

# **SOCIAL AND ECONOMIC INCLUSION**

through youth entrepreneurship

**THE IMPACT**

INVESTMENTS

**ON**

**SOCIAL YOUTH WORK**

*developing and supporting  
programs for youth with migrant  
backgrounds*



## Project “Social and economic inclusion through youth entrepreneurship”

is cofunded by the Erasmus + program under KA2 – Cooperation for innovation and the exchange of good practices – Strategic Partnerships for Youth

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### Partner organizations of the project:

African Diaspora Youth Network in Europe

PRSD Network - Providers of Social Responses to the Development

ADIF - “Action pour le Développement Intégré et la Formation”

ASANTE NGO

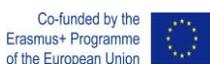
MIGRAFRICA - Verein für Junge afrikanische und andere Diaspora e.V.

Puntland Community ry

For a balanced progress of society it’s necessary to develop, alongside the entrepreneurship oriented to profit, another engine of decentralized innovation that is focused on solving social and environmental problems, in areas where the market fails and where the public policies are negligent or inefficient. This other engine is social entrepreneurship, fueled by the incessant search of the human being, in giving meaning to life through a positive impact.

Social entrepreneurship results from the combination of a social and an entrepreneurial dimension in the same organizational model, seeking to create synergies that strength the capacity to create value for society, combining the efficiency of the markets that the private sector pursues, with the orientation for social benefit.

Social Entrepreneurial Ideas for Better Inclusion is an Intellectual Output developed under the framework of the project “Social and economic inclusion through youth entrepreneurship”.



Migrant entrepreneurship has gained increasing attention from policymakers. **Countries and local territories are implementing policies to attract talent, with entrepreneurial ideas and skills.**

Some countries noted that immigrants are more likely to start a business than native-borns. Countries are recognizing the value of migrant entrepreneurship for economic competitiveness and innovation.

**Migration boost countries' economic growth** and raise workers' overall productivity by providing needed skills. *Migrant workers allow important sectors of the economy to expand, attract investment and create employment opportunities*

For some territories, **migrant entrepreneurship can be a strategic resource to foster economic development, social inclusion and attract new residents.** Migrant entrepreneurship can contribute to create jobs and economic revitalization and growth.

But the predisposition of migrants to create their own business depends on the ability of each one to take advantage of the incentives and opportunities available and *there are several factors that can influence this predisposition*: their personal resources, ethnic opportunities, structural opportunities defined by the labor market, social reception of migrants and the political and institutional context in the host country.

*For having truly social and economic benefits, it's fundamental that migrant entrepreneurs been supported by structural and appropriate policies.*

Entrepreneurship alone cannot fully solve the problem of migrant unemployment or migrant inclusion.

*Despite the expressed positive aspirations and popularity which entrepreneurship enjoys in a society, and the added value that migrants can bring to host communities, the number of migrant people opting for self-employment is rather small.*

The reasons behind this can probably be found in various constraints that migrant people experience when starting their own business and considers entrepreneurship as a career option. There's several factors, related to personal resources, that influence the predisposition to create their own business, such as knowledge of languages, legal status in the host country, the social acceptance or the political and institutional context in the host countries.



As a result of a joint initiative between the European Commission and the OECD, a report has been developed which seeks to support the development of local-based public policies for migrant integration.

Twelve key actions were identified and that are considered fundamental for migrant integration:

- 1.** Improve the coordination of integration policies across all government levels;
- 2.** Improve the coherence of integration policies to address the needs of migrants;
- 3.** Accessing and effectively using financial resources at local level to support migrant integration;
- 4.** Better taking into account changes in time in integration policies;
- 5.** Closing the gap between migrants and native-born people;
- 6.** Increasing the capacity of civil services to respond to the needs of migrants;
- 7.** Strengthening the cooperation with civil society and business partners;
- 8.** Improving data collection to underpin efficient integration policies;
- 9.** Better matching migrants' skills with local job opportunities;
- 10.** Ensuring access to adequate housing;
- 11.** Aligning social welfare services with migrant needs;
- 12.** Establishing education responses to address segregation and providing equitable path to professional growth

**Social entrepreneurship and social economy have an important role in order to help developing and implementing innovative approaches addressed to minority groups.**

Delivering creative new business models that can solve social problems by discovering and exploiting opportunities to create sustainable social value, social entrepreneurship can answer to some of the challenges faced by the migrant population.

Social entrepreneurship, as the practice of responding to market failures with transformative, financially sustainable innovations, is uniquely positioned to support governments to address social problems more effectively, combining business principles with a passion for social impact.

The combination of social entrepreneurship and the integration of refugees into the labor market appears to be a promising approach, but it is crucial to invest in a more structured approach and to develop more effective support mechanisms and systems.

Diaspora organizations and NGO's, like hometown associations, branches of homeland political parties, cultural associations, migrant youth associations, and many more, plays a key role in the process of migrant's integration.



Policies to support migrant entrepreneurs can be defined as a set of measures aimed at helping migrant people in different stages of the entrepreneurial process, so that more migrants start their businesses.

**Unemployment and inactivity on the part of the citizens appear as a factor with a negative impact on the economic development of the Countries and as one of the main causes of social exclusion.**

In this sense, it is essential to develop public employment creation policies to support entrepreneurship and create one's own employment.

Various measures to support migrant entrepreneurship have been implemented in different countries. Despite the number of initiatives aimed at promoting entrepreneurship and supporting start-up businesses, most of them are not exclusively focused on migrant people and some of them are isolated and discontinuous measures that are not part of a broader policy to support the development of migrant entrepreneurship.

1. Measures related with different forms of financial support (loans, tax and other relieves)
2. The development of soft skills, entrepreneurship training programs, mentoring;
3. The combination of financial and advisory support;
4. Initiatives related to raising awareness of entrepreneurial vocation;
5. Support measures relating to the provision of the necessary infrastructure for potential entrepreneurs.



## **CHALLENGES FACED BY MIGRANT ENTREPRENEURS**

### **INSUFFICIENT SOCIAL SUPPORT**

A negative attitude of society towards entrepreneurship is confirmed by the high percentage of people who prefer a stable job.

### **LACK OF PREPARATION FOR ENTREPRENEURSHIP**

The existing systems of formal and informal entrepreneurship education do not provide enough practical, relevant and reliable information on the key steps and stages in the process of starting a business.

### **LACK OF EXPERIENCE, KNOWLEDGE AND BUSINESS CONTACTS**

The lack of experience, knowledge and an underdeveloped network of business contacts are identified as obstacles faced by migrants (especially young migrants), when they want to start their own business.

### **LACK OF COOPERATION BETWEEN INSTITUTIONS**

Negative perspective regarding the support of Institutions, considered by the entrepreneurs as institutions with a poor quality of services, lack of access, and negative attitudes of those to whom they spoke.

### **DIFFICULTIES ACCESSING CREDIT FROM FINANCIAL INSTITUTIONS**

A lack of adequate funding solutions is one of the major obstacles to entrepreneurs, especially migrant entrepreneurs and young migrants. Usually migrant entrepreneurs have a short credit

history. Credit institutions, noted that immigrant enterprises have higher failure rates. , resulting that migrant entrepreneurs can face discrimination from banks and are more likely to deny credit or charge higher rates.

### **DIFFICULTIES DEALING WITH ADMINISTRATIVE PROCEDURES AND UNDERSTANDING THE LOCAL BUSINESS ENVIRONMENT**

Country language and country specific business skills are a barrier for migrants – especially new arrivals. That brings more difficulties in fulfill the procedures to set up a company. Write a business plan, submit requests, register the company or deal with fiscal declarations are some of the normal steps that every entrepreneur have to pass through. And when you are not so familiar with the country language or are not so familiar with country procedures, this can be much more difficult.

### **IMIGRATION AND VISA POLICIES**

In recent years, some countries have been creating reforms in order to attract foreign and foreign investment to create their business in another country. However, these reforms are specific to large investments, and are not a response to those who emigrate out of necessity, in search of better living conditions.

Other emigrants end up obtaining visas for reasons of work or study. And for those who want to create their own business, it sometimes makes it difficult to convert a residence visa for study purposes into another visa that allows you to create a sustainable self-employed business.

## **POLICIES TO SUPPORT MIGRANT ENTREPRENEURS**

### **BUSINESS SUPPORT PROGRAMS**

It is essential to empower entrepreneurs in terms of social and professional skills, in order to create favorable conditions for business creation. It is also essential to create support structures for the creation and implementation of entrepreneurial projects

### **ENTREPRENEURSHIP COURSES**

Entrepreneurship is not learned but practiced through action. However, it is essential that each entrepreneur has knowledge about the different phases of the entrepreneurial process. Thus, training actions in areas such as "how to develop a business plan", "Marketing" Financial Literacy, Resource management, legal and tax framework are essential for a path to success in any entrepreneurial project

### **ADMINISTRATIVE SUPPORT**

It is also essential to support the fulfillment of administrative procedures when creating a company. In the act and in the will to develop an entrepreneurial project it is important that every entrepreneur has support and advice, so that he does not get lost in the middle of administrative procedures. An entrepreneur support desk, where anyone who intends to undertake can go, can be an effective solution.

### **MENTORING**

Also, throughout the different stages of the entrepreneurial process it becomes essential that

every entrepreneur has consultancy and mentoring. This mentoring process is essential so that, in addition to mitigating business risks, being able to accompany the entrepreneur from the opportunity identification phase to the business management itself.

### **LEGAL ADVICE**

Legal and tax issues are most often aspects that the entrepreneur is less aware of. Indeed, because many of these issues differ from country to country. These branches or local structures to support the entrepreneur can assume, through a set of partners, a solution to support these issues.

### **BUSINESS NETWORKS ACCESS**

One of the essential factors for the success of any business is related to the network. No entrepreneur or business can win alone. A good network of partners is worth more than any investment value. The creation of networks that allow access to suppliers, customers or partners is essential.

### **RAISING CAPITAL**

Access to investment networks or the creation of local solutions is also essential. When raising investment, it is important to assess what is the best solution for the entrepreneur and for the business. As such, it is important to have full knowledge of the different investment solutions, as well as access to that same network. The creation of banking networks that allow easy access to credit, a good mapping of the investment profile of business angels or accessible and clear information about incentive programs is important

Simplifying and accelerating processes that allow greater entrepreneurial activity is essential to any system that aims to promote entrepreneurship and innovation. Simplifying licensing processes, modernizing and making procedures more user friendly, guaranteeing levels of trust and risk mitigation is essential. Adjusting the procedures to people and entrepreneurs, and not vice versa, is essential. Throughout this process, the creation of support desks for the entrepreneur, with centralized services and capable of responding to the different phases of support for the entrepreneurial initiative is an effective solution, reducing bureaucracy and information gaps.

Also, the creation of tax mechanisms to support entrepreneurial activity, capable of encouraging investment or creating tax solutions to support entrepreneurial activity at an early stage, so that at an early stage of activity, the tax burden can be relieved, and the entrepreneur can be focused on creating economic value and job creation.

Flexibility in work, incentives for hiring by startups, reduction of tax contributions for entrepreneurs at an early stage of their business are some of the additional measures that can be taken in terms of labor legislation.

Finally, it is essential to create a culture of entrepreneurship recognizing the role of entrepreneurs in creating social, economic and environmental value. A culture where each person sees himself and sees himself as an agent of transformation and innovation. Where each person does not live focused on problems, obstacles, but on solutions that generate social and economic value.

Training is also an essential component. In addition to the business project, it is also of added value that the entrepreneur has the necessary skills to implement and manage his business. Each citizen, whether willing to undertake or not, must have knowledge of the different stages of the entrepreneur process. You must have knowledge of how to create and generate value. You must be able to identify opportunities / problems / needs and work on a solution capable of solving it. Must have knowledge of the labor market, economics, management and financial literacy context. He must also be endowed with personal and social skills that allow him to be an actor involved in society - with the ability to analyze, to work autonomously and in a team, to know how to make decisions, to know how to communicate.

Entrepreneurship trainings equips people with abilities that increase their employment potential and include: the abilities to solve problems, to develop social interaction, abilities to find information and to handle it for decision making, planning, communication and presentation skills. Entrepreneurship training provides individuals with the ability to recognize commercial opportunities, self-esteem, knowledge and skills to act on.

In any long-term strategy or policy to encourage entrepreneurship it is essential to involve a set of stakeholders, that involves governments, employers, public and private social institutions, and educational institutions, needed in order to reduce skill mismatch effectively.

The current economic and social challenges lead us to find new answers to these same challenges, requiring a paradigm shift in the way organizations develop their activity, and before this paradigm the concept of entrepreneurship begins to be developed. Social entrepreneurship seeks to create social value for the community in which it operates, to promote employment, to minimize social exclusion, and to increase community benefits.

Inclusive businesses, in addition to generating employment opportunities, also provide opportunities for change in those at the highest risk of poverty, and it is a real possibility in reducing poverty. According to some practices, in some countries, inclusive businesses, in sectors such as agriculture and handicrafts, assume a strategic point of valorization and development of the territories, gaining importance with the public and private sector.

Social and inclusive entrepreneurship, the creation of inclusive businesses and cooperatives by young people are a sector to be considered, as the social economy is developing, with a strong propensity to create jobs and create human capital.

## **POLICIES TO SUPPORT SOCIAL ENTREPRENEURSHIP**

### **CREATE INSTITUTIONS THAT PROMOTE SOCIAL ENTREPRENEURSHIP**

The creation of public or private institutions to support social entrepreneurship is an important step towards greater commitment to pave the way in creating environments in which social entrepreneurship can thrive.

### **GREATER AUTONOMY**

Giving social problem-solving initiatives more autonomy in the way they spend the allocated money can stimulate entrepreneurial behavior. It is important that the results are transparent and published, in order to encourage more other actions.

### **PROMOTE SECTORAL PARTNERSHIPS**

Promote actions between the public, private and non-profit sectors on critical social issues to advance solutions, bringing together key players from all sectors.

### **RECOGNIZE PRACTICES**

Develop recognition systems and award programs to recognize and reward innovative, effective and sustainable solutions, recognizing success in social entrepreneurship.

### **EDUCATE AND TRAIN FOR SOCIAL ENTREPRENEURSHIP**

Educate all three sectors in the new approach to social entrepreneurship for solving social problems. Social entrepreneurship offers not only new ways to address social problems, but also new ways of thinking about them.



## **NEW TAX FORMS**

Explore tax structures to enable new organizational forms. Social innovation economy organizations have different organizational form, with some blur boundaries between nonprofit and for-profit sectors. New tax structures that promotes philanthropy and social investments can help encourage social innovation.

## **BUDGET FOR SUPPORTING SOCIAL INNOVATION**

National and local governments can allocate a percentage of the budget to stimulate innovation. and support socio-entrepreneurial initiatives.

## **SOCIAL INNOVATION FUND**

The creation of a fund specifically designed to promote social entrepreneurship would allow the governments to follow a performance-based investment model.



## **CONCLUSION**

Young migrants are always trying to find ways to manage and adapt to new environments and employment is a special challenge when related with becoming an active member of society. Many migrants are not able to find employment and entrepreneurship and establish their own businesses is one solution.

Entrepreneurship promotes social inclusion and young people always have bright ideas that they can use and turn them into innovative businesses. People from other countries are able to bring new ideas that might not be very common in a different country.

Entrepreneurship and social inclusion go hand in hand. But to have a successful program for young migrant entrepreneurs its essential that promoters provide information, training and support to migrants, especially the young ones.

If entrepreneurship is the right way for migrant integration its fundamental to provide migrant entrepreneurs and young entrepreneurs in general with the tools, they need to build their business.

Youth work plays a key role in reaching out to all young people, including young migrants. Youth work helps in supporting inclusion, through its close and informal contacts with young people, its youth-friendly outreach and its ability to encourage young people to contact local support institutions.

The value of youth work in the areas of employment and entrepreneurship lies in its ability to contribute simultaneously towards both wellbeing and employability. There's huge potential in youth work to reach and empower young people. Young people attracted to youth work activities benefit from the opportunities to embrace problem-solving approaches, creativity and innovation, which can all help them in establishing meaningful life patterns.

Youth work contributes to young people's employability by developing skills that are in demand on the labor market or specific behaviors that are required to a job.

Youth work primarily aims at enabling social integration and personal growth, while enhancing active citizenship and improving employability. The acquisition of transferable skills, like life skills, civic skills or social skills, is acknowledged as being an objective of youth work.

Some studies show that on average immigrants are more prone to set up their own business compared to citizens with a non-migrant background. There is an economic interest in facilitating entrepreneurship among migrants.

Entrepreneurship is one of the ways to ensure the integration and the economic independence of migrants. Initiatives on giving information, training and support to migrants, especially the young ones, in order to help them establishing their own business, can increase the entrepreneurial activity and social and economical inclusion.

Youth work plays a key role in reaching out to all young migrants, specially supporting the development of entrepreneurial skills.



