied with their previous job or were continuing a family tradition. From our interviews we learned that a good school education is by no means a guarantee of success in business. There are examples of entrepreneurs with a very low level of education who are very successful, and instances of university graduates who have failed with the third business they have started in different branches of the economy. Thus, social reality is very multi-faceted in the field of business, as with all other areas.

Market

The ‘international integration’¹⁵ of enterprises is a term indicating that one or more company members are foreign citizens. Internationally integrated enterprises are often oriented towards national and transnational, and perhaps international, markets. Vienna Economic Chamber data show a considerable proportion of limited liability companies (GmbHs) and joint-stock companies (AGs) with international integration and some connections to transnational markets. The proportion of international integration was 21.7% (1,200 enterprises) in 2000 and 21.6% (1,151) in 2005, which was a significant increase. The most important countries regarding the international integration of enterprises were Germany, Switzerland, the UK and the USA. From 2000 to 2006 between 38% and 47% of all business start-ups had some linkages with Germany. Compared to Germany other countries were only of minor importance; for example, the linkage rate with the former Yugoslavia was 3.3%, Hungary 3.2%, Poland 1.6%, Turkey 0.8% and Romania with 0% (all data first half-year 2006).

According to our analyses and the opinions of many experts, the concept of the ethnic economy as a pure ‘niche economy’ is obviously no longer valid in the case of Vienna. Of course, there are still some niches (fruit and vegetable trade, market stalls, etc.) (Hatz, 1997) where entrepreneurs belonging to certain migrant communities are still overrepresented, but in general the market orientations and business concepts are extremely heterogeneous (Kurtoglu, 2007). It is a fact that no general statement can be made about the markets to which ethnic businesses cater.

Figure 6: *Vegetable market stalls are often family businesses*



Source: <http://www.wienernaschmarkt.eu/staende.html>

¹⁴ On the advantages and disadvantages of family networks see Davis and Tagiuri (1994).

¹⁵ International integration was defined as (a) a foreign legal form in the register of the Chamber of Commerce, (b) GmbH with at least one foreign citizen as a shareholder, (c) GmbH with a foreign citizen as a chief executive.

There are marked differences between the first generation of ethnic entrepreneurs, who were more often oriented towards the market of their own community and their country of emigration, and the second and third generation. The classical ethnic shops of the first generation were catering for a market that was explicitly ethnic in the sense that they provided goods which were mainly demanded by migrants belonging to a certain ethno-national community. This part of the ethnic economy still exists but the competition between those explicitly 'ethnic' shops is fierce (Cakir, 2004). Many young entrepreneurs expressed their intention to expand into new markets and to make use of innovative management methods when they take over their parents' businesses. In all migrant communities a new type of entrepreneurship involving 'global entrepreneurs' can be found (Light, 2007: 3 ff). Global entrepreneurs are usually very well educated, are fluent in at least one foreign language and have an international outlook. They are oriented toward a market consisting of their ethnic communities, Austrians and an internationalised clientele (see Baycan-Levent et al, 2009; Haberfellner and Betz, 1999a,b; Wang, 2008).

An illustrative example of an 'ethnic' shop of a new and very innovative generation is PROSI Supermarket. This shop was started by Augustin Pallikunnel, an Indian citizen, who came to Vienna in 1990 to continue his studies. PROSI is not the 'typical' exotic supermarket. It is the largest and best stocked Asian, African and Latin American food store in Austria. Thus, it is not a shop explicitly oriented toward the needs of the Indian community; rather it wants to cater for all international tastes. It also offers Ayurvedic products, Asian and African cosmetics ('Prosi cosmetic World') and a range of other activities (exotic street festival, art and culture events, international cooking classes). The extensive range of products has been developed and extended to satisfy the demands of international customers for speciality items from their home countries. A significant and highly valued percentage of Austrian customers use the shop too. The range of exotic world-wide products now exceeds 6,000.

Figure 7: PROSI exotic supermarket, 7th district



Source: PROSI

Figure 8: Augustin Pallikunnel in Prosi Pallikunnel KEG supermarket



Source: Christian Müller (<http://www.vorteilvielfalt.at/>)

Another current example for an innovative business strategy is the new market stall of Sohyi Kim, a prominent TV (Germany and Austria) cooking show star, in the famous *Naschmarkt*. This stall is conceived as gastronomy project-studio for the ‘New Wind’ cultural association founded by Kim. The business concept is a combination of a non-traditional Asian restaurant and a specialist shop with a broad offer of food specialties, cosmetics and cookery books. Beyond this Kim wants to help socially troubled migrant youths of Asian descent. For this purpose she allots scholarships (*Kim-kocht-Stipendien*) and jobs for youths in her project studio. Kim also intends to offer seminars for adolescents promoting a balanced approach to dealing with wine and other alcoholic beverages (Nowak, 2010: 9; Richter-Trummer, 2010: 17).

The presence of ethnic entrepreneurs generates special niche markets. This sometimes creates bizarre constellations. There are, for example, ‘self-employed’ Polish snow-shovellers. From a legal point of view these people are sub-entrepreneurs of a main entrepreneur, who owns a van and transports them to their places of work. Another example mentioned by experts was a procedure called ‘carrying and lifting of heavy weights without lifting gears’ (*Tragen und Heben von schweren Lasten ohne Hebezeuge*). Polish, Romanian or Moldavian migrant ‘entrepreneurs’ are active in this field. For a fee of €1,000 a crew of, say, six move 1,000 kilos of cement bags within a certain time span. Each of the carriers has the status of a self-employed ‘entrepreneur’ who is operating this ‘business’ at his own risk.

Competition

As migrant entrepreneurs are active in so many different branches of the economy, it is difficult to make general statements about strategies employed to outperform the competition. Two aspects were often mentioned in the interviews: a) the offer of specific goods for specific (migrant) customers, and b) the involvement of family members as cheap labour. The increasing numbers of ethnic enterprises in all fields of the local economy weakened the formerly quasi-monopolistic status that some vendors enjoyed during the 1970s and 1980s. Now, competition within the ethnic business sector is becoming increasingly intense.

One specific issue that was frequently mentioned in the interviews is that of shop opening hours. Until the late 1990s, opening hours were strictly regulated in Vienna. A sustained liberalisation took place in 1997 (shop opening was allowed on weekday evenings until 19.30 and on Saturday afternoons). This was followed by further liberalisation in 2003 (Wien.at, Web Service der Stadt Wien, 2003; Bornett et al, 2003). Some ethnic enterprises employing family members and relatives benefited from this liberalisation more than others. Enterprises affiliated to mosques and cultural associations open on Sundays and public holidays (a bakery and grocery store and a hairdresser in the ATIB (*Avusturya Türk İslam sosyal kültür birliği*) Cultural Centre in Gudrunstrasse 189, 10th district is just one example). In our interviews, some single-person entrepreneurs complained about the practice of family enterprises keeping their shops open around the clock by unofficially employing the shop owner's children below the age of 15 (for example, some Serbian and Turkish mobile phone and internet cafés in the 12th district). A competitive advantage can easily be attained this way because relatives in family enterprises are often not paid adequately, and according to Nero (2009: 4) the number of notifications about offences against the shop opening hours law is increasing. This trend was confirmed in an interview of an expert from MA 59.

Augustin Pallikunnel and his PROSI Supermarket is a good example of a business successfully outperforming competitors through a unique business concept. In order to make shopping as relaxed as possible, and to enable shopping after normal working hours, PROSI's daily opening hours are from 09.00–20:00 from Monday to Saturday. This businessman not only goes to great lengths to carry an outstanding range of products for his customers, but also provides further services. International cooking classes are offered, covering a wide range of cuisines, and yoga courses can be arranged with a minimal fee for participants. An international street festival is held annually each summer, featuring performers and artists from many countries. The PROSI team is always pleased to receive suggestions from its customers, and do their best to accommodate the customers' requirements. This shop makes considerable efforts to keep prices as low as possible.

The interviews revealed a great deal about the competition in Asian gastronomy. During the past 15 years the number of Asian restaurants in Vienna rose from 250 to more than 500. Because of the fierce competition between Chinese restaurants – most of them started during the 1970s – different strategies were established to outperform the competitors. A decade ago many Chinese decided to offer Japanese sushi and tepanyaki too, because Japanese food became very fashionable in Vienna. Rising health consciousness motivated some restaurants to specialise in vegetarian cooking (see also Wiener Bezirksblatt 01/10: 22 f.). Others decided to expand their offer to a mix of Chinese, Japanese, Thai and other Asian cuisines. As both strategies were chosen by many restaurants the success was in many cases only temporary. Second-generation Chinese usually decided to change the interior of the restaurants too. During the 1970s, the first generation of Chinese restaurant proprietors preferred typical 'tacky' interior decoration. This standard style is nowadays interpreted as old-fashioned and thus many young restaurant proprietors try to change the image of their restaurants to a more modern, neutral or individualistic style.

Chunah Urban-Chao, a former music student and graduate Chinese translator who works for Vienna's police, moved from Hong Kong to Vienna in 1972. She provides an excellent example of how a takeover and change of image of a Chinese restaurant can be successful. She renovated a relatively rundown restaurant both architecturally and through innovative landscape gardening. She then offered traditional cuisine from Szechuan, a province of southwestern China, which was a gastronomic innovation in Vienna (see Say and Bard, 2009/10).

Figure 9: Chunah Urban-Chao, owner of the Chinese 'Sichuan' speciality restaurant



Source: Christian Müller (<http://www.vorteilvielfalt.at/>)

Even the offer of very special dining and a fairly monopolistic position cannot guarantee business success for gastronomy enterprises in times of increasing competition. A Nepalese restaurant in the 5th district (Sagarmatha Restaurant) closed after two years of operation. Two other Nepalese restaurants (Yak and Yeti, Himalayan Nepali Restaurant) and the Tibet Restaurant are also barely staying in business. It seems that the market for Asian cuisine in Vienna is completely saturated and there are no further niches left.

Workforce

The Vienna Economic Chamber, the Vienna Public Employment Service (AMS), Vienna Employment Promotion Fund (waff) and the Main Association of Austrian Social Security Institutions (*Hauptverband der Sozialversicherungsträger*) could not provide data about the size of the workforce employed by ethnic entrepreneurs. The reason is that social insurance and employment data do not show the employer's migration background. Details about the socioeconomic structure of the workforce are also lacking. According to some estimates (no time period available,¹⁶ immigrant businesspeople created at least 25,000 jobs in Vienna and 39% of them plan to take on further employees within the next few years. Renate Brauner, Vienna's Deputy Mayor, estimated that there are 'more than 10,000' people working in ethnic enterprises (esnaf 04/2009: 35). It is likely that this figure is an underestimate, although none of the interviewed experts could provide a precise number.

¹⁶ See http://www.vorteilvielfalt.at/0201_en.html.

Table 21: *Estimated total employment in enterprises of the ethnic economy in Vienna*

Enterprises by legal form of organisation	Proportion of ethnic enterprises	Absolute number of ethnic enterprises	Average number of employees/enterprise	Number of employees in ethnic enterprises
GmbHs with foreign integration (estimation)	11.4	2,315	5.0	11,575
Other trade companies with foreign integration	11.4	1,031	5.0	5,157
Single-proprietor enterprises of Austrians with (assumed) migration background	11.3	5,970	0.62	3,706
Single proprietors with non-Austrian citizenship	18.2	9,631	0.14	1,308
Total	-	18,947	1.15	21,746

Source: L&R Sozialforschung 2007: 39; data basis: Vienna Economic Chamber

The L&R social survey (L&R Sozialforschung, 2007: 11 ff.) gives a realistic estimate of total employment in Vienna's ethnic economy. It comes to the conclusion that about 21,750 persons are occupied in ethnic economy enterprises, the majority (11,575) in ethnic GmbHs.¹⁷ The smallest proportion works in single-proprietor enterprises (see Table 21).

As the majority of ethnic enterprises belong to the category of SME, 60.9% of ethnic enterprises in the L&R survey sample (2007: 85) do not have employees. Enterprises that have staff employ on average six people. The proportion of enterprises with employees is higher (20%) in the sub-group of entrepreneurs with Austrian citizenship and a migration background than among foreign nationals. The average number of employees in Austrian enterprises without a migration background is 0.8 persons. Austrian citizens with a migration background employ on average 0.6 persons. In single-proprietor enterprises owned by Turkish people or entrepreneurs from the former Yugoslavia 17% have employees. The figure is 8% in German and 7% in Italian enterprises. In Turkish or Yugoslav-owned enterprises the average number of staff is 0.5 persons per enterprise.

In our interviews as well as in the L&R survey, the most frequently cited reasons for not employing staff or refusing to employ more people are financial constraints. The profit situation of many small enterprises is too unstable to finance regular monthly labour costs. Some entrepreneurs take on part-time staff during phases of heavy workload. Some of these people, often relatives or friends of the entrepreneur, are employed clandestinely, as several businessmen admitted in the interviews.

The size of staff is determined by the sector of the economy and nationality factors. It has been empirically proven that single-person enterprises (85%) dominate in the 'economy of distress', where extrinsic motivation is the relevant determinant for starting an enterprise. Single-person enterprises dominate in transport and information/consulting, while 52.5% of catering enterprises have several employees. The information/consulting sector is the least labour intensive. More than 90% of all single-proprietor enterprises in this sector do not employ staff. In the trade and crafts sectors 73% and 76% of enterprises respectively are run by the manager alone. According to the L&R survey there are some nationalities with a higher percentage of enterprises that employ staff: in crafts 11% of the entrepreneurs from the former Yugoslavia employ one and 18% employ two or more employees. In the Turkish group, too, the willingness to have staff is relatively high: 10% of the enterprises in trade employ one person, and another 10% have more than one employee. In crafts, 14% of the Turkish single-proprietor enterprises employ one and 16% have two or more employees (Table 22).

¹⁷ 11% (2,315) of the GmbHs with international integration had estimated five employees on average.

There is a certain connection between the size of the enterprises and the increase in staff; 55% of enterprises employing several people intend to take on more staff. Among the single-proprietor enterprises only 29% expressed the same intention. Long-established enterprises and those started because of extrinsic motives report less frequently that they intend to employ additional staff.

Table 22: *Average number of employees in single-proprietor enterprises by nationality and migration background, 2006*

Single entrepreneur	Number of enterprises	Average number of employees	Total number of employees
Austria	37,142	0.8	29,201
Austria with assumed migration background	5,970	0.6	3,706
Turkey	334	0.5	165
Former Yugoslavia	764	0.5	374
Germany	918	0.2	176
Italy	206	0.2	39
Czech and Slovak republics	1,096	0.1	118
Romania	101	0.1	8
Bulgaria	123	0.1	8
Hungary	309	0.0	15
Poland	4,607	0.0	124
Other countries	1,173	0.2	281
Unknown	321	0.6	206
Total	53,064	0.6	34,421

Source: *L&R Sozialforschung 2007: 27; data basis: Vienna Economic Chamber, August 2006*

There is some evidence for ‘ethnic exclusion’ in the selection of staff, but not to the extent that is sometimes anticipated; 41% of enterprises with employees employ only people belonging to the same ethnic group as the entrepreneur himself (L&R Sozialforschung, 2007: 86). Nonetheless, the proportion of enterprises employing only people who do not belong to the same ethnic group as the employer is relatively high too (30%). These proportions indicate a trend away from ethnic exclusion concerning the selection of staff. ‘Ethnic exclusion’ can more frequently be found in enterprises started by immigrants who moved to Austria recently. Their short duration of stay means they have not been able to establish contacts with other ethnic communities outside their own.

The social networks of family, relatives and the circle of friends and acquaintances plays a central role in recruiting additional staff. This was very often verified in our interviews: 51% of the respondents in the L&R survey recruited their staff directly from their own social network (see also Donckels and Lambrecht, 1997). It is not just that relatives and acquaintances are often employed; their recommendations were also a relevant factor in recruiting staff. Of minor (10%) importance was the involvement of the Vienna Public Employment Service (AMS). According to the L&R survey AMS services are less important in the ethnic economy than in Austrian enterprises (15.1%) (2007: 91) and this was confirmed by a considerable number of entrepreneurs interviewed.

This must not be seen as completely negative light. On 10 September 2009, the ‘Media.Trade Show.Migration’ event (organised by Turklook Agency together with M-Media Agency) took place. It was said that ‘migrants’ businesses had helped Vienna to cope with recession because of their strong family structure. Whereas other businesses resorted to layoffs during hard times, migrant businesses did everything possible to save jobs occupied by family members’ (see

Rogers, 2009). The other side of the coin is that in many ethnic enterprises there are obviously no significant differences from Austrian enterprises concerning the selection of staff (L&R Sozialforschung, 2007: 85).

Controversial opinions could be offered about the Turkish community, which mirrors the considerable heterogeneity of 'business culture' within the same ethno-national group. In Turkish enterprises jobs are often assigned by informal contacts within the family or the wider ethnic community. According to the experts from AMS this method of recruiting staff carries a risk. Formal networks do not always provide the best qualified person for the job. From the point of view of efficiency it would often be an advantage for entrepreneurs to use the personal search and mediation offers of AMS (Kuzugüdenli, 2009e: 12).¹⁸ However, some interviews indicated that enterprises' workforce selection strategy is in a state of change. Even in Turkish enterprises there is an increasing readiness to offer jobs to non-relatives and members of other ethnic groups, because Turkish businessmen have realised that the staff's qualifications rather than ethnic affiliations are of rising importance in a period of economic crisis.

A considerable number of respondents (see also Davis and Tagiuri, 1994) mentioned that sometimes apprentices with an ethnic background explicitly do not want to work in ethnic enterprises, to escape rigid social control. Young Turkish women in particular spoke about those problems and stated that they preferred to work for Austrian or other ethnic enterprises rather than Turkish ones.

According to AMS (Vienna Public Employment Service) there is no general difference in the cooperation between ethnic and Austrian entrepreneurs in the field of workforce recruitment. Johannes Kopf, Chief of AMS, stated in an interview that his organisation's services are used by ethnic entrepreneurs to a steadily increasing extent. This positive trend can be ascribed to the expansion of contacts between AMS and entrepreneurs. AMS offers electronic matching in the 'office seeker data bank', and an 'eJobRoom' on its website where enterprises can either search for suitable staff or place an advertisement for free. The European Employment Service (EURES) also offers Europe-wide personnel procurement (see Kuzugüdenli, 2009e: 12).

Employment conditions and labour relations

It is difficult to discuss the topic of employment conditions due to the lack of valid and comparable data. After many interviews it cannot be said that employment conditions in ethnic businesses are generally different than in Austrian enterprises.¹⁹ Public perceptions of the working conditions in the ethnic economy are sometimes critical because the media tend to focus on extreme cases of labour exploitation, which may not be particularly common.

Experts from the Vienna Chamber of Labour (AK) and the Austrian Trade Union (ÖGB) emphasised that it was not the fact that an enterprise is run by a migrant that makes the difference in working conditions, but the affiliation to certain branches of the economy which are characterised by problematic and burdensome labour conditions (cleaning, catering, retail trade, market stalls). The experts interviewed stated that concerning the frequency and extent of exploitation there are no specific differences between enterprises of different ethnic background. For example, precarious employment conditions can be found in Austrian gastronomy as well as in Chinese restaurants. An expert stated that the Chinese community in particular is so sealed off in business matters that it is very hard to get a realistic insight into the staff's

¹⁸ See <http://www.ams.at/wien/sfu/18713.html>.

¹⁹ An expert said that as an extreme example in a well-known fast food chain an ethnic cleaning enterprise gets only €100 for three people cleaning the whole branch store.

actual working conditions. If such enterprises are inspected everything seems to be in accordance with legal regulations, but entrepreneurs and staff have clever strategies to deal with public authorities. ÖGB informed us that the exploitation in construction enterprises is sometimes extreme. Frequently entrepreneurs go bankrupt and run off without paying the salaries of their employees. But even in this field it needs to be emphasised that the proportion of exploitative practices among ethnic enterprises is not very different to extreme cases in Austrian enterprises too.

One main difference is caused by immigration regulations. Migrant employees are often in a precarious situation because legally they must have an employment contract. This is often a major cause for exploitation, particularly during the period shortly after their migration to Austria. If they lose their job they will also lose their residence permit. Thus, many ethnic enterprises act as a kind of ‘refuge’ for their compatriots, and some entrepreneurs make use of those workers’ predicament.

The other – and more positive – side is that ethnic enterprises are often also a kind of repository for workers who are lacking in qualifications. They provide job opportunities and income to workers who would otherwise find it difficult to become integrated into the labour market, or, as an expert expressed it: ‘persons who are not accustomed to the speed of the modern labour market’.

For interested entrepreneurs a lot of detailed information about the legal framework conditions of employing personnel is available on the websites of the Federal Economic Chamber,²⁰ the *Arbeitsinspektion*, the Vienna Public Employment Service, the *Bundessozialamt*²¹ and *Bundeskanzleramt*.²²

The informants from the AMS agreed that when it comes to dismissal and discharge practices there is no difference between ethnic and Austrian entrepreneurs. Dismissals are usually determined by sector-specific practices and economic necessities (Kuzugüdenli, 2009e: 12).

Problems and barriers – general management

From a general point of view the problems and barriers to ethnic entrepreneurship show a gender-specific pattern. Women define their main challenges as a lack of entrepreneurial experience (47%), bureaucratic procedures (40%) and financial problems (37%). Male entrepreneurs’ problems are mostly to do with bureaucratic barriers and the acquisition of finance (L&F Sozialforschung, 2007: 79 f.). In our interviews we could also detect a gender bias in barriers. One problem often spoken of by the female entrepreneurs with children (but not by male businessmen) was the question of the compatibility of an entrepreneurial career and the maternal role.

According to many informants, in all management matters the initial phase is the most difficult for most ethnic enterprises. In some of the expert interviews a general problem concerning the first generation of entrepreneurs’ business and management concepts and ideas came up. Many first-generation entrepreneurs did not appreciate the necessity for innovative business and management ideas. The absence of carefully thought out business plans was said to be a problem for many entrepreneurs. The experiences of the representatives of the start-up service bureau MINGO are somewhat similar, though MINGO also mentors entrepreneurs with elaborate business plans. Often those lacking a business plan

²⁰ See <http://www.wko.at/arbeitsundsoziales>; <http://www.wko.at/arbeitnehmerschutz>; <http://www.wko.at/kollektivvertrag>.

²¹ See <http://www.bundessozialamt.gv.at/>.

²² See <http://www.ris2.bka.gv.at>.

are running their business as ‘lone fighters’ and do not apply for external help. The experience of the experts is that the smaller enterprises often lack the specific management know-how that would allow them to plan on a longer-term basis and, thus, to avoid the danger of insolvency.

An illustrative example of the steady expansion of an ethnic enterprise by excellent management is the IT company DiTech,²³ founded by Polish citizens Alexandra and Damian Izdebski. They moved from Poland and started in 1998 with a small computer shop in Vienna’s 20th district. They now employ 203 workers in 11 locations all over Austria, have annual sales of €64 million, are close to becoming market leaders, and run an entire business centre in the 20th district. Their formula for success is to ‘modify computers to suit individual needs and sell them’.²⁴

Problems and barriers – financial management

Many entrepreneurs take a ‘step-by-step’ approach to financial management; but the financial management style is mainly dependent on the size of the business and the sector of economy. Often financial management strategies are no different from those of non-ethnic entrepreneurs. For example, the majority of the entrepreneurs interviewed who were working in information and consultancy started with equipment which was financed by their own savings, and often their business was run from home. In the case of self-employed skilled craftsmen from Poland, Slovakia or Romania the tools were often bought at cheaper prices in the country of origin and brought to Vienna. Some sectors that need premises, such as restaurants or grocery stores, had to start with a small room or other unfavourable location. With rising economic success and increasing profit the entrepreneurs invest their money in expansion and the move to better locations.

Concerning bank loans the situation is very different for Austrian and migrant entrepreneurs: many ethnic entrepreneurs get their finance not through official credit loans from banks but from informal credits given by family members, friends, partners or colleagues. The advantages of such private loans are obvious: usually little or no interest must be paid, often there is no definite repayment date and the entrepreneurs pay back as much as they can when they can. The only disadvantage of such private credits seems to be that they bring about ‘emotional or de-facto dependency’ or ‘a general feeling of obligation’, as interviewees expressed it. If parents or spouses gave the credit, they might try to get involved in the running of the business. Asked if they would prefer a bank or a ‘private’ credit, however, all of the interviewed entrepreneurs preferred the second one. No one could offer any advantage for the use of bank credit because the rates of interest are usually very high.

The non-utilisation of bank loans is usually not caused by a lack of information, as is often thought. Only very few respondents reported negative experiences with the staff of Austrian banks. These respondents had the impression that some bank clerks have incorrect perceptions about ethnic entrepreneurs in general. They believed that there is a general mistrust about their creditworthiness and their scheduled repayment of credits. They felt treated in a discriminatory way or less respectfully than Austrians. It may be that banks treat foreign citizens as more risky clients and are stricter in demanding guarantees from their foreign applicants for credit – though this was denied by all of the bank representatives interviewed. A barrier is that many ethnic entrepreneurs do not compile business plans (see section on general management, above). In the context of their application for credit they are often not able to provide details about the repayment procedures. The application procedure is very bureaucratic and even for migrants with an excellent knowledge of German the professional terminology is difficult to understand.

²³ See wieninternational.at, *Immigrants – driving force in the Viennese economy*, <http://wieninternational.at/en/node/16592> and <http://www.ditech.at/site.do?id=geschichte>.

²⁴ See <http://www.ditech.at/site.do?id=geschichte>.

Another important issue is public sponsorship. According to the L&R social survey (L&R Sozialforschung, 2007: 97 ff.) only 19% of the entrepreneurs had made use of ‘Young entrepreneur credit’ (*Jungunternehmerförderung/-kredit*) or other public sponsorship, and a higher proportion of male (21%) than female (13%) entrepreneurs had received public loans. The motivation to start a business plays an important role too. A fifth of the entrepreneurs who started their business because of intrinsic motivations systematically collected information and obtained financial sponsorship, whereas in extrinsically motivated entrepreneurs the proportion who did so was marginal (1.7%). The most cited reason for not applying for public sponsorship is a lack of adequate information. This was evident in the interviews as well as in the L&R survey (2007: 97). Another important reason is that there was in fact no need for public sponsorship. In rare cases the application for sponsorship was refused. This was only mentioned in the case of entrepreneurs who had already failed with one or more enterprises, who could not offer any security, etc.

An important result of our interviews was that the duration of stay in Austria and belonging to the first or second generation are further relevant determinants of applying for public sponsorship. The longer the duration of stay the higher the probability of applying for public funding. All entrepreneurs of the second generation were very well informed about the different forms of financial assistance available to trade and industry and had applied for one or other form of public sponsorship. Among Austrian citizens the proportion of those who got some funding seemed to be higher than among entrepreneurs who were not yet naturalised. Immigrants who had started their enterprise during the 1970 or 1980s usually did not make use of any financial sponsorship. It was difficult to investigate whether this was because of a lack of information about the sponsorship or the non-existence of public funding 30 or even 40 years ago.

The L&R survey (2007: 98) states that whether the motivation for starting an enterprise is internal or external is a crucial determinant for gathering information and applying for public funding. The quality of motivation is even more important than the duration of stay in Vienna. This could not be proved by our interviews. The ethnic background seems to be less important than the level of education and language knowledge; two factors that are really decisive. The L&R survey found that among entrepreneurs with a basic education the proportion who did not apply for public funding is significantly higher (at 70%) than among university graduates (33%). According to our survey, some highly educated founders did not need public funding because of considerable private (family) resources and thus did not apply for it.

Problems and barriers – marketing

A significant proportion of the entrepreneurs interviewed said that attracting customers and the whole field of marketing was a real challenge for them. Some entrepreneurs faced more difficulties in this field than with formal regulations or financial feasibility. A lack of know-how in marketing is usually the main cause for the collapse of ethnic enterprises. The second most important cause is a failure to negotiate formal regulations. Usually business success is very much the outcome of a combination of personal background variables, the individual talents of the founders, the economic sector, the location, the general and local economic situation, etc. Determinants of marketing strategies can be found in the actors’ social position, career experience, or the structure of their businesses.

Flexibility in reacting to changing market conditions was said to be the most important basis of successful marketing strategies. The customers’ profile is an important determinant of successful marketing strategies. There is a complex interaction between the range of goods offered, the clientele, the individual business concepts and the preferred marketing strategies of the entrepreneurs. Usually the sector and the markets are strongly interdependent. No generalisations about the customer’s profile are possible. The majority of ethnic enterprises try to accommodate the wishes of all clients and have an inherent interest in expanding to markets outside their own ethnic community because the classical niche economy represents only a small segment of the actual ethnic business. In the field of information and consulting, for example, the proportion of customers from outside the entrepreneur’s ethnic community is usually very high. This means that enterprises that do not offer special services or goods for the ethnic clientele usually choose

advertising strategies similar to those of Austrian enterprises. Wang (2008) found that marketing strategies deployed by second-generation Chinese restaurateurs are often ways of maintaining and negotiating boundaries between themselves and the first-generation Chinese.

Many respondents emphasised that particularly in the start-up phase the general quality of embeddedness of the entrepreneur in his ethnic community plays a significant role as a determinant of establishing new markets. This means that it is not only the financial support of co-ethnics that is important, but also their social networks. The social networks and marketing strategies are often strongly interwoven. Relevant networks of friends and relatives play an important mediatory role in the initiation of contacts within the business start-up process. This intra-ethnic solidarity is an element of considerable stability for each starting enterprise but is unevenly distributed within the immigrant communities. Intra-ethnic networks are powerful in the Turkish, Indian and Chinese communities, but relatively weak among Czech, Slovakian and Hungarian entrepreneurs. A special case is the people from the former Yugoslavia. It was not only harder to find respondents from this group who were willing to be interviewed, but the majority of the entrepreneurs in this group seem to be very individualistic and even distrustful. There is obviously some support from family members and close friends but only a low level of solidarity even in the same ethno-national groups, be they Bosnians, Serbs, Croatians or Macedonians. No organised business networks exist that would systematically embrace all these ethnic groups. Of course, there is some purely rationally motivated cooperation between entrepreneurs of different ethnic affiliation from the Balkans but closer relationships can rarely be found (see also L&R Sozialforschung, 2007: 119 f.).

Marketing strategies are dependent on the economic sector. In the services, construction or IT sectors it would be an entrepreneurial mistake to narrow down the market on a certain (ethnic) group. The situation is different in shops with an explicitly 'ethnic' offer, for example the *Polski Videoteka* in 3rd district or a Serbian *Videoteka* in the 16th district²⁵ or numerous south- and east-Asian retail trading shops offering Bollywood and Chinese films.

Turkish and Asian retail traders still often practise a 'semi-niche economy'. Turkish gastronomy is fairly heterogeneous. There are Turks who offer Italian and/or international cuisine, others who specialise in traditional Turkish food, those who serve a mixed international clientele and those who offer typical Turkish food to Turkish people or run traditional Turkish tea and coffee houses where the admission of women is unwelcome. Turkish shopkeepers in particular reported interethnic barriers which are difficult to break down. These entrepreneurs are very interested in attracting Austrian customers, but there is still some basic incompatibility of food and drink culture, as well as dress codes and décor appeal.

EU citizen enterprises, be they western or eastern Europeans, are usually oriented toward a multiethnic clientele. Restaurants offering Balkan cuisine usually have a high proportion of co-ethnic customers and are frequently used for festivals and family celebrations.

In many cases the influence of the entrepreneurs on their customer profile is very modest because this is determined by a multitude of factors.

According to the L&R survey the orientation towards 'own' ethnic groups is very pronounced in gastronomy. In our interviews this could not be proven for all branches of gastronomy. As the Indian and Chinese communities in Vienna are not large, Asian restaurants try to offer a wide range of dishes adapted to the 'sensitive Austrian palate'. There are also, for example, Chinese restaurants, specialising in regional cuisine (Cantonese, Szechuan) or on a specific kind of traditional food preparation (dim sum). These restaurants are often frequented by the Chinese community, but also by

²⁵ Both video stores also offer international films but have an emphasis on Polish and Serbian films in their offer.

Austrian and international guests who enjoy traditional Chinese cuisine. Wang's thesis (2008) aims at supplementing existing discussions of immigrant business whose homogenisation tendency contributes to reduction in the differences between immigrant entrepreneurs of the same ethnicity. By studying the second-generation Chinese restaurateurs in Vienna, this research shows that there is a great divergence among marketing strategies of immigrants who belong to different generations, which reflects not only the owners' structural positions but also their varied identities.

Innovative business ideas are often the precondition for successful marketing. For example, the construction company Stolex KG, founded by a Bosnian refugee married couple, specialises in the refurbishment of old buildings. The enterprise offers a complete service from refurbishment and plumbing work to industrial cleaning and metalwork. The clients save time because Stolex coordinates all the different services. It advertises its services to housing management specialists, estate agents and private homeowners.²⁶

The bigger ethnic communities have publications that offer the opportunity for advertising. Some bigger Turkish enterprises advertise in *esnaf*, the bilingual (German-Turkish) magazine for ethnic entrepreneurs. Word-of-mouth advertising is also an important method of marketing, in particular in the smaller immigrant communities and for many of the single-proprietor enterprises that cannot afford advertising campaigns. The bigger ethnic communities also possess a network of service enterprises specialising in clients belonging to a certain ethnic community. Examples are tax consultant bureaus, lawyers, public relations (PR) management and marketing enterprises. The reason is usually not monetary but to do with language barriers and special intra-ethnic requirements. Among the approximately 10 ethno-marketing enterprises there is one that has about 70% Turkish clients, but also some from the former Yugoslavia, etc. Its main field of activity is consulting in all fields of marketing, starting with the inception of the business idea through to the whole field of public relations and advertising.

Problems and barriers – rules and regulations

In many interviews, the respondents reported that many SMEs suffer from bureaucratic obstacles and that they need better and less regulation. Many respondents said that networking activities and the information flow within these networks, whether it is together with co-ethnics in Vienna or on a broader scale, are playing an important role in overcoming rules and regulations.

Sometimes, from the local point of view, even simple rules cause trouble for ethnic entrepreneurs. Some entrepreneurs said that when they first started their business they were overwhelmed by the abundance of regulations on the shape and condition of the business building, pest monitoring, delivery, storage and processing of food, the visual inspection of food, correct labelling, hygiene and the competence of staff. An Indian trader, for example, was fined because he used product labels in English and Hindi only, and not German. He simply did not know about this regulation.

The hygiene regulations, which are particularly important in food stores, food production and the catering trade, are a particular source of problems. Because of frequent misunderstandings in this field the Austrian-Turkish business magazine *esnaf* offers special 'hygiene evaluations' for interested entrepreneurs. Hygiene specialists visit the enterprise and provide professional advice. The new hygiene regulations of 2004, which became operative in 2006, introduced self-monitoring as an additional element of control. *Esnaf* even intends to offer special hygiene instruction courses for the staff members of interested ethnic enterprises (Kuzugüdenli, 2009a: 26 f.; 2009d: 12–14). Many entrepreneurs interviewed said they believed this would meet an urgent need and would help them to stick to the statutory provisions. As the inspections follow EU-wide rules, specialised EU agencies regularly monitor inspection standards.

²⁶ Milborn, 2009: 28.

The Food Inspection and Market Authority²⁷ (MA 59) pays particular attention to organic food and drinking water in businesses, but the inspectors also check cosmetics and toys. According to MA 59 experts, there are many problems with imports from the People's Republic of China. Fish, tea and toys produced in China are frequently contaminated with pesticides and antibiotics. The same holds true for seafood and tea from Vietnam. The local entrepreneurs only import these goods, so it is not within their power to control the producers. In the past there have been objections to certain types of mountain bikes, and toys made of wood or plastic that small children might accidentally swallow (danger of asphyxiation) have been confiscated.

Incorrect labelling, inappropriate treatment and long storage times are further grievances. There are also sometimes complaints about the inappropriate storage of hazelnuts from Turkey. An expert from MA 59 reported that while hygiene regulations must of course be constantly monitored, some media reports about hygiene problems in shops or restaurants of specific ethnic groups are pure exaggerations. The staff of MA 59 takes about 11,000 samples per year for bacteriological and chemical tests. As Municipal Department 59 is only able to draw samples, it is not possible to guarantee European Union standards for each product (Wien Heute, 2010: 12; Wiener Zeitung, 2010: 14). The number of complaints made to this department is no higher in enterprises of the ethnic economy than in the Austrian segment. There is also no specific group of ethnic entrepreneurs that has more problems concerning hygiene and health than Austrian enterprises in the same sector. From the perspective of hygiene regulations there are flagship enterprises in each ethnic community and there are some problematic cases in each section too. Some problems arise over basic differences in the understanding of hygiene; for example, between western Europe and most parts of Asia. Rules that according to our informants cause problems for ethnic entrepreneurs are the:

- Price Marking Law – the prices for goods and services have to be clearly visible to consumers;
- Measurement and Gauge Law – scales and other measurement devices have to be regularly calibrated. Consumers need to see the measuring device while the product is being weighed;
- Trade Register Act – to ensure the protection of the consumers, all businesses have to respect the trade regulations. In an attempt to combat illegal businesses, business licences are checked by MA 59. Such inspections are often held after dissatisfied consumers have filed a report;
- Law on Categories of Quality – fruits and vegetables in shops and on the market have to be labelled correctly according to the law. The goods, species, origin and trading class also have to correspond to the quality labelling;
- Product Safety Law – this is related to goods for everyday use which are checked for potential health hazards.

Our informants frequently mentioned entrepreneurs' escape strategies from formal regulations. If the entrepreneurs do not have the standard of formal education to understand the regulations, many are starting a private limited company and installing a business executive who gets the trade licence. This usually causes higher expenses (salary etc.), which are not affordable for many first-generation entrepreneurs. Even many market stalls are run in this way.

It is not only the regulations that are a barrier to entrepreneurship; sometimes the network within the ethnic community is interested in preserving certain dependencies. An illustrative example is business accounts, which have to be done by each entrepreneur for tax purposes. The accounts of private limited companies guarantee a higher profit to tax consultants (from the ethnic community) than accounts based on cash, which are often recommended for sole-proprietor

²⁷ See <http://www.wien.gv.at/english/fima/inspection.htm>.

enterprises. This means that tax consultants have a considerable interest in as many businesses as possible being organised as private limited companies. They give advice to their co-ethnics not to start a sole-proprietor enterprise, though the formal regulations would allow this.

Problems and barriers – bureaucracy and intermediary institutions

Interestingly enough, only a relatively small number of the entrepreneurs interviewed complained about significant troubles with bureaucracy. Once again the start-up is the most difficult phase in dealing with the complicated Austrian bureaucracy. This is why most of the relevant advice institutions provide special and intensive advice and support for the start-up and continuous support when the initial phase of a business is over. According to information from the Vienna Economic Chamber Founder's Service a lack of knowledge about the administrative procedures and uncertainty about where to obtain information are the main barriers for migrant entrepreneurs. A further problem is that the chamber is often seen not as the entrepreneurs' lobby but more as an institution of control, because in many countries of origin comparable lobbying institutions for the self-employed do not exist.

In the interviews the problem of the information deficit among entrepreneurs about municipal funding opportunities was more often spoken of than problems with bureaucracy. Because of this a certain proportion²⁸ of business start-ups are made without making use of official funding opportunities. This is true among entrepreneurs of different ethnic backgrounds. The main reason for this is thought to be language barriers, because the second generation seems to have the relevant information. Usually better educated entrepreneurs have fewer problems in this field.

Entrepreneurs and experts spoke of a further aspect to bureaucracy: a need for more 'realisation of diversity' in all institutions involved in business matters. There seems to be a lack of staff with a migration background (and native speakers) in the relevant institutions, though without doubt the situation has changed considerably in recent years.

²⁸ The exact proportion is not known.

Overall strategy

About a decade ago, the municipality and the Vienna Economic Chamber as well as other economic lobbies started to promote the ethnic economy. Our investigations indicate that no explicit written strategic plan regarding ethnic business exists on the municipality's side. In the case of general economic development, two strategic plans mainly formulated by MA 27 can be defined as relevant benchmarks: the Vienna 2000 Strategy Plan and the Vienna 2004 Strategy Plan. Vienna's municipality fully recognises the rising importance of the local ethnic economy and is very interested in its promotion. A fundamental shift of opinion has taken place and the experts interviewed reported that awareness of the importance of ethnic business has risen considerably.²⁹ Without any doubt this rising awareness is closely linked to the municipality's diversity strategy.

An important general benchmark in dealing with immigration was the introduction of an integration-oriented diversity policy in 2004 as the basis of municipal policy. This shift in policy stems from the recognition that Vienna as an international city benefits from the diversity of its population in many ways. The increasing diversity of Vienna's population is also a challenge to the city and its administration; a challenge that has been met by the method of diversity management (DM). DM focuses on the question of whether all goods and services of the city are open and accessible to all, regardless of their ethnic and/or immigrant background.

In 2004, MA 17 was established as an internal competence centre and service provider to support the city administration in providing equal municipal services for all inhabitants. DM is a topic and a method that is relevant for all areas of city administration and thus has to be dealt with by all sectors of the administration. This also goes for the economic sector, where MA 17 and MA 27 cooperate on a range of issues. The Executive City Councillor for Integration, Women's Issues, Consumer Protection and Personnel, Sandra Frauenberger, regularly states that one of the main goals of her policy is the improvement of the economic and labour market chances of migrants. This aim has to be combined with a 'forced' promotion of the ethnic economy. She defines the generation and the protection of employment as a basis for improving the social situation of immigrants. An important aspect of this is the promotion of apprenticeship training and thus the promotion of ethnic enterprises that are geared for apprenticeship training. For this purpose mobile consultation teams work closely with migrant associations and migrant venues. The city of Vienna also promotes the education of apprenticeship trainers. Ethnic entrepreneurs are also supported in gaining proof of entitlement for apprenticeship training (*Feststellungsbescheid*). In addition, the establishment of a business network of migrant entrepreneurs is planned.³⁰

Vienna has adopted a highly critical position towards federal regulations. At the federal level, integration policy is not really institutionally anchored (the Ministry of the Interior is responsible for integration but there is no special secretary of integration) and Vienna is undoubtedly leading the way in Austria with its integration and diversity policy. This obviously has important positive consequences for the promotion of ethnic business in the capital. All experts interviewed expressed considerable open-mindedness towards ethnic business, emphasising the diversity of the ethnic economy and the people who are active in this field.

²⁹ In fact, there is further focus in the field of applied economics with a special emphasis on topics at the interface between economics and politics, particularly regarding policy development, implementation, effects and evaluation.

³⁰ Sozialdemokratischer Wirtschaftsverband Österreich (SWV) (20 July 2009).

Ethnic entrepreneurs cannot be seen as a homogeneous group and the institutions which provide services and information are well aware of their diverse needs. The competitive advantage of diversity for the urban economy is evident. As a visible sign of Vienna's openness to diversity the city (together with nine other European cities) is involved in the British Council-initiated OPENCities project.³¹

A further important initiative of the city is the Integration and Diversity Monitor 2009. This initiative includes the field of integration and diversity in entrepreneurship and related activities of the waff, the Vienna Business Agency (*Wirtschaftsagentur Wien*), municipal departments 27, 59, etc (MA 17, 2009: 59 ff.). In the case of the waff the whole range of services has been evaluated since 2002. All promotion programmes have been explicitly checked for equal accessibility for migrants.

From the spatial point of view, the Urban Development Plan (*Stadtentwicklungsplan*, STEP) is an important tool. It specifies whether an area is designated for traffic purposes, for commercial buildings or housing construction. The STEP 05³² also defines key points for the near and medium-term future of the city, centring on the challenges facing Vienna as the hub of a central European mega-region and the demands for construction development as a consequence of demographic and economic changes. The Traffic and Transport Master Plan, drawn up in 2003, sets out the framework for sustainable and transport strategies. These plans are not focused specifically on the ethnic economy but have some influence on the framework conditions of economic development.

Objectives and dimensions

Though the Vienna Strategy Plans for 2000 and 2004 do not spell out an explicit strategy for the promotion of ethnic business, the potential and the economic importance of people with a migration background to the system is not only mentioned but strongly emphasised. This is an essential shift in perspective from an emphasis on migration-related problems to a positive view of the opportunities and potentials that migrants possess and present. And this potential is intended to be exploited for the benefit of Vienna's economy.

Main actors

The main actors in the field of policies and regulations that are related to ethnic business are:

- the Municipal Department 27 (MA 27, EU-Strategy and Economic Development);
- the Vienna Economic Chamber;
- the Vienna Business Agency (WWFF), since 29 March 2010 renamed *Wirtschaftsagentur Wien. Ein Fonds der Stadt Wien* (Vienna Business Agency. A fund of the city of Vienna);
- the Vienna Employment Promotion Fund (waff).

³¹ See http://opencities.britishcouncil.org/web/index.php?home_en.

³² See <http://www.wieninternational.at/en/node/6324>.

At the beginning of 2003 the ‘EU Promotion’ and ‘Development of the Economy and Technology’ departments were merged to form the new Municipal Department 27, for EU Strategy and Economic Development. This department consists of three units: EU Funding, Economic Development, Finance and ICT, and the staff groups of Public Services, Energy Affairs, Public Relations and Quality Management. Programme and project management is common to the seven MA 27 organisational units (Brodesser et al, no year available).

The Austrian Federal Economic Chamber coordinates and represents the interests of the Austrian business community at a national and international level. Thus, it is an important actor not only because of the substantial size³³ of its staff with a migration background but also because of the considerable number of initiatives and programmes that it runs. All members of the chamber have equal rights, excepting for chamber electoral rights, which are still not available to entrepreneurs with a foreign citizenship.

The waff and the Vienna Business Agency have substantial influence in the policymaking process as these funds also have a say in the political proposals of MA 27, which have to be agreed to in advance. Their measures in the field of promoting the labour force and entrepreneurs with a migration background are regularly evaluated.

Though a broader entrepreneurship agenda at the city level cannot be identified, many ethnic entrepreneurs are very actively engaged in activities at the district level. Local authorities in the districts (such as district principals) are very interested in the encouragement of the local ethnic economy. Thus, many local events are organised under the involvement of locally active ethnic entrepreneurs. The waff is launching the initiative ‘Enterprise Intercult’ (*Unternehmen Interkult/Interkult Workshops*) to improve the cooperation between district administration, enterprises, schools, the Vienna Business Agency and Vienna Economic Chamber, offering workshops at the district level. The starting point was the 2007 L&R social survey on behalf of the city of Vienna about the present state of business of 300 sole traders. An important result from this survey was that ethnic entrepreneurs show a high ‘business start-up propensity’ but are not using the public funds available to the right degree. In this context, the waff considers itself as intermediary between (future) partners. The programme started in 2007 with a workshop in the 16th/17th district, followed by events in the 2nd and 20th districts. In October 2008 and November 2009 events took place in locations in the 16th district. The basis for this is a partnership between the heads of the 15th, 16th and 17th districts. Their meetings are initiated by district representatives, the waff and its partners in the ‘employment pact’ (*Beschäftigungspakt Wien*) – the WWFF, the Public Employment Service Vienna (AMS) and the Vienna Economic Chamber. Entrepreneurs independently from their (ethnic) background are involved but there is an explicit focus on migrant entrepreneurs. The intention is to initiate the creation of networks, to provide support to business start-ups to inform about funding and to support areas such as personnel-finding and bookkeeping). Personnel procurement for SMEs is a particularly important service for the waff.

The media may not constitute a main political actor but are without doubt of some importance in determining public opinion. Austrian media usually report positively about the importance of ethnic business for Vienna’s economy in general. This holds true for high level media and of course for all media which are promoted by the city of Vienna (for example, *Wiener Bezirksblatt*, *Wiener Bezirkszeitung*, *wien.at* etc.). From November 2009 to January 2010, for example the daily newspaper *Kurier* printed a series about immigrants from all over the world who had successfully economically integrated. There was a strong emphasis on their economic activities and their ambitions and how they are helping Vienna’s economic development (Bukovec, 2009; Bukovec and Hacker, 2010; Wolf, 2009). Similar articles about the relevance of ethnic business could also be found in *FORMAT* (Milborn, 2009) as well as in the daily newspapers *Die*

³³ Unfortunately no exact quantitative data are available.

Presse and *Der Standard*: ‘Nearly 16,000 – around a third – of all Viennese single proprietors come from migrant backgrounds and are already bringing in more than 17% of the total economic potential’; ‘Foreigners avert crisis in Vienna’; ‘Immigrants as a major economic factor’; ‘Migrants as successful entrepreneurs in the Viennese economy’ – these are only some examples of media headlines which reflect the growing importance of ethnic business for the Viennese economy.

The chamber also runs information campaigns targeted at specific groups. These include a multitude of special initiatives, such as information events, media campaigns and the ‘DiverCity-Award’. A media example is the telecast *bUnternehmen Wien* on the television channel okto-TV. In a series of six broadcasts from September 2008 to spring 2010 it reported on the experiences of ethnic entrepreneurs in Vienna. The ‘individual story’ of the entrepreneur was combined with a thematic focus and a lot of information about the services provided by the Vienna Economic Chamber.

Targets

Many experts interviewed pointed out that it is not the aim of the city of Vienna or of the organisations that are active in promoting and advising on entrepreneurship to be targeted towards certain groups. The policies per se are not targeted, but the concrete promotion measures often have specific relevance to a particular group.

Concerning the targeting of certain business phases most of the experts agreed that the start-up phase and the early years are the most critical period. In particular, the first year is often fraught with problems. For this reason the Vienna Social-Democratic Trade Association (SWV) is lobbying for relief measures (for example, a rebate of non-wage labour costs for employing the first employee) to assist in this difficult phase.

There are specific offers for ethnic entrepreneurs, but usually the financial and consultation support is also provided to Austrians who intend to start a business. There are also special consulting services targeting single-person enterprises, SMEs, etc. regardless of whether the entrepreneur has a migration background. An expert from the Information Centre of the Vienna Business Agency emphasised that his ‘organisation evaluates the business idea, the general feasibility, the creditworthiness, the financial feasibility and other relevant “hard facts” if anybody wants to start a business. It is of no interest for the WWFF “who” is starting it. The person may be a migrant or not and may belong to any migrant community.’

Institutions

The main institutions which are relevant for (ethnic) entrepreneurs are:

- the Vienna Economic Chamber;
- the Vienna Business League (*Wirtschaftsbund Wien*);
- the Vienna Business Agency (until March 2010: WWFF);
- the Vienna Employment Promotion Fund (waff);
- the Vienna Social-Democratic Trade Association (SWV);
- the Austrian Integration Fund (ÖIF);
- the Institute for Economic Promotion (WIFI);

- the Advice Centre for Migrants (*Beratungszentrum für Migranten und Migrantinnen*);
- the Austrian Trade Union;
- the MA 59.

Between these main actors many linkages and partnerships exist in the field of ethnic business.

The Austrian Federal Economic Chamber is a democratic, self-governing body, funded by its members and legally based on the Economic Chamber Act. Its guiding principles ensure the best possible representation, coordination and balance of sector and size-related interests. The Austrian Federal Economic Chamber is financially self-supporting, with around 85% of expenditure covered by member contributions and the remaining 15% by revenues from marketable sales. This factor, combined with organisational management through democratic self-government, makes it fully independent from public authorities, though there is some political affiliation to the Austrian People's Party (ÖVP). The chamber coordinates and represents the interests of the Austrian business community at a national and international level. The Austrian Federal Economic Chamber functions as the national umbrella organisation for the nine regional chambers (one in each of Austria's federal regions; for example, the Vienna Economic Chamber) and 110 trade associations for different industries. Regional chambers and associations have local offices to provide services in close proximity to members. The Austrian Federal Economic Chamber's diversity department acts as the main contact point for ethnic entrepreneurs. It is an organisational hub and has a staff with a broad range of migration backgrounds and language competencies. According to Dr Naumann, the leader of the Department for Economic Policy within the Federal Economic Chamber, the chamber is faced with three main challenges, which are also relevant for ethnic business:

- to act as a lobby for entrepreneurs independently from administrative authorities but cooperating with them;
- directing complex organisational structures;
- offering support in problem areas which are specific for certain economic sectors and certain enterprises.

The main aims of the Austrian Federal Economic Chamber in the field of ethnic business are:

- to showcase the diversity of Vienna's economy and to utilise this diversity for the benefit of Vienna as a business location;
- to assist potential businesspeople in using community-specific information channels, places, media, networks, multipliers etc.;
- to make direct contact as the basis of interacting with the chambers' members.

The Vienna Business League (*Wirtschaftsbund Wien*) is the most important political lobby within the Vienna Chamber of Commerce. It recognises the importance of Turkish enterprises, which are active in all branches of Vienna's economy. Ali Sahin, a market trader, is the representative for the Turkish entrepreneurs in this organisation. Therefore, all promotion offers are also offered in Turkish language, for example, the 'Golden Folder' (*Goldener Ordner*). The *Wirtschaftsbund* is also very active in organising special business events for entrepreneurs with a Turkish background (for example ECOMIGRA 2009). The next step will be to provide seminars and instruction courses about specific topics (Kuzugüdenli, 2009b: 30).

The Vienna Business Agency (formerly WWFF, *Wiener Wirtschaftsförderungsfonds*) (from 29 March 2010 on: Business Agency Vienna – a Fund of the City of Vienna (*Wirtschaftsagentur Wien – Ein Fonds der Stadt Wien*)) was founded in 1982 by the city of Vienna, the Economic Chamber, the Bank Austria Creditanstalt AG (formerly *Zentralsparkasse*) and

the *Erste Bank der Österreichischen Sparkassen AG* (formerly *Erste Österreichische Sparkasse*). It is Vienna's primary business promotion vehicle and consists of two subsidiaries: the Centre for Innovation and Technology GmbH (ZIT) and the Infrastructure Construction GmbH (ISTEG). ZIT is a technology agency and ISTEG supports the settlement of businesses by technical infrastructure provision. The Vienna Business Agency and the waff cooperate in the context of 'Regional Economic Service' (*Regionales Wirtschaftsservice*). Its goal is to boost the competitiveness of Vienna's business community by helping to drive innovation. Its range of consulting services includes support in obtaining targeted financial assistance, help in the selection, development and acquisition of appropriate sites, the construction and operation of advanced technology and start-up centres, networking and the organisation of cooperative ventures throughout Austria and the EU. The Vienna Business Agency recognises and analyses developing trends in order to help policymakers and the business community respond to changing economic conditions. It is largely publicly financed by the city of Vienna. With around 3.5 million square metres in holdings, it ranks among the city's largest property owners. The purchase and sale of commercial and industrial tracts have allowed the Vienna Business Agency to become increasingly self-financed. This organisation is also benefiting from EU resources that are used to fund individual business promotion initiatives.

The Vienna Business Agency has developed a special support system for the growing group of ethnic entrepreneurs – the MINGO Migrant Enterprises Information Centre. MINGO offers small office space in Vienna at favourable prices, especially targeting start-ups, one-person firms and entrepreneurs with a migration background.

The waff was founded in 1995 by a partnership between the city of Vienna, the Austrian Trade Union, the Chamber of Labour, the Vienna Economic Chamber and the AMS. It promotes staff qualification, and provides recruitment assistance as part of a city of Vienna initiative to help immigrants to settle. It is above all employee-oriented but also offers some services for enterprises. Among the activities for enterprises there is some location promotion, which includes advice for ethnic enterprises, for example on the optimisation of the placement of their offers. The ethnic economy is usually promoted by activities organised in a partnership with the waff, the Vienna Business Agency and the Vienna Economic Chamber. The waff offers information on the recognition of existing qualifications in Austria and supports enterprises in finding suitable apprentices. It also offers personnel search services ('Personnel Finder'), grants to improve workers' qualifications and a Regional Business Service which helps people apply for educational grants from the waff. It is also active in investment projects and real estate and financing options. The waff regularly monitors the effects of its measures and the career progress of its former clients.

The Vienna Social-Democratic Trade Association (*Sozialdemokratischer Wirtschaftsverband Wien*, SWV) cooperates closely with the Vienna Business Agency. Its officers are often integrated with the Social-Democratic Party (SPÖ), in the chamber or in the Municipality of Vienna, and some are active as district councillors. About one-third of the members³⁴ of this organisation have a migration background. The SWV's mission is to act as the strong representation of single-person enterprises and SMEs, because two-thirds of all workplaces and 85% of apprenticeship places in Vienna can be found in small enterprises (see Schwendinger, 2010: 16). One of the main fields of activity of this organisation is consulting and advice. Advice is offered by officers who are themselves entrepreneurs and native speakers of the main immigrant languages. An important part of the work is to provide information to entrepreneurs about apprenticeship training and the legal regulations in this field. In Europe only Germany and Austria have this system of apprenticeship training, which means that most of the ethnic entrepreneurs are not familiar with it. A further field is advice in technical facilities law (*Betriebsanlagenrecht*) for catering and crafts enterprises and consultation in commercial law. There are

³⁴ Information about the exact number of members was not divulged by the representatives of SWV.

some strong interrelations between the Vienna Business Agency and the SWV. As an organisation of the Municipality of Vienna, the Vienna Business Agency is cross-party oriented. Founding members were the Vienna Economic Chamber, certain Austrian banks, the city of Vienna, etc. President Strobl from the SWV and President Jank from the WK are both members of its steering committee. An important feature of the association is the so-called ‘SME billion’ (*‘KMU-Milliarde’*) as a specific funding instrument for SMEs.

The Austrian Integration Fund’s (*Österreichischer Integrationsfonds, ÖIF*) goal is the linguistic, professional and social integration of migrants who have been granted asylum on the basis of their rights in Austria. It offers support to recognised refugees and to beneficiaries of subsidiary protection. The ÖIF is a fund of the Republic of Austria and a partner of the Federal Ministry of the Interior. It is a service organisation which maintains four integration centres and two integration houses. The ÖIF has a pool of interpreters in the main migrant languages at its disposal. By signing an ‘integration agreement’ migrants commit to acquire adequate German language skills within five years. The ÖIF is responsible for the arrangement and certification of German courses and settlement of the yellow federal voucher in the context of the integration agreement. In addition, the ÖIF has developed a level A2 test for the integration agreement and citizenship. Experienced managers from the business world provide targeted support in the job search to migrants in this project (Job Market Mentoring for Migrants, ‘Mentoring for Migrants’ project). The project is implemented in several Austrian provinces in partnership with the Federal Economic Chamber and the AMS (Vienna Public Employment Service).

The Institute for Economic Promotion (*Wirtschaftsförderungsinstitut, WIFI*) run by the Austrian Economic Chambers (*Wirtschaftskammern Österreichs*) is an important partner for businesses in the field of further education. It has a regional organisation in each of Austria’s nine provinces with more than 80 outlets nationwide. Every year 300,000 participants attend 25,000 courses and seminars given by 12,000 expert trainers from the business community employed by WIFI.

The WIFI SME Support Centre is a team provided by the Institute for Economic Promotion. The support centre has set itself the task of networking small and medium-sized enterprises, in particular, at events. Innovation constitutes a particular focus of its activities and ‘innovative company’ is the motto chosen for the current information campaign. Advice on patents, discussions about grants and networking meetings aim to help SMEs to innovate, while examples of successful Austrian entrepreneurs inspire others to innovate too. The centre disseminates information on new issues that will be of importance to companies in the future, as well as running events and producing publications on current topics. The focus is on developing and coordinating sponsored consultancy programmes with co-financing partners. The support centre coordinates the ‘entrepreneurs service’ in the provinces. Every year, it arranges some 15,000 subsidised seminars throughout Austria focusing on management, innovation and technology. Entrepreneurs are given practical advice on how to succeed, to implement ideas, to finance projects or use energy efficiently, to negotiate with the bank or to create a website. The support centre provides a comprehensive overview of 80 publications and online tools in a free service catalogue. The aim is to make it easier for entrepreneurs to choose from the available offerings. The majority of the publications were produced in collaboration with partners such as the Federal Ministry of Economics and the Federal Ministry of Agriculture. The centre took over this service six years ago (Köstenbauer, 2009: 22–24; WIFI, 2009).

A further important service of WIFI Vienna is its business consultancy (*Unternehmensberatung, UB*), which mediates 2,800 counselling sessions each year. This institution cooperates closely with the diversity department of the Economic Chamber. Native speakers provide special counselling for migrants. The results reflect the success of the business consultancy. A survey showed that five years after the initial consulting session more than 90% of the enterprises were still active on the market. Unfortunately no specific data are available about the proportion of ethnic enterprises using the consultancy service, or their business success rates.

Information and intensive counselling for migrants is also available from the Advice Centre for Migrants (*Beratungszentrum für Migranten und Migrantinnen*), which cooperates closely with the AMS and WIFI, particularly in the context of their training programmes. Information is available about many qualification and language acquisition measures for migrants. Of importance for entrepreneurs too is the Competence Centre: Advice Centre for the Adjudication of Educational Attainments and Postgraduate Professional Education (*Kompetenzzentrum – Anerkennungs- und Weiterbildungsberatungsstelle*), which supports migrants in the complicated ‘nostrification’ procedure of recognising foreign educational qualifications. Advice is provided in many migrant languages. There is also financial support for the search for adequate further vocational education.

The Municipal Department 59 (MA 59, Food Inspection and Market Authority) is responsible for the inspection of roughly 18,000 Viennese businesses to determine whether they are following the food law provisions. Standards are monitored during unannounced inspections in order to protect consumers. Particular attention is paid to organic food and drinking water, but the inspectors also check cosmetics and toys. As the inspections follow EU-wide rules, specialised EU agencies regularly monitor inspection standards. The Food Inspection Authority of the Vienna Market Authority is a member of the European Working Community for Food Inspection and Consumer Protection (EWFC).

Access and involvement in policymaking

Ethnic entrepreneurs have the right to become members of all relevant associations active in the sector of the economy. Moreover, the organisations are trying to attract more members with migrant roots. Not only the members but also a considerable number of officials in all relevant institutions have a migration background and are actively involved in decision-making processes for the benefit of immigrants.

About one-third of the members of the Vienna Economic Chamber have a migration background of some kind.³⁵ This numerical weight gives importance to the Chamber’s view on ethnic business as an immense source of innovation potential. This rising consciousness is expressed in the campaign under the motto ‘Vienna’s economy speaks all languages’, which was started in September 2009 in partnership with the Vienna Business Agency and emphasises just how important immigrant entrepreneurs are for Vienna. Staff with a migration background are not only employed in the Chamber’s Diversity Department but in other sections too. The Department for Economic Policy of the Economic Chamber was always very open to supporting ethnic entrepreneurs. In the chamber in general, which is already divided into guilds, professional associations and ‘young economy’ (*Junge Wirtschaft*), there has been a wish to avoid the establishment of ‘special factions’ in case it increases the existing level of fragmentation.

The SWV is especially open to the commitment of immigrants and tries to involve ethnic entrepreneurs in all decision-making processes. One of its vice-presidents, Akan Keskin, has a Turkish migration background. From February to March 2010 chamber elections took place and one of the main claims of the SWV is the introduction of passive voting rights for all entrepreneurs in chamber elections. Until now, only foreign citizens from countries with whom a mutual agreement exists have passive voting rights. This excludes for example important national groups from Turkey and the People’s Republic of China. Within the SWV there are well-organised and ambitious sub-groups of entrepreneurs from Turkey, sub-Saharan Africa and China. In the case of people from the former Yugoslavia, interethnic resentments are still playing a role so that no consistent former Yugoslavian sub-group has been organised to date. The level of self-organisation of some ethnic entrepreneur groups depends largely on the activities of ambitious officials.

³⁵ For information about membership rates see L&R Sozialforschung (2007: 8 ff.).

One example of the successful self-organisation of entrepreneurs is the initiative ‘Working Group of African Entrepreneurs’ (*Arbeitsgruppe der afrikanischen Selbständigen*) in SWV, founded by Prof Bakhom Habiboula Ndongo, who is active in food wholesaling and since 2006 in industrial wholesaling. This association wants to support entrepreneurs of African origin by promoting the development of their business, by networking and the exchange of experiences. It provides information on business start-ups, marketing and advertising. It organises conferences and seminars, German language courses and courses for the ‘European Computer Driving Licence’.

A further example of self-organisation is Jie Yang, the representative of the estimated 1,000 Chinese entrepreneurs in Vienna. The Chinese constitute an important and very active migrant sub-group within the SWV.

Formal access to entrepreneurship

Formal access is a relatively complicated procedure, which is outlined below. For formal access to entrepreneurship general requirements and special requirements (for certain business sectors) have to be fulfilled.

The Trade Register Act fundamentally regulates access to entrepreneurship. In order to ensure the consumers are protected, all businesses have to respect the trade regulations and have to be officially registered. Business licences are checked by MA 59 to fight illegal businesses. Such inspections are often held after consumer complaints about business irregularities.

As a first step to entrepreneurship the chamber recommends a consultation on founding, financing and the legalities of running a business with the Vienna Business Agency and the Business Start-Up Service or the technical departments of the chamber. Step two is the declaration of the foundation of a new business or the transfer of a business. Certain levies and fees directly connected with founding a new business or taking over one are now collected. A declaration on founding a new business must be submitted and must be confirmed by the chamber. Official forms can be obtained at the Business Start-Up Service, the technical groups and/or guilds and district offices. In step three the trade has to be registered and many relevant documents have to be submitted. A passport, a police clearance certificate from the country of origin for persons not resident in Austria or resident in Austria for less than five years, a residence confirmation (required for third-country nationals), proof of qualification (for example, master’s or qualification examination certificate, school or work certificates) or established individual qualifications (trades not requiring a licence are exempted; no proof is required for them) have to be presented. If the entrepreneur does not claim qualification himself/herself and, instead, appoints a managing director authorised under trade law (working in the firm for at least 20 hours a week) he/she has to submit a passport, police clearance certificate from the country of origin for persons not resident in Austria or for residents in Austria for less than five years, and proof of residence if they are not EU citizens. Managing directors authorised under trade law must submit a passport, a police clearance certificate from the country of origin for persons not resident in Austria or resident in Austria for less than five years, a social-insurance confirmation on registration as an employee working at least 20 hours a week. The person registering the trade must also submit proof of qualification and a declaration from the managing director on his/her activity in the firm (on the form provided). The person registering the trade and the managing director under trade law must not be disqualified from practising the trade as defined in Article 13 of the Trade Ordinance.

Then follows the important step four: registration at the District Health Insurance Commission (DHIC). Employees must be registered at DHIC immediately after they begin working. If a managing director under trade law is employed he or she must be registered at the DHIC before registering the trade. Step five is registering with the Social Insurance Institute for Trade and Commerce within the first month of operation. Reporting the trade activity and applying for a tax number at the Revenue Office within the first month of operation is step six. At step seven, for municipal tax purposes, the community/city administration must be notified about employees who have been hired.

The Economic Chamber is well aware of the barrier of legal regulations within the start-up process of an enterprise. Brigitte Jank, Councillor of Commerce (KR) and President of the Economic Chamber, has a small business background and is very sensitive to the needs of SMEs.

From January 2005, instructions for business start-ups (a leaflet called ‘The 7 Steps to Start-up a business’³⁶) have been available on the websites of the Business Start-up Service at the Vienna Chamber of Commerce and the Vienna Business Agency. These instructions are very helpful from a practical perspective. Continuously updated according to the changing legal regulations, they not only describe all the formal requirements within the start-up process in detail, but also provide information about the business start-up service at the Vienna Economic Chamber.

The Economic Chamber offers ethnic entrepreneurs a multilingual consultation with the main focus on start-up enterprise and apprenticeship training. It publishes a broad range of multilingual information leaflets about starting and running a business in Austria. Many of the entrepreneurs interviewed, who had recently started their business, knew about the existence of these leaflets. The city of Vienna³⁷ web service must also be mentioned. It provides a range of links³⁸ relevant to everybody who intends to start a business.

Many entrepreneurs have moved from countries where only a few formal requirements have to be fulfilled in, for example, starting a restaurant. In Vienna a trade licence is necessary for almost all enterprises, and obtaining one requires a certain level of education or training. In relation to formal access it was in particular the first generation of businesspeople who sometimes faced an extreme lack of information. Some of our informants said that the first generation was often not able to differentiate between the competencies of social insurance and the Economic Chamber. Today the general level of information is considerably better. This means that the requirements for obtaining a trade licence are now usually well known. During the 1970s and 1980s many officials tended to neglect the requirements of migrants who wanted to start a business. Information often did not reach the entrepreneurs as the material and advice was mostly available in the German language only. This situation caused a kind of sub-stratification among the enterprises, with the ethnic entrepreneurs as an ‘underclass’. Founders in the ethnic economy were highly dependent on community-specific networks. There are not only marked individual differences concerning the support requirements of founders, but the different migrant communities are also able to handle regulations with different degrees of success. The Turkish community, for example, has a well functioning communication structure about business matters and a good communication flow. The people from the former Yugoslavia often complained that they are sometimes missing such an intra-community communication flow.

The Municipal District Offices (*Magistratische Bezirksämter*) hold ‘open project days’ (*Projektsprechtage*) for all SME entrepreneurs, whether Austrians or immigrants, on certain days in certain districts. The potential founders of an enterprise receive all the necessary information for their start-up from competent experts (lawyers, experts from the Municipal Building Inspection Department, officials from the Department for Technical Trade Affairs, experts from the Economic Chamber and the Health and Safety Executive).³⁹

³⁶ Compare the seven steps described in the section of this report titled ‘Formal access to entrepreneurship’.

³⁷ See <http://www.wien.gv.at/>.

³⁸ Austrian Cooperative Research (ACR), Betriebsgründung (Anträge, Bewilligungen), diegruender.at - Onlinemagazin für erfolgreiche Unternehmer, Gewerbeswesen der Stadt Wien (Gewerbeberechtigungen), Gründer und Jungunternehmer (Wirtschaftskammer Österreich), Gründerservice der Wirtschaftskammern Österreichs, Gründungsservice (WWFF), GrüZe - GründerInnenzentrum für Menschen mit Handicap, i2B - ideas to business (Businessplan-Wettbewerb), Innovation Network Austria, Junge Wirtschaft Wien, Regionale Zentren im Netz, Universitäres Gründerservice INiTS, Weg in die Selbständigkeit (Verband der Wirtschaftstreuhand), Wirtschaftsförderungsinstitut Wien (WIFI), Wirtschaftskammer Österreich (WKÖ).

³⁹ See <http://www.wien.gv.at/mba/mba.html>.

Rules and regulations

The field of regulations concerning the SME sector is extremely broad. In general SME enterprises have to obey the same regulations in the field of health, safety, environment, labour and planning regulations as bigger enterprises but with some modifications according to the sector and size of the business. No regulations exist that are explicitly relevant for ethnic entrepreneurs only. Taxation depends on turnover and profit, though of course the turnover of SMEs is usually modest. The same rules and regulations may have quite different outcomes in enterprises of different ethnic background. Examples can be found in the field of formal qualifications, which are necessary for enterprises of almost all sectors, in the modes of apprenticeship training, in health and safety regulations and in shop opening hours.

Some officials interviewed mentioned offences against the law on shop opening hours as a frequent problem. Those offences are increasing drastically. Though there have been some liberalisations in this field during recent years, more and more entrepreneurs are trying to expand opening hours even to Sundays and public holidays. The regulations on opening hours are enforced by the police and by MA 59, and checks are carried out in cooperation with the tax office and the Vienna Regional Medical Insurance Company (see also Nero, 2009: 4).

The manifold problems with health and hygienic regulations have already been mentioned in the section above on 'Problems and barriers – rules and regulations'.

Zoning plans

Area zoning plans and building regulations are formal instruments that can heavily influence future business trends. From the institutional perspective the Vienna Association for the Establishment of New Enterprises, which was founded in 1969, tried to regulate the spatial patterns of business settlement. This association was followed 1982 by the Vienna Fund for the Promotion of the Local Economy, which was succeeded by the Vienna Business Agency. Together with the Vienna Land Provision and Urban Renewal Fund (WBSF) they contribute to the housing location policy of Vienna (see Municipal Department 18 (MA 18), 2000). This means of course that in its housing-related policy the city of Vienna makes use of zoning plans. As regards ethnic business the MA 27 experts consider it to be very difficult to influence economic development through zoning plans. The municipality tries to create suitable framework conditions, for example by improving the public transport infrastructure, etc., but these measures do not steer economic development per se.

The amount of space available for economic development in the agglomeration of Vienna is adequate. However, the mismatching of available areas (little demand in the northeast of Vienna versus high demand and little supply in the south) causes problems. The Austrian Institute for Regional Studies and Spatial Planning (ÖIR), in collaboration with the private urban planning consultancy Stadtland, developed a concept for decentralisation in the Vienna region in order to relieve the pressure for settlement in certain areas of the city.

Regarding the Vienna agglomeration there is a strong intra-regional cooperation with Lower Austria and Burgenland in the PGO (*Planungsgemeinschaft Ost*) organisation. An illustrative example of the competition between the core city and the suburban area are the locations of industrial sites. These were located close to the city boundaries or along the motorway in the south, mostly on the initiative of the city government in order to stop the further suburbanisation of enterprises to Lower Austria. In contrast, municipalities of Lower Austria have accelerated the suburbanisation by developing industrial parks. Based on the strategic plan of 2000 a concept of innovative business and industry location strategies was developed by the *Büro für Urbanistik* on behalf of Municipal Department 18. This concept stressed the importance of innovative companies for the international competitiveness of Vienna. It proposed the redevelopment of large industrial areas in the northern part of Vienna to develop a concept of a 'creative city' as a marketing strategy and to consider the policy of economic subsidies to encourage the development of innovative clusters (MA 18, Urban Development and Planning). This concept only considers the core city.

In the interviews any awareness about spatial plans on the part of ethnic entrepreneurs was completely absent. Not a single entrepreneur noted this aspect as relevant for their individual business location strategy or had ever heard that it had been a criterion for other entrepreneurs.

Sectoral rules and regulations

The removal of unnecessary barriers could be of great help to SMEs in particular. Some entrepreneurs complained that their 'entrepreneurial spirit was almost killed' by the endless regulations and that it should not take as long as it did to start a business. Some experts propose the 'one-stop-shop-principle' for business start-ups, because this would make it possible to have one central contact point to fulfil all the requirements that are necessary to start a business. The establishment of one-stop-offices – where all procedures necessary to set up a business could be executed in a short time – would indeed be a great relief for SMEs. A homogenisation of regulations could also be an advantage for transnational business activities. Many small entrepreneurs are discouraged from offering their services in another EU Member State because of quite divergent bureaucratic burdens.

A very frequent outcome of sectoral rules which demand certain qualifications in certain branches is to appoint a managing director authorised under trade law. This managing director may be a co-ethnic or an Austrian who has the necessary qualification (usually a master's certificate). Often there exists a kind of symbiotic relationship or even strong dependencies between the owner and the managing director of an enterprise. With the generally rising qualification profiles of many migrants, however, the necessity to employ an Austrian managing director has lost its former importance.

Some experts (but interestingly not a single entrepreneur) explained the concentration of certain ethnic groups in certain fields of the economy as an outcome of qualification deficits on the one side and rigid qualification requirements on the other side. This means that specialisations are determined more by pragmatic reasons than by individual or group preferences. It is relatively easy to gain a concession in the field of retail trade or in gastronomy compared to, for example, a dry cleaning store. Enterprises in catering are mostly founded as private limited companies. This is said to be an important reason for a concentration of Turkish entrepreneurs in the retail trade sector. In the Polish community, where the level of qualification is generally high, it is not attractive to start a retail trade business. As result only very few Polish retail traders (one in 7th district) can be found in Vienna. In recent years the requirements to get a trade licence have been reduced in many branches, but in the crafts sector the formal requirements are still more rigid. As a result there was a significant bias in the figures and an underestimation of the number of business start-ups in certain groups. In 2005 (L&R Sozialforschung, 2007), the official number of Turkish business start-ups was only nine. When the regulations changed the number of Turkish business start-ups increased.

Business acumen

Concerning the existing measures it must be emphasised that most are of a 'mixed type' (for example, transfer of knowledge plus information about financial funding plus management consultation) and thus do not fit exactly into a certain section of this report but refer to several sections.

For the promotion of business acumen and entrepreneurial strategies (but also other entrepreneurial knowledge) the programme 'Mentoring for migrants' (see also *esnaf*, 4/2009: 25–27) has to be mentioned. It is a partnership programme involving the Vienna Economic Chamber in cooperation with the Austrian Integration Fund (ÖIF) and the Employment Service (AMS) and is offered in Vienna and the provinces of Lower and Upper Austria. Founded in 2008, it helps qualified migrants gain access to the labour market. The intention of this programme is to initiate multiplier effects. On the basis of a matching process qualified mentors and mentees are bound together for intensive interaction and

mutual exchange. The basic criteria of matching are education, the mentee's country of origin, language knowledge, the sector and the target markets of the enterprise. Business representatives and entrepreneurs from a broad range of branches as well as management consultants participate as mentors. A considerable number of them are active in the SME sector. In its initial phase the length of these relationships was limited to four months but was recently extended to six months. Before starting the mentor gets some initial and intercultural training. The time exposure is about five hours per month. The promotion of successful business start-ups is an important aspect. The mentees often have innovative ideas but do not know how to realise it on the Austrian market and in the local economic context. The mentor's task is to pass on information and experience and to give advice on how to adapt the mentee's business idea to local requirements. The experts interviewed noted that the legal regulations are often a substantial barrier in realising good business concepts. Since the start of the project about 300 pairings have taken place. Exact data about the number of entrepreneurs among them is not available.

The ÖIF-Jobcenter offers many different training facilities enabling people to gain the qualifications needed to start a business. In partnership with the AMS specialist, German language courses for different branches are offered as well as specific job-coaching for graduates. The ÖIF also cooperates with the Caritas Vienna.

The Businesspool is an initiative of a private association that gets funding from the waff. It is oriented towards the distribution of information about advice and funding opportunities of the city and the Economic Chamber. It aims to promote the formation and empowerment of internal networks and further contacts between the entrepreneurs and representatives of the Economic Chamber and trade authorities.

Since 2007, the Vienna Business Agency, in partnership with Europaforum, has organised regular entrepreneur meetings for businesspeople with a migration background. These meetings are moderated by people with a migration background and are regularly attended by 40 to 50 prospects.

The actual weekly capacity of the Start-up Service of the Economic Chamber (*Gründerservice der WK Wien*) is now 15 to 20 persons. The consulting service is also available in the most important migrant languages. Beyond that the chamber organises start-up workshops (*Gründerworkshops*) and special networking events for young entrepreneurs (*esnaf* 3/2009a: 22 f.). The chamber organises about 160 start-up workshops per year. They are free of charge and have had more than 3,000 participants, many of them with a migration background (esp, 2010: 19).

The MINGO⁴⁰ initiative, mentioned above, is very anxious to fill information gaps by means of 'multipliers'; well-informed people who spread their knowledge in 'their' migrant communities. MINGO also tries to overcome existing barriers by inviting officials with responsibility in entrepreneurship to workshops. This gives business founders the opportunity to become acquainted with the relevant officials in an informal context which facilitates formal contacts in business start-ups. Since 2008, MINGO has coached more than 300 entrepreneurs of many different migration backgrounds. Unfortunately there is no evidence of how successful the enterprises are on the market. There is a partnership project with the VHS Ottakring (a community college) which provides classes for entrepreneurial know-how (social insurance, marketing, bookkeeping, etc.). Sometimes certain groups that have a common interest (for example, taxi drivers) instigate such courses in the college.

⁴⁰ See <http://www.mingo.at/>.

Starting in autumn 2007 the Young Trade Association (*Junger Wirtschaftsverband*) organised a series of events called ‘SME-summit meetings’ (*KMU-Gipfel*). These meetings are information and service events for all entrepreneurs and are subdivided into two categories: regional trade summit meetings (*Regionaler Wirtschaftsgipfel*) and thematic summit meetings (*Themengipfel*). Events in category one are concentrated on the SMEs of certain districts and their needs; events in category two are dedicated to certain thematic priorities, of which financial funding (15th Thematic Summit Meeting) or business creativity are only two examples from 2009. Since the start of this initiative more than 2,000 people have participated in the 15 summits and 200 applications for promotion were supported.

The main purpose of ‘Infopool’, which was initiated by the Social-Democratic Economic Association, is to provide information about all business-related sectors as quickly as possible. Infopool actually focuses on the process of setting up in business; it will provide information about thematic priorities such as financing, insurance, support, infrastructure, further education, networking, staff matters, and so on.

The Economic Chamber provides special information sheets in different migrant languages and for different branches about many aspects of everyday business operations. An illustrative example is the ‘Turkish info sheet for grocers’ (*Türkisches Infoblatt für Lebensmitteleinzelhändler*).⁴¹ This folder supplies information about all relevant aspects of conducting a grocer’s business: from the acquisition of a trade licence and formal business registration to the legal opening hours, hygiene regulations (cleaning and disinfection plan, staff training, pest control, service of cooling appliances, cooling temperature ranges) and details about contracts of employment, registration at the regional medical insurance company and the legal regulations about the employment of foreign citizens.

The majority of the representatives of advice centres agree that the level of education of the entrepreneur is the most important determinant for the use of consulting services and thus for the effectiveness of the support measures offered. Higher education usually coincides with significantly more willingness to accept professional advice. The L&R survey also found a significant interrelation between education and the utilisation of consulting offers. Among entrepreneurs with only primary school education there is a marked lack of knowledge about existing consulting services (L&R Sozialforschung, 2007: 106 f.). Language barriers are no longer relevant in the bigger migrant communities as the relevant information is offered in all major immigrant languages and in English.

Founders are more interested in consulting than entrepreneurs are already in business. The economic sector also determines the acceptance of professional advice. Founders in trade are the group that requests the least advice, whereas start-ups in the information and consulting sector are usually concerned with gathering as much as information as is available. According to the L&R survey (L&R Sozialforschung, 2007: 105) the consulting services of the Vienna Economic Chamber are most frequently used. The great majority of the entrepreneurs interviewed were well aware of existing consulting services, although there is a certain minority which doubts the benefit of professional consulting.⁴² They include people who are only staying in Vienna for a short time, and some entrepreneurs with extrinsic motivations for starting a business.

⁴¹ The information sheet is also available in other important immigrant languages.

⁴² Floeting et al (2004: 99) called them ‘self-certain autodidacts’ (*‘selbstgewisse Autodidakten’*).

Finance

Financial measures are the domain of the entrepreneur's lobbies and the banks. Banks in certain districts with large proportions of immigrants have attained a high level of competence in all the formalities of giving bank loans to ethnic entrepreneurs, because they have a special knowledge of the local population. Certain banks are also taking this into account in their distribution of staff; workers with certain migration backgrounds often work in local branches in areas with a high proportion of migrants.

A good example is the traditional bank Raiffeisenlandesbank NÖ-Wien. This bank recently commissioned a survey among migrants from Turkey and the former Yugoslavia about their needs in the field of financial operations. As a result, a special drive was introduced to cater for migrants. In the bank's branch in Favoritenstraße (10th district) two Turkish counsellors are available, and in the Kardinal-Rauscher-Platz branch (15th district) a Turkish and a Serbian counsellor provide professional finance advice in the migrants' mother tongues. At the end of 2009 it was decided to expand this special offer for migrant clientele to eight additional branches all over Vienna. Since the beginning of 2010 Erste Bank has also provided special consultancy by staff with a migration background to its migrant clientele. Raiffeisen also cooperates closely with the first diversity marketing agency in Austria (Brainworker-Community Marketing) in the acquisition of know-how for successful customer service (compare esnaf 3/2009b: 28). Despite all these initiatives Raiffeisenlandesbank has no special portfolio of funding for ethnic entrepreneurs,⁴³ although it was one of the first banks to provide all its information in Turkish, Serbian and Croatian. It supports the MINGO office and MINGO activities (for example, the 'MINGO breakfast'), and the 'Young Entrepreneurs promotion' ('*Jungunternehmerförderung*') and is financing *Grätzelmillion* (see below). However, all of this funding is also available to interested Austrian businesspeople. The other banks contacted (DIE ERSTE, BAWAG, DenizBank) agreed that no special loans or funding for ethnic business exist but there is, of course, equal access for migrant entrepreneurs to all typical finance programmes. DenizBank⁴⁴ was formerly a Turkish bank and still has a considerable proportion of Turkish clients. Ownership has changed and a representative of DenizBank said that his organisation is not explicitly oriented towards a certain migrant clientele but is interested in granting loans to entrepreneurs regardless of their ethnic background.

The Raiffeisenlandesbank NÖ-Wien is also active in granting loans. In partnership with the European Investment Bank (EIB) it offered €23 million of tax-supported loans to Vienna's small and medium-sized trade and business enterprises in 2010. For each Viennese district €1 million (called *Grätzelmillion*) is distributed. Loans from €15,000 to €150,000 can be given and are transacted very quickly. The rate of interest is variable and ranges from only 0.875% to 1.6%. Since 2005 more than €50 million has been invested in this programme and about 900 Viennese enterprises have made use of such a loan, among them many entrepreneurs with a migration background. The exact number could not be determined because of data security reasons. This programme provides a sustainable stimulus for the development of the local ethnic economy and is focused on new investment, replacement investments and rationalisation investments (Anonymous, 2009a,b).⁴⁵

⁴³ A special credit not for entrepreneurs but for Turkish clients only are so-called 'marriage credits'. Up to €25,000 can be granted for funding the usually expensive Turkish weddings.

⁴⁴ DenizBank AG is an enterprise of the DenizBank AS, with 400 branches among the six most important private banks of Turkey. The actual owner of the formerly exclusively Turkish DenizBank AS is the French Dexia-Group, one of the largest banking groups worldwide.

⁴⁵ See http://www.raiffeisen.at/eBusiness/rai_template1/184143574777874146-186488671210225938-603757192264431997-NA-1-NA-NA-NA.html.

The VakifBank AG International (founded in 1999) is an illustrative example of a bank with an Austrian bank licence that usually (but not explicitly) offers services to a certain ethnic community. It has a central office and two branches in Vienna, with further subsidiaries in Frankfurt and Cologne (Germany). The members of its executive board and supervisory board are all Turkish citizens. It offers all classic bank services and has provides specialist know-how for Turkish exporters in their foreign trade transactions. The representative of VakifBank stressed that the bank has no special credit offers for Turkish clientele only, and that clients from other nationalities are welcome.

An important contact point for business funding is the Austria Economic Service (Austria Wirtschaftservice, aws). This is a special federally financed bank for business promotion. The main duties of this bank lie in the fields of business funding and providing the necessary know-how for enterprises, in particular SMEs. The broad range of funding comprises business start-ups and the promotion of innovation, new technologies and growth. In summer 2009 the new Law for the Reinforcement of Liquidity (*Liquiditätsstärkungsgesetz*) came into effect. This law tries to strengthen the financial liquidity of enterprises by providing them with credit liabilities of about €10 million. Mostly large enterprises profited from this reform.

For the special needs of SMEs, the aws offers small (enterprise resource planning, ERP) loans and assumes the liability for micro-credits. Small ERP loans were introduced as a part of the Austrian government's recent 'economic package' (*Konjunkturpaket*). These loans (ranging from €10,000 to €30,000) help to provide immediate financial liquidity for the realisation of innovative business projects. This programme has no special offer for ethnic entrepreneurs, though a considerable number of them have already taken advantage of the funding (Austria Wirtschaftservice, 2009: 16).

Some of the entrepreneurs interviewed expressed a general need for micro-credits during the start-up phase. In their contacts with banks, some had formed the impression that the banks' interest in granting micro-credits was marginal. The entrepreneurs felt this was because the banks had to put in considerable administrative and advisory efforts, but gained only modest sales revenue for such services. There is clearly much more scope for banks to engage in micro-credits. To help in this, the Vienna Social-Democratic Trade Association (SWV) is calling for changes in the criteria for the allocation of loans. The bottom limit for funding is currently €10,000, which is too high for many SMEs (see Schwendinger, 2010: 16).

Business locations

Within the framework of start-up consultation there is also advice given by WK, Vienna Business Agency and other institutions concerning the best business locations. Some experts said that the tendency for ethnic entrepreneurs to concentrate in certain districts and neighbourhoods (*Grätzel* in Viennese dialect) is still a problem and one important reason for insolvencies among such enterprises. In our research we found cases of five Turkish pizzerias or kebab stalls all in close proximity to each other. This leads to very intense competition between the ethnic enterprises. Thus, the spatial distribution of enterprises is a field where additional consulting would be needed.

An important initiative concerning business locations is that of MINGO Migrant Enterprises. This institution provides ready-equipped offices at affordable rents in representative office buildings in the 9th, 10th, 15th (three houses), 20th and 21st (two houses) districts. These offices are dedicated to starting SMEs and many migrant entrepreneurs have already made use of this offer.

Approximately 3,000 entrepreneurs who are looking for a shop or an appropriate location are catered for by the Service Centre for Shops (*ServiceCenter Geschäftslokale*, SCG) each year. This service by the Vienna Economic Chamber is part of the marketing office of the shopping city Vienna for (young) entrepreneurs, branch offices, franchise systems and chain stores as well as property managers and estate agents. The SCG gathers and analyses data on empty shops and

information on locations and makes it available for individual use at no cost. The SCG's goal is to fill empty shops in Vienna's shopping streets.

The initiative 'Bringing new life into empty shops' should also be mentioned. Vienna Shopping Streets (*Wiener Einkaufsstraßen*) has started a broad-based campaign to tackle the problem of empty shops, because abandoned shops and dirty windows lead to diminishing sales in whole neighbourhoods. Targeted marketing measures, such as putting up eye-catching posters with catchy slogans at 150 empty shops, are designed to attract the attention of potential investors.

Access to employment with ethnic businesses

Again it must be emphasised that some of the measures discussed below do not relate exclusively to employment but are of a more mixed type.

Many measures relate to apprenticeship training. Traditionally many large enterprises were active in this field, but in recent years they have reduced the number of apprentices drastically. The waff and the Vienna Economic Chamber have been working hard to compensate for the deficit by creating more apprenticeship places in the ethnic economy. The consultation between these bodies and ethnic businesses benefits both sides: the ethnic enterprises as well as young people with a migration background who are searching for an apprenticeship. It is important to note that it is not only young people with a migration background who benefit from the initiatives, but young migrants do face much more difficulty in finding apprenticeship training in a non-ethnic enterprise than Austrian juveniles.

In August 2007, an apprenticeship consultancy for migrants was started. This is a joint initiative of the Vienna Economic Chamber and the waff, and it was extended until 2011. The waff also funds three apprenticeship customer *akquisiteurs* (*Lehrstellenakquise*). These are apprenticeship consultants with different migration backgrounds (one Turkish, one from the former Yugoslavia, one with Russian-Polish roots) who contact ethnic entrepreneurs to provide logistic and formal information about the recruitment of apprentices and inform them about the advantages of apprenticeship training. From 1 August 2007 to 30 September 2009 a total of 361 enterprises were contacted, of which 153 were visited and 48 assessments (*Feststellungsbescheid*) applied for. Some 160 apprentice positions were created, many of them in ethnic enterprises; 59 of the businesses concerned were involved in apprenticeship training for the first time. Technopool in the 20th district is a youth promotion programme which supports an association in its networking activities with more than 200 enterprises, schools and youth centres as a kind of employment service for school graduates. It provides a special service for enterprises that intend to employ an apprentice. Thus, the enterprises articulate their requirements and the waff acts as a mediator, sending the appropriate staff members to take the matter further.

As a way to recruit new workers the waff offers a 'Personnel Finder'; a cost-free staff pre-selection service for SMEs. It also offers a made-to-measure qualification service for future employees. In this context an 'Apprentice Finder' is included, which means support in apprentice search and selection. This is a joint initiative of the waff, the Vienna Public Employment Service and the Apprenticeship Office of the Economic Chamber of Vienna. The Model Enterprise in Apprenticeship Training award (*Vorbildlicher Lehrbetrieb*) is the waff's incentive for Vienna-based enterprises to continue the training of apprentices. Those enterprises are to be considered role models because skilled and qualified workers not only benefit the companies employing them but also Vienna as a business location. All these activities are of course open to all entrepreneurs. The event 'Apprenticeship: Excellent and informed' (*Lehre: Ausgezeichnet und Informiert*), organised by the waff, offers a broad range of information on current trends, grants and the legal aspects relating to apprenticeships.

The waff also promotes the acquisition of further qualifications by employees. It offers 'Innovation assistance' for innovation projects in SMEs. This is a programme that tries to create jobs in enterprises which are financially supported

for 18 months. Since its start the programme has created more than 600 jobs. Thus, enterprises are supported by the waff to create new work opportunities. Grants are paid either for a new employee (the innovation assistant) or for upgrading the qualifications of existing employees.

The waff also organises staff development grants to enable workers in material goods production and production-related services to improve their qualifications and to acquire intercultural skills. The waff funds 50% of the costs of advanced training for employees in the fields of intercultural communication and intercultural management.

'Flexwork' is a programme for temporary workers as well as for long-term employee placement.

The 'Business Dialogue' (*'Business Dialog'*) event was organised by the waff in September 2009. More than 80 entrepreneurs from the 2nd and 20th districts participated in this event, which was a platform for the exchange of opinions in the field of apprenticeship training and provided the opportunity to exchange experiences about the contact with service institutions.

The Turkish immigrant organisation ATIB is active, in cooperation with AMS and the waff, in providing German language courses for pupils and apprentices with migration background. It also offers courses in special handicrafts which might assist them in starting an enterprise in this field.

Staff matters

ÖGB and the Chamber of Labour are the most important lobbies representing the interests of employees. Concerning working conditions, Azem Olcay, a representative of ÖGB, noted that it is difficult to say whether there might be typical differences between migrant and Austrian enterprises. Working conditions mostly depend on the sector of economy and are usually better in the IT sector, for example, than in construction or gastronomy. If there are concrete complaints about grievances the ÖGB intervenes. Cases of violation of employees' rights happen in Austrian as well as in migrant enterprises, though in the latter the number of complaints is relatively small. Often informal methods of conflict resolution are preferred instead of raising a complaint with the trade union.

Aside from concrete employee complaints the ÖGB also intervenes in ethnic enterprises through two sets of measures.

- Employee representatives: The trade union tries to create a basic consciousness about employees' rights in ethnic enterprises of all branches and in all ethnic communities. ÖGB representatives contact the entrepreneurs, who are informed of the legal necessity to have such representatives in all enterprises with a staff of at least five. Problems arise in relation to enterprises' formal willingness to comply and the practicalities of complying. According to an ÖGB expert: 'there is no difference between Austrian entrepreneurs and businessmen with a migration background. [...] Both are afraid of having employee representatives in their enterprises because of their better knowledge of employees' rights.' The employee representatives undergo specialised training in the trade union school, which includes courses in Austrian labour legislation. In one project the special needs of employee representatives with a migration background were systematically surveyed. It was found that there were no differences between Austrian and migrant enterprises.
- German language courses: These are an important element of the ÖGB Action Plan 2010 and were introduced because migrants were hesitant to become active as employee representatives because of a general lack of fluency in German. These language courses are offered on an in-house basis, not only to employee representatives but to all migrants who are interested.

First-time native-speaker career counselling organised by the waff is offered for groups who require up-to-date information on the labour market situation in Vienna, labour legislation and potential support during job search and after employment has been taken up.

This survey also included interviews with apprentices and other staff from ethnic enterprises. In relation to working conditions no fundamental differences were detected between ethnic enterprises and others. In general, ethnic employers obey Austrian labour law but there is a difference between non-family staff and employees who are members of the entrepreneur's family. In some cases the latter have a more privileged position, but in other cases they complained about a heavier workload and longer and more flexible working hours. Some young women complained about rigid social control in family businesses.

Marketing

Many of the measures provided by the main actors in the field of entrepreneurship include advice on marketing matters (for details see the sections above titled 'Business acumen' and 'Training and management support'). Providers include, for example, the 'Service on Wheels for Vienna's Businesses' (*Service auf Rädern für die Wiener Unternehmen*), the Business Service for founders of the Vienna Business Agency, its Information Centre and Vienna Business Academy of the SWV, which offer training courses in strategic and practical business management.⁴⁶ The Vienna Economic Chamber offers training courses designed for the specific needs of SMEs, and the Vienna Business Agency is responsible for initiatives in many Viennese districts, in cooperation with the district administrations. Others worth mentioning include the Start-up Service of the Economic Chamber, the regular Entrepreneur Meetings which the Vienna Business Agency, in partnership with Europaforum, has organised since 2007, the training facilities of the ÖIF-Jobcenter and the 'SME-summit meetings' of the Young Trade Association. These meetings are information and service events for all entrepreneurs.

The programme 'Mentoring for migrants' (see section titled 'Business acumen', above) also includes the promotion of marketing strategies. The experts interviewed emphasised that immigrant marketing strategies must often be adapted to local conditions. The mentors are often confronted with a serious lack of knowledge about the market conditions in Vienna on the part of the businesspeople mentored. Unfortunately, precise information is not available about the marketing success of the mentees in running their enterprises.

The MINGO initiative also tries to compensate for information gaps in marketing by its 'multipliers' and by inviting the officials responsible to workshops. It is also in partnership with a community college, VHS Ottakring, to provide classes teaching entrepreneurial know-how (social insurance, marketing, bookkeeping, etc.).

The main purpose of 'Infopool', which was initiated by the Social-Democratic Economic Association, is to provide information about all business-related sectors.

It was not possible to collect data about the results of all of the measures in the field of marketing. Even the entrepreneurs themselves could not provide any kind of quantitative evaluation of these measures, but they generally reported that participating in these events and initiatives had helped them a lot in their marketing strategies.

⁴⁶ See <http://www.vienna-business-academy.at>.

Transnational economic connections

The city of Vienna does not have specific operations in this field, although there are important activities to showcase Vienna's economy and improve business cooperation for entrepreneurs regardless of descent. Most of the events related to transnational economic links nature have in recent years been held in cities on the Balkans or in Turkey, where so-called 'Vienna Days' provided the opportunity to present the city's economy as a whole with no special accent on ethnic business alone. The glamorous 'Viennese balls' in some cities also offer the opportunity for companies to make business contacts.

According to our interviews, the transnational aspect of these events is sometimes heavily overestimated, in particular transnational connections with the (original) countries of emigration (see also Light, 2007: 3 ff.). Some entrepreneurs mentioned the relevance of transnational connections with their countries of origin or co-ethnics all over Europe, but this aspect depends largely on the type of the enterprise. It seems to be a very important factor among enterprises of the Turkish community and was also frequently mentioned by entrepreneurs with a Chinese or Indian background.

In the case of Turkish groceries, for example, only a small amount of the food is imported from Turkey. Usually the 'Turkish' products on sale are produced in Germany or the Netherlands to a high quality. The main reason is that tariff regulations make it too expensive for many of the smaller ethnic enterprises to import goods from non-EU countries. In Germany and the Netherlands some Turkish wholesale merchants specialise in importing from Turkey and distributing all over the EU. This means that 'direct' import from Turkey is rather unusual. Perishable foods (fruit, vegetables, meat) usually come from the wholesale traders at the Vienna-Inzersdorf Central Market and the Metro-Central Market in Vösendorf. This means that transnational business relations are mostly established within the enlarged EU. But here as well, economic sector plays an important role. Travel agencies, for instance, usually maintain elaborate networks with the countries of destination.

The interviews conducted for this case study revealed that measures and strategies in the field of transnationality are more or less individually shaped and not really determined by official measures by the city administration. As to their effectiveness, the entrepreneurs said that they contribute to a general increase in sales but this cannot be evaluated in monetary terms.

One example of the relevance of transnational connections is the freight forwarding agency Unitcargo, which was founded 2004 by a person from the former Yugoslavia. This enterprise has subsidiaries in Slovenia and Turkey and operates 5,000 trucks, mostly in the former Yugoslavia (see also Milborn, 2009: 26). The Serbian entrepreneur uses his and his staff's language competency and his networks in the former Yugoslavia.

Training and management support

Many of the initiatives mentioned in previous sections also include business training and management support. According to the chamber representatives, management mistakes are the main cause of insolvencies because smaller enterprises often lack the specific management know-how that would allow them to plan on a longer-term basis. For this reason the Vienna Economic Chamber offers training courses that are designed for the specific needs of SMEs and provide cutting-edge management know-how. The chamber even absorbs one-third of the costs for all participants. A compact eight-day course divided into five modules was started in November 2006.

Since 13 October 2009 the SWV has provided a 'Service on Wheels for Vienna's Businesses' (*Service auf Rädern für die Wiener Unternehmen*) in specially designed cars. This initiative offers direct help and advice to entrepreneurs in relation to funding, legal regulations and all issues relevant to running a business. The mobile service is particularly

useful as ethnic entrepreneurs are often sole traders, and frequently have very limited time resources. This makes it difficult for them to use the consultation offers of the Economic Chamber.

The Vienna Business Agency and its Information Centre also provide the ‘Business service’⁴⁷ for founders’. This service offers support in starting up a business. It provides start-up offices in attractive locations, it supports in funding and financial affairs and helps in interaction with administration and Mobile Regional Support (RWS). The RWS staff personally visit the enterprises for direct consultation. There are also initiatives in many Viennese districts because the Vienna Business Agency is also responsible for all measures and actions of the local/regional business service. The waff organises initiatives in partnership with the district administrations.

A further initiative was the first training course of the Vienna Business Academy of the SWV (October 2009 to February 2010), which covered strategic and operative business management. Its main aim was to give entrepreneurs the opportunity to develop their management competencies. Guest lecturers and top consultants form the nucleus of a business alumni network for the promotion of management competencies. The SWV plans to hold further management training courses at regular intervals.⁴⁸

Illegal and informal practices

It is difficult to obtain reliable information about the outcome of measures that crack down on illegal practices. Tax dodging is a very widespread phenomenon in the economy, but not a specific characteristic of ethnic business. The experts interviewed said that the finance authority makes absolutely no distinction as to whether tax avoidance is detected in an Austrian or a migrant enterprise. As might be expected, no entrepreneur was willing to provide information about possible tax dodging.

Illegal employment in Vienna’s construction sector is still a considerable problem but it is not confined to ethnic enterprises alone. Exact figures on the extent of irregular employment are not available, but the consequences can be observed in the high liability to bankruptcy among construction enterprises and a considerable financial deficit of the Vienna Region Health Insurance. This deficit is caused by the outstanding financial obligations of many construction enterprises. The share of ethnic enterprises in this deficit cannot be specified exactly. Experts expect a fundamental change for 2011, when the temporary regulations concerning the occupation of eastern Europeans in Austria will expire.

Dialogue

There is a strong dialogue between all institutions and actors in the field of business. As the discussion above indicates, most of the consultation and promotion measures and programmes are offered on the basis of a partnership between more than one actor.

⁴⁷ See *Wiener Wirtschaftsservice – Informationszentrum für die Wiener Wirtschaft* (<http://www.wvff.gv.at/wirtschaftsservice>).

⁴⁸ See <http://www.vienna-business-academy.at>.

There is also a dialogue with foreign actors in the economy. The Association of Turkish Democrats (*Vereinigung Türkischer Demokraten*, UETD [*Avrupali Türk Demokratlar*]) promotes social, political and economic integration through a partnership of the Federal Economic Chamber and the Istanbul Chamber of Commerce (ITO). For 2010 it is planning a further partnership with the Chamber of Labour (Receper, 2009: 8).

Among the wide range of dialogue activities, the recent campaign under the motto ‘Vienna’s economy speaks every language’ should be ranked first. This campaign was started in September 2009 and is an important partner project between the Chamber of Commerce, the Vienna Business Agency and the ‘skills groups’. It emphasises just how important immigrant entrepreneurs are for Vienna. The initiative includes many promotional activities (for example, an information and networking event for entrepreneurs and local decision-makers on 19 February 2010 in the 12th district).

Figure 10: Deputy Mayor Renate Brauner and President of the Vienna Chamber of Commerce, Brigitte Jank launch the initiative ‘Vienna’s economy speaks every language’ on Michaelerplatz (1st district), September 2009



Source: PID/Pressefoto Votava (<http://www.vorteilvielfalt.at/>)

Figure 11: An example of a Chinese poster for 'Vienna's economy speaks every language' initiative: 'There is no limit to success'



Source: <http://www.vorteilvielfalt.at/>

A further important initiative in the context of dialogue is 'Business for Integration'. This organisation was founded in March 2009 and is financed by the Raiffeisen Bank. Ali Rahimi, a well-known carpet dealer with Iranian roots, started the initiative together with Georg Kraft-Kinz, a bank manager. The Lord Mayor of Vienna, Michael Häupl, officiates as the honorary patron of this association. The city of Vienna supports the initiative on the basis of networking and in the conceptual phase of its projects, but not with financial funding. The initiative has about 50 members, many of them managers of important enterprises (such as UNIQA, Wien-Holding, REWE, PORR Novomatic, HINK, Mann, Siemens, Kapsch, Hohegger), the majority of them Austrian. It is still in its initial phase but is oriented towards a more balanced mixture of members with and without a migration background. Its main projects are language courses for entrepreneurs, networking opportunities for managers and entrepreneurs in 'Forum Brunnenpassage' (a meeting centre which is maintained by Caritas Vienna; see below), special training offers in the editorial office of the migrant newspaper *biber* and education programmes for migrant children. It is important to note that this initiative is not first and foremost oriented towards the advancement of ethnic entrepreneurs. Its intention is to promote migrants' integration through projects which are financed by entrepreneurs (migrants or Austrians) and their enterprises. Business for Integration is a business organisation, not a social welfare initiative. It wants to intermediate and to interlink between potential sponsors and integration initiatives. Its main goal is to help migrants to attain a good education and to prevent de-qualification.

- In 2009/2010, the focus of its activities was on the promotion of language competencies (German as well as the migrants' mother languages) with a speaker's competition, school projects and German language courses for business and trade. 'German language for trade and commerce' is a German language course for business application, in particular for migrant entrepreneurs.

- The education funds of this association finance the translation of foreign diplomas and help to create the examinations needed to establish qualifications. It promotes the equality of chances on the labour market and wants to counteract de-qualification in supporting the nostrification of foreign certificates and the translation of diplomas.
- Young people are supported by traineeships in different branches of the economy. An example is the 'Biber fellowship', which provides media training in the editorial office of the migrant periodical *biber*. It offers three-month fellowships to young people from 18 to 28 years with a profound knowledge about their migrant communities who want to make a journalistic career. It also offers individual career coaching. In 2009 the enterprise Novomatic financed fellowships for 10 people.

A further project for the promotion of dialogue is Forum Brunnenpassage. It started in May 2009 and is financed by Raiffeisen Bank and supported by Caritas Vienna. It organises regular meetings between managers and entrepreneurs. Its intention is to create an information hub for projects and initiatives and to create networks connecting the economy, politics and the media. The key theme of the first Forum Brunnenpassage on 11 May 2009 was ethno-marketing and the potential of migrants as customers. Further focus areas were education and integration as future priorities for Vienna as a business location.

With just one-fifth of the Austrian population, Vienna accounts for more than one-quarter of the country's total economic activity. Vienna's economic success is based on a high degree of diversification with a strong focus on modern service industries, as well as on measures to strengthen material goods production and promote research. More than 300 international corporations have chosen Vienna (and its surrounding region) to set up their eastern European headquarters. An estimated 10% of all Austrian material-goods exports are produced there. The main emphasis is on machines, electro-technical equipment and chemical products, motor vehicles and foodstuffs. The Vienna economy's high level of prosperity is founded on a strong and diverse services sector, which generates well over 80% of the economic output. In the service field the city of Vienna's share probably amounts to around 50% of the Austrian total. Besides the public administration, trade and the financial services sectors, Vienna also has an above-average share of other business-related services. Today de-industrialisation and expansion of service activities are affecting both the structure and the nature of employment.

In Vienna ethnic entrepreneurs are usually called '*UnternehmerInnen mit Migrationshintergrund*' (entrepreneurs with migration background), which means self-employed persons who themselves migrated to Austria or of whom at least one parent has immigrated. This definition does not consider the actual citizenship of the individual. Sometimes the media use the term '*UnternehmerInnen mit migrantischen Wurzeln*' (entrepreneurs with migration roots). About one-third of the members of the Vienna Economic Chamber have a migration background of some kind.

A systematic analysis of ethnic business was made in 2006/2007 in a partnership between Municipal Department 27 (MA 27, EU-Strategy and Economic Development) and the Vienna Economic Chamber (L&R Sozialforschung, 2007). This detailed report clearly reflects the importance attached by both institutions to ethnic business as an aspect of Vienna's diversity. On 31 December 2005 a total of 79,914 active enterprises were counted, of which the majority (50,983 or 63.8%) were single proprietors. Second in ranking was the legal form of limited liability companies, whose numbers were decreasing slightly. The enterprises legally organised as OHGs and AGs showed a high degree of stability, whereas the numbers of limited commercial partnerships, the traditional form of enterprise, were dropping. The Vienna Economic Chamber's database contains information about the nationality of each business owner at the time of founding their enterprise. The extent to which the second or third generation is involved in ethnic entrepreneurship can only be estimated. Unfortunately some relevant data about the ethnic economy were not available at the time of data collecting for this report. This data problem had been recognised by MA 17 (Integration and Diversity) and its experts in the context of integration and diversity monitoring. The promotion of self-employment is an important aspect of the Integration and Diversity Monitor and efforts had already begun to solve the problem.

The proportion of self-employment in Vienna is moderate compared to cities in France or the United Kingdom, but it has been increasing steadily since the 1990s. The view of the ethnic economy as a 'niche economy' is obviously not applicable in Vienna. A growing diversity among ethnic enterprises and entrepreneurs is one of the features of ethnic business in Vienna. The 'classical ethnic shops' and restaurants are only one side of the coin, but the public perception of the ethnic economy is often strongly influenced by this picture. Of course, there are still some niches (fruit and vegetable trade, market stalls etc.) where entrepreneurs belonging to certain migrant communities are still overrepresented, but in general the market orientations and business concepts of entrepreneurs with a migration background are extremely heterogeneous. Thus, no general statement can be made concerning the markets that ethnic businesses cater for. More foreign citizens than naturalised migrants are active in the secondary sector. The highest concentration of immigrant entrepreneurs can be found in the tertiary sector, but there are marked differences between the ethno-national groups of the migrant economy. Enterprises in the secondary sector are often run by people from the former Yugoslavia, in particular by businesspeople from Croatia, Slovenia and Bosnia and Herzegovina. Immigrants from Poland are a further group with a high representation in the secondary sector. Enterprises in the tertiary sector are often run by Hungarians and other EU-country nationals, by Turks, Chinese, Indians and other Asians.

During the past three decades many shopping streets have been revitalised by ethnic enterprises but the most visible concentrations of ethnic shops can be found in Vienna's traditional open markets. It is obvious that in many traditional shopping promenades (for example, Lerchenfelder Strasse, Hernalser Hauptstrasse, Thaliastrasse) a succession process is going on. This process made a tentative start during the 1980s and intensified in the 1990s. A mixed structure of former Austrian enterprises has been replaced by ethnic businesses. This trend is especially pronounced in areas with higher proportions of immigrants, but is also observable in a weakened form in districts with a more middle-class population.

Ethno-culturally or socially determined traditions, individual motivations and some kind of (economic) pressure are determinants of entrepreneurship careers. There are still considerable differences concerning the entrepreneurship careers between the groups of different origin. Some ethnic communities have a strong tradition of being self-employed. In those communities, including those of Turkish, Indian, Chinese, Latin-American and African origin, running one's own business has a high reputation. Many families in these communities have a long tradition and a rich experience in entrepreneurship.

Migrant entrepreneurs are confronted with many barriers. Female entrepreneurs defined their main challenges as the lack of entrepreneurial experience, bureaucratic procedures and financial problems. Male entrepreneurs' problems are mostly to do with bureaucratic barriers and the acquisition of finance. Our interviews revealed a gender bias regarding barriers to entrepreneurship. The initial phase is the most difficult one for most ethnic enterprises. The first generation of entrepreneurs in particular neglected to develop innovative business and management ideas. The absence of carefully thought-out business plans is said to be a problem among many entrepreneurs. A significant proportion of the entrepreneurs interviewed said that attracting customers and the whole field of marketing was a real challenge for them. Some entrepreneurs faced more difficulties in this field than with formal regulations or financial feasibility. A lack of know-how in the field of marketing is usually the main reason for the collapse of ethnic enterprises. Usually business success is an outcome of a combination of personal background variables, the individual talents of the founders, the economic sector, the location, the general and local economic situation, etc. Determinants of marketing strategies can be found in the actors' social position, career experience, or the structure of their businesses. Flexibility in reacting to changing market conditions was said to be the most important basis of successful marketing strategies. Usually the economic sector and the markets are strongly interdependent. Many respondents emphasised that in the initial start-up phase in particular the general quality of embeddedness of the entrepreneur in his or her ethnic community plays a significant role as a determinant of establishing new markets.

In Vienna there are a multitude of institutions and organisations active in the field of promoting ethnic business. The institutions responsible offer a very broad range of consultation and advice. Some offers are specifically geared for the needs of ethnic entrepreneurs; others are oriented towards helping entrepreneurial needs in general. All offers are available for entrepreneurs with a migration background. There is a fundamental difference concerning two service approaches: (a) the offering of special services for the needs of ethnic entrepreneurs and (b) a diversified offer of advice services for the needs of entrepreneurs in general. In Vienna both service approaches exist and both appear to be working successfully and complementarily. Though there are many fruitful partnerships aimed at benefiting the ethnic economy, the considerable number of actors also produces some problems concerning the coordination of sometimes diverging interests. The main institutions which are relevant for (ethnic) entrepreneurs are: the Vienna Economic Chamber and Vienna Business League (*Wirtschaftsbund Wien*), the Vienna Business Agency (WWFF), the Vienna Employment Promotion Fund (waff), the Vienna Social-Democratic Trade Association (SWV), the Austrian Integration Fund (ÖIF), the Institute for Economic Promotion (WIFI), the Advice Centre for Migrants (*Beratungszentrum für Migranten und Migrantinnen*), the Austrian Trade Union and the MA 59. The ethnic economy is usually promoted through activities organised in a partnership between the waff, the Vienna Business Agency and the Vienna Economic Chamber. There are a broad range of successful initiatives and programmes for the promotion of ethnic business, and these partnerships have broadened over time.

Our expert interviews revealed that the ethnic or religious background of a business person may not be evaluated as a major criterion for success. Much more important are their ambitions, business sense, innovation orientation and sensitivity in marketing strategies, etc. Despite this, some migrant entrepreneurs expressed a need for more tailor-made promotion and for specific funding offers for ethnic business.

The numbers of ethnic enterprises confirm the view that ethnic business are an immense source of innovation potential. In recent years a fundamental shift of opinion has taken place. A decade ago the municipality and the Vienna Economic Chamber, with other economic lobbies, started to promote ethnic business specifically. Vienna's municipality now recognises the growing importance of migrants in the local economy. This is recognised in, for example, campaign mottos such as 'Vienna's economy speaks all languages'. Staff with a migration background are employed in the chamber's diversity department and in other sections too. The Department for Economic Policy at the Vienna Economic Chamber was always very open to support ethnic entrepreneurs. During our survey we found a high level of awareness about the importance of ethnic business in all relevant institutions. Illustrations of this are the broad variety of measures for the promotion of migrant entrepreneurs, and ECOMIGRA, the first ethnic business fair in Vienna, which took place in December 2009.

Our investigations indicate that no explicit written strategic plan regarding ethnic business exists on the municipality's side. In the case of general economic development two strategic plans, mainly formulated by the Municipal Department 27, can be defined as benchmarks: the Vienna 2000 Strategy Plan and the Vienna 2004 Strategy Plan. There was a basic shift of perspective from an emphasis on migration-related problems to a positive view on the opportunities and potentials migrants possess and present. Without any doubt this increasing recognition is closely linked to the municipality's diversity policy, which was developed in partnership with MA 17, MA 27 and other relevant municipal departments. Ethnic entrepreneurs are not a homogeneous group and thus the institutions that provide services and information need to be aware of their diverse needs. The competitive advantage of diversity for the urban economy is evident. All of the experts interviewed expressed considerable open-mindedness towards ethnic businesses, emphasising the diversity of the ethnic economy and the people who are active in this field.

Though the general picture is a really positive one, it should be mentioned that there are also deficiencies: one of these is the lack of adequate data sources. At the time of data collection, no data were available about the size of Vienna's ethnic business workforce, and thus about its effect on employment. Another critical point may be the considerable number of institutional actors in this field. Though the authors of this report gained the strong impression that the partnerships between institutional actors are working well for the benefit of the migrant entrepreneurs, it may be of some advantage to concentrate responsibilities within a smaller number of institutions. A simplification of some bureaucratic procedures, in particular in the start-up phase of a business, can also be recommended. A considerable proportion of the entrepreneurs interviewed stated that these procedures were too time-consuming.

Good practice

Of the wide range of good practice activities the Integration and Diversity Monitor 2009 (introduced in April 2010) should be ranked first. This monitor also includes the field of integration and diversity in entrepreneurship and the related activities of the waff, WWFF and municipal departments 27, 59, etc. In the case of the waff, the whole range of services has been evaluated since 2002. All promotional programmes were explicitly checked to see if they were equally accessible for migrants. The Vienna Business Agency focuses on an explicitly diversity-oriented offer of services for entrepreneurs with a migration background.

An important initiative is the Vienna Economic Chamber's campaign under the motto 'Vienna's economy speaks every language'. An important Vienna Chamber of Commerce, Vienna Business Agency and skills groups project, it was

started in September 2009. It emphasises just how important immigrant entrepreneurs are for Vienna. Within the scope of this campaign many promotional activities take place.

‘MINGO’, with its sub-services ‘MINGO Migrant Enterprises’ and ‘MINGO Academy’, is an important example of good practice in the field of the promotion of ethnic business. It is an initiative within the promotion services of the Vienna Business Agency and offers significant support to small and micro enterprises, single entrepreneurs, and in particular to those with a migrant background, to the ‘new self-employed’ and to MINGO office tenants. MINGO Migrant Enterprises provides detailed information about the promotion and funding services of the municipality, a free service for start-ups (‘start-off coaching’ on an individual basis), support for innovation and expansion, support for interaction with the administrative authorities, significant help in cross-linking with the municipality business institutions and with the MINGO offices, the promotion of innovative potential (innovation management) and cooperation and networking for common projects. MINGO Groups offer regular forums for the exchange of experiences and for the development of innovative products and services. It gives funding to regular conference days with experts on special topics. MINGO Academy organises workshops about business relevant themes (11 workshops about public relations, e- and online-marketing, bookkeeping, finance and making a business plan were planned for January 2010). Regular conference days with experts are organised. MINGO Offices runs six office centres in different districts, which offer small inexpensive office space (from 15 square metres) for enterprises in all sectors. MINGO is also active in the organisation of information and networking events for the exchange of experiences and networking (for example, business breakfasts and lunches, etc.). Free start-up coaching has been taken up by 25% of its clients. Once in a year the MINGO Award honours six innovative projects and small or micro-enterprise business ideas with €5,000. The first award in 2009 was granted to a business which provides workshops in social media (Facebook, Twitter etc.).

An important recent initiative is Business for Integration (*Wirtschaft für Integration*),⁴⁹ an association founded in 2008 by the well-known entrepreneur Ali Rahimi, who was born in Teheran, and Georg Kraft-Kinz, executive director of Raiffeisenlandesbank Lower Austria-Vienna. This association of 50 regular members is supported by a group of high-ranking managers. The association promotes the multicultural potential of the Viennese economy. Ethnic business is seen as a very important factor for urban development. There are partnerships with the Ministry of Economics, the Economic Commerce and the Advice Centre for Migrants.

Another innovative good-practice event worth mentioning is ECOMIGRA, a fair for ethnic enterprises and institutions involved in this field. It took place for the first time in Vienna’s City Hall in December 2009, with 120 exhibiting companies and 5,000 expert visitors. The programme included more than 30 seminars, lectures and special thematic workshops. The focus was on enterprises from the Turkish community. In the future the Economic Chamber intends to organise this event regularly. In 2010, the regional focus was to be on the former Yugoslavia and on entrepreneurs from Bosnia-Herzegovina, Croatia and Serbia. The main financial sponsor was to be the publishing-house Business-to-Business Communications (*Wirtschaftsverlag*).

‘Local Neighbourhood Management’ (‘*Grätzelmanagement*’⁵⁰) is a successful programme by WWFF, in partnership with MINGO, in the area of the integral development of structurally weak urban neighbourhoods. Its first phase until March 2008 was integrated into the EU Objective 2 Programme (Ziel-2-Programme) for Vienna and further continued by the Business Service Centre (BSC) in partnership with a team of entrepreneurs.

⁴⁹ See <http://www.vwfi.at/unsere-projekte.html>; see Madner and Milborn, 2009.

⁵⁰ ‘Grätzl’ is a typical Viennese term referring to the immediate neighbourhood, where people know each other and where daily interactions take place.

From 2008 to 2013 a new programme, the ‘New Local Neighbourhood Management’ (*Grätzelmanagement Wirtschaft Neu*, GMW) will be active where MINGO office centres exist – the 2nd, 10th, 15th, 16th, 20th and 21st districts. Based on the rich experiences of the previous programmes in the 2nd and 20th districts many innovative project ideas will be initiated for the enhancement of competitiveness and the reinforcement of local business locations. This programme is aimed at improving local economic and social structures. It is focused on small-scale projects that are implemented in partnership with local players, in particular with the local business community. It is to be an ‘engine’ of neighbourhood development. An important focus is the revitalisation of the local market places and a systematic marketing of business locations. The involvement and promotion of the local ethnic economy is an important aspect of this initiative. Specifically targeted entrepreneurship coaching, a further focus on women and single-person enterprises is intended to result in a sustainable reinforcement of entrepreneurship and business culture. Professional neighbourhood managers (*GrätzelmanagerInnen*) are entrusted with project initiation and networking, business-oriented information and advice offers, public relations, the branding of the local image and the involvement of the entrepreneurs in the local innovation process.

‘WIP komplett’ is an innovative training course initiated by the chamber in partnership with the WIFI – ‘WIP’ means ‘Commercial Language German’. Structured in three modules it is a combination of a language course that imparts intercultural knowledge and practical applications of business German in the economy. Its target audience is migrants from Turkey and the former Yugoslavia who need to acquire knowledge about the Austrian economy. It offers practical skills for a career as an entrepreneur or an employee (*Wiener Wirtschaft*, 2010a: 11).

Since 2007 the Vienna Business Agency, in partnership with Europaforum, has been organising regular entrepreneur meetings for businesspeople with a migration background. These meetings are moderated by people with migration background and are regularly attended by 40 to 50 prospects.

The ‘Start-up Service’ of the Economic Chamber (*Gründerservice der WK Wien*) is available in the most important migrant languages. The Chamber also organises ‘Start-up Workshops’ (*Gründerworkshops*) and special networking events for young entrepreneurs. The Chamber organises about 160 start-up workshops per year. Free of charge, they have been attended by more than 3,000 participants, many of them with a migration background. The Economic Chamber provides also special information sheets in different migrant languages and for different branches about many aspects of everyday business operations.

Since 2007, the Young Trade Association has organised a series ‘SME-summit meetings’; information and service events for all entrepreneurs that are subdivided into two categories: a) regional trade summit meetings (*Regionaler Wirtschaftsgipfel*) and b) thematic summit meetings (*Themengipfel*). Since the start of this initiative more than 2,000 people have participated in the 15 summits and 200 applications for promotion have been supported.

The main purpose of ‘Infopool’, which was initiated by the Social-Democratic Economic Association, is to provide information about all business-related sectors as quickly as possible. Infopool focuses on the setting up of businesses, especially in the areas of financing, insurance, support, infrastructure, further education, networking and staff matters.

The ‘Service on Wheels for Vienna’s Enterprises’ (*Service auf Rädern für die Wiener Unternehmen*), delivered in specially designed cars, must also be mentioned. This initiative offers direct help and advice to entrepreneurs in the fields of funding, legal regulations and all questions relevant to running a business. The mobile service is particularly useful as ethnic entrepreneurs are often sole traders, and frequently have very limited time resources. This makes it difficult for them to use the consultation offers of the Economic Chamber.

The 'Mentoring for migrants' programme, aimed at the promotion of business acumen and entrepreneurial strategies, must also be mentioned. Since 2008 the programme has supported qualified migrants in accessing the labour market. The intention of this programme is to initiate a multiplier effect. On the basis of a match-making process qualified mentors and mentees are brought together for intensive interaction and mutual exchange. The basic criteria for matching are education, the mentee's country of origin, language knowledge, the sector of the economy and the target markets of the enterprise. The promotion of successful business start-ups is an important aspect of the programme. Since the start of the project about 300 pairs have been brought together.

The Business Service⁵¹ for Founders of the Vienna Business Agency and the training courses of the Vienna Business Academy are also important. Many initiatives are carried out by partnerships of more than one organisation, avoiding duplication of services as much as possible. Despite this strategy some experts have reported that in certain cases some overlap takes place.

⁵¹ See Wirtschaftsagentur, <http://www.wirtschaftsagentur.at/index.php>.

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Mrs Chi Lam, entrepreneur (Vietnamese migration background)

Mrs Emriye Can, entrepreneur (Turkish migration background)

Mr Hüseyin Ünal, entrepreneur (Turkish migration background)

Mr Cengiz Celiksoy, entrepreneur, director of company (Turkish migration background)

Mrs Gazal Mih, apprentice ((Iranian migration background)

Mr Yang Chie, entrepreneur (Chinese migration background)

Mrs Vural Rukiye, entrepreneur (Turkish migration background)

Mr DI Ekami Kilig, entrepreneur (Turkish migration background)

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Mrs Christina Eogavil, entrepreneur (Peruvian migration background)

Mr David López, entrepreneur (Chilean migration background)

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