Ethnic entrepreneurship

Case study: Lisbon, Portugal
Contents

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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. This network comprises a steering committee, a group of expert European research centres and a number of European cities. In the following two years, the cities of Vienna and Amsterdam joined the CLIP Steering Committee. The network is also supported by the Committee of the Regions (CoR) and the Council of European Municipalities and Regions (CEMR) and has formed a partnership with the European Network Against Racism (ENAR).

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

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

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

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

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

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

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

The author would like to thank all the interviewees and the participants met during the field visit. She is particularly grateful to Ana Fortes and Marisa Mateus, from the Studies and Planning Division of the Social Affairs Department of the Municipality of Lisbon, for their support in collecting materials and information.

The author is completely responsible for the content of this report, the copyright of which remains with Eurofound.
The fourth module of the CLIP project focuses on ethnic entrepreneurship, its role in the local economy and the policy created to facilitate setting up and developing small and medium-sized enterprises (SMEs). The study focuses on the emergence of ethnic entrepreneurs in the sectors and cities involved and the role of governmental and non-governmental regulations in it.

This report on Lisbon first outlines the evolution of the immigrant population in Portugal. Lisbon is home to the majority of the country’s foreign population. Reports on the economic context, immigration and foreign entrepreneurship also consider the Metropolitan Area of Lisbon (MAL), which comprises several municipalities where immigrants, national enterprises and foreigner enterprises are also present. The MAL has a fundamental role in the national urban economy. It occupies some 3% of total territory and, in 2004, had 2.8 million inhabitants (26.2% of the total national population). The MAL concentrates some 35% of the country’s gross domestic product (GDP).

This report considers data that refer specifically to the city as well as data referring to the MAL.

Chapter 2 starts with a description of the urban economy of the city, the MAL and the national context. As Lisbon and the MAL area have a high percentage of all enterprises operating in Portugal, national-level data have been used as they mirror, to a large extent, the Lisbon context. Several sources are used, such as the National Institute of Statistics (INE), the Aliens and Borders Service (SEF), the Work and Social Security Ministry (MTSS) and the Ministry of Economy, Innovation and Development (MEID).

The report then presents an analysis of migrant entrepreneurship in the Lisbon area. This part of the report relies primarily on interviews carried out with migrant entrepreneurs, independent and public institutions, on INE data and Oliveira’s studies (2008a and 2008b) that gives an extensive overview of the situation in the last few years.

Finally, Chapter 6 describes and analyses the rules and policies that regulate the creation of enterprises in general and those of immigrants where pertinent. This section is based on interviews and on several websites that provide such information.

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2 Data are from the 2009 annual report on the Lisbon region from the National Institute of Statistics Institute (INE).
**Brief description of the city**

The MAL is the largest Portuguese metropolitan area. It comprises 18 municipalities and about 25% of Portuguese people live there. The MAL is also the economic and financial centre of Portugal (Fonseca et al, 2002).

The city of Lisbon is in the centre of the MAL and since the 1950s it has undergone a steady demographic growth. This is due to a series of successive migration inflows, namely domestic migration, the return home of Portuguese people living in the former colonies and, since the 1980s, foreign immigration. However, since the 1990s, the population within the municipality of Lisbon has declined significantly, decreasing by about 15% between 1991 and 2001; according to the 2001 census, the municipality of Lisbon has almost 565,000 inhabitants. During this time, other municipalities of the MAL experienced a population growth. This change is mostly due to economically active young people moving to the suburbs and has been reinforced both by the tertiarisation of the central areas and by the increase in housing prices in more central and prestigious areas. The size of the migrant population has also decreased: in 2001, the municipality of Sintra overtook Lisbon as the municipality in the MAL with the largest concentration of immigrants. Furthermore, at 3.3%, the proportion of immigrants in the population of Lisbon is substantially lower than the MAL average, which is 4.7% (Fonseca et al, 2008).

Over the last two decades, major changes in the social structure of Lisbon’s population have been linked to the widening of the income gap between social groups and to the emergence of a new type of poverty and social exclusion that is associated with unemployment, old age and ethnicity. Contributing factors include the restructuring of industrial output, changes in the professional and ethnic composition of the population and the major urban interventions that have taken place in the city of Lisbon. The diversification and segmentation of the labour market have led to an increase in unskilled jobs that are usually filled by migrants. Employment opportunities and security have become increasingly precarious, particularly in personal and domestic services and the building industry, where ethnic minorities are overrepresented (Malheiros and Vala, 2004; Fonseca and Esteves, 2002).

It is also relevant to note that since 2002, the city of Lisbon, like the rest of the country, has undergone an economic downturn, which may lead to these social and economic disparities being widened. In fact, immigrant groups seem to be the most vulnerable to the economic downturn, as they are facing increasing difficulties in finding jobs; this is reflected in the fact that they have a higher unemployment rate than indigenous Portuguese people (Fonseca et al, 2008).

**Migrant population**

Data in this chapter are obtained from three different sources: SEF, INE and MTSS. The INE data are for 2001, the date of the last national population census. The data from SEF are more recent (up to 2008) and consider the numbers of foreigners with residence permits and those awaiting the renewal of long-stay permits. Finally, data from the MTSS, extracted from the Peixoto report (2008), allow a detailed analysis of immigrant workers and their work status. Some data with a national scope are also included, but as Lisbon and its metropolitan area house the large majority of immigrants, it is considered that such data mirror the city’s immigration situation.

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3 In 2001, 55% of the total migrant population lived in the MAL.

4 In 2006, the unemployment rate for the population of men born in Portugal was 6.9% and for foreign-born men 8.2%, while for women it was 9.3% and 11.4% respectively (SOPEMI-OECD, 2008).
In 1980, there were only 50,750 foreigners in Portugal. In 2001 this number had jumped to 350,898, an increase of 591%. In 2001 and 2002, the highest rates of growth were registered due to Decree-Law no. 4/2001 of 10 January 2001, which regulated the entry, stay and leaving conditions of migrants in Portugal. This law allowed the regularisation of immigrants, which led to the arrival of many foreigners from eastern European countries. After 2002, the growth in numbers of foreigners in Portugal began to decline along with negative growth between 2004 and 2005. According to the interviews conducted for this report, this may be explained by the lack of economic opportunities in the labour market and the emigration of some migrants to other European Union countries. This is particularly evident in the case of Ukrainians who have left Portugal to return home or to emigrate to other countries. In the past few years, foreign population growth has been between 1.04% and 3.7%. Table 1 gives an overview of the foreign population with a residence permit in Portugal between 1980 and 2008.

Table 1: Evolution of the foreign population in Portugal, 1980–2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Growth %</th>
<th>Year</th>
<th>Total</th>
<th>Growth %</th>
<th>Year</th>
<th>Total</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>54,414</td>
<td>7.21</td>
<td>1991</td>
<td>113,978</td>
<td>5.76</td>
<td>2001</td>
<td>350,898</td>
<td>69.02</td>
</tr>
<tr>
<td>1982</td>
<td>58,674</td>
<td>7.82</td>
<td>1992</td>
<td>123,612</td>
<td>8.45</td>
<td>2002</td>
<td>413,487</td>
<td>17.84</td>
</tr>
<tr>
<td>1986</td>
<td>86,982</td>
<td>9.28</td>
<td>1996</td>
<td>172,912</td>
<td>2.73</td>
<td>2006</td>
<td>420,189</td>
<td>1.33</td>
</tr>
<tr>
<td>1987</td>
<td>89,778</td>
<td>3.21</td>
<td>1997</td>
<td>175,263</td>
<td>1.35</td>
<td>2007</td>
<td>435,736</td>
<td>3.70</td>
</tr>
</tbody>
</table>

Source: SEF data, 2008

Table 2 provides information about the 10 main nationalities for 1986, 1996, 2006 and 2008. It shows that the composition of nationalities changed considerably in these years. In 1986, migrants were mainly from Europe (Spain, Germany, France and the United Kingdom (UK)), the United States (US) and Canada. However, Cape Verde and Brazil accounted for the two highest country totals. Subsequent analysis shows that these two countries still formed the main migrant populations in 1996, followed by migrants originating from former Portuguese colonies in Africa, the so-called PALOP. In 2006, although Brazilians and people from Cape Verde still topped the list, they were now closely followed by eastern Europeans, especially those from the Ukraine and Moldova. PALOP countries continued to be among the 10 major nationalities, far outstripping people from Canada and France. In 2008, Brazil was still at the top, with the Ukraine, Romania and Moldova high on the list, although PALOP is still represented. A new group on this list is Chinese immigrants, who have increased in number substantially. Western and EU countries no longer feature on the list, with the exception of the UK.

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5 Paises Africanos de Lingua Oficial Portuguesa (African Countries of Portuguese Official Language).
The highest numbers of foreign nationals are aged 20–39 (Table 3). The ratio is relatively similar for men and women. Indeed, 47.2% of men are between 20 and 39 years old and 50.1% of women are between 20 and 39 years old. Young people aged up to 19 years old form only 17.4% of the total foreign population, followed by those in the age group 40–64 who comprise 30.6% of the total foreign population. Finally, there are few elderly foreigners, comprising only 3.4% of the total foreign population.

Data on the educational level of foreign population refer to the 2001 Portuguese census. Data are at the national level, but as the great majority of Portugal’s foreign population is in Lisbon, that data can be considered as mirroring the Lisbon case. This being so, there are some interesting differences. Cape Verdians represent the highest share of those with very low levels of education (Table 4). Indeed, 80% of the Cape Verde population has a very low level of education. This foreign group is followed by other PALOP countries, with 46.9% having a very low level of education. Brazil is in the third position, with 30.8% of Brazilians displaying a very low level of education, while 22.9% of people from eastern European countries and 23% of those from the EU15 have very low levels of education. An interesting aspect is the share of very low levels of education among native-born people, with 60.1% of total population in this category. Illiteracy is an important indicator of the educational level. Cape Verde has the highest share: 14.8% of the population is illiterate. Brazil and EU15 countries have a lower share, with 0.7% and 0.6% respectively. A low level of education is also present in all nationalities, with the highest share for other PALOP and an 11.6% share for Cape Verde. Medium educational level is relatively equally distributed among the different groups except for Cape Verdians, with 6.4% of the total Cape Verde population. Finally, a high educational level is more common for Brazil, eastern European countries and EU15

### Table 2: Ten main foreign nationalities in Portugal, 1986, 1996, 2006 and 2008

<table>
<thead>
<tr>
<th>Nationality</th>
<th>1986 No.</th>
<th>%</th>
<th>1996 No.</th>
<th>%</th>
<th>2006 No.</th>
<th>%</th>
<th>2008 No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cape Verde</td>
<td>26,301</td>
<td>30.2</td>
<td>26,301</td>
<td>30.2</td>
<td>26,301</td>
<td>30.2</td>
<td>26,301</td>
<td>30.2</td>
</tr>
<tr>
<td>Brazil</td>
<td>7,728</td>
<td>18.1</td>
<td>10,000</td>
<td>22.7</td>
<td>12,000</td>
<td>16.8</td>
<td>17,900</td>
<td>22.7</td>
</tr>
<tr>
<td>Spain</td>
<td>6,958</td>
<td>8.0</td>
<td>16,300</td>
<td>35.4</td>
<td>39,086</td>
<td>52.5</td>
<td>52,553</td>
<td>32.5</td>
</tr>
<tr>
<td>US</td>
<td>6,326</td>
<td>7.3</td>
<td>12,600</td>
<td>27.2</td>
<td>33,567</td>
<td>22.9</td>
<td>27,828</td>
<td>19.6</td>
</tr>
<tr>
<td>UK</td>
<td>5,872</td>
<td>6.8</td>
<td>12,000</td>
<td>26.6</td>
<td>25,247</td>
<td>17.4</td>
<td>27,410</td>
<td>16.4</td>
</tr>
<tr>
<td>Venezuela</td>
<td>4,756</td>
<td>5.5</td>
<td>9,300</td>
<td>20.9</td>
<td>19,592</td>
<td>14.0</td>
<td>25,062</td>
<td>14.6</td>
</tr>
<tr>
<td>Angola</td>
<td>3,966</td>
<td>4.6</td>
<td>8,500</td>
<td>19.1</td>
<td>16,597</td>
<td>11.7</td>
<td>21,147</td>
<td>12.7</td>
</tr>
<tr>
<td>Germany</td>
<td>3,573</td>
<td>4.1</td>
<td>7,900</td>
<td>17.8</td>
<td>14,246</td>
<td>10.3</td>
<td>15,371</td>
<td>9.3</td>
</tr>
<tr>
<td>France</td>
<td>2,574</td>
<td>3.0</td>
<td>5,100</td>
<td>11.7</td>
<td>13,851</td>
<td>9.7</td>
<td>13,384</td>
<td>8.3</td>
</tr>
<tr>
<td>Canada</td>
<td>2,559</td>
<td>2.9</td>
<td>4,400</td>
<td>9.9</td>
<td>11,273</td>
<td>8.0</td>
<td>11,981</td>
<td>7.2</td>
</tr>
<tr>
<td>Total</td>
<td>86,982</td>
<td></td>
<td>17,900</td>
<td></td>
<td>426,122</td>
<td></td>
<td>443,102</td>
<td></td>
</tr>
</tbody>
</table>

Source: SEF, 2008

### Table 3: Total foreign population in Portugal, by age group and gender, 2008

<table>
<thead>
<tr>
<th>Gender</th>
<th>Total No.</th>
<th>Total %</th>
<th>0–19 %</th>
<th>20–39 %</th>
<th>40–64 %</th>
<th>65 and more %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>440,277</td>
<td>100.0</td>
<td>76,809</td>
<td>17.4</td>
<td>213,774</td>
<td>48.5</td>
</tr>
<tr>
<td>Men</td>
<td>230,566</td>
<td>52.4</td>
<td>39,545</td>
<td>17.2</td>
<td>108,873</td>
<td>47.2</td>
</tr>
<tr>
<td>Women</td>
<td>209,711</td>
<td>47.6</td>
<td>37,264</td>
<td>17.8</td>
<td>104,901</td>
<td>50.1</td>
</tr>
</tbody>
</table>

Source: SEF, 2008

The highest numbers of foreign nationals are aged 20–39 (Table 3). The ratio is relatively similar for men and women. Indeed, 47.2% of men are between 20 and 39 years old and 50.1% of women are between 20 and 39 years old. Young people aged up to 19 years old form only 17.4% of the total foreign population, followed by those in the age group 40–64 who comprise 30.6% of the total foreign population. Finally, there are few elderly foreigners, comprising only 3.4% of the total foreign population.

### Table 4: Total foreign population in Portugal, by gender and age group, 2008

<table>
<thead>
<tr>
<th>Gender</th>
<th>Total No.</th>
<th>Total %</th>
<th>0–19 %</th>
<th>20–39 %</th>
<th>40–64 %</th>
<th>65 and more %</th>
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</tbody>
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countries. Cape Verde and other PALOP states have low shares with 2.1% and 6.8%, respectively. It is interesting to note that high-level education is particularly uncommon among the native-born population (11%). In conclusion, Cape Verdian and native-born populations are similar as regards educational levels. Eastern European countries and EU15 countries have better educational standards.

Table 4: Educational level in Portugal, by main nationalities, 2001 (%)

<table>
<thead>
<tr>
<th>Country of birth</th>
<th>Very low</th>
<th>Of which illiterate</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cape Verde</td>
<td>80</td>
<td>14.8</td>
<td>11.6</td>
<td>6.4</td>
<td>2.1</td>
</tr>
<tr>
<td>Other PALOP</td>
<td>46.9</td>
<td>4.4</td>
<td>25.3</td>
<td>21.1</td>
<td>6.8</td>
</tr>
<tr>
<td>Brazil</td>
<td>30.8</td>
<td>0.7</td>
<td>18.6</td>
<td>30.1</td>
<td>20.6</td>
</tr>
<tr>
<td>Eastern European countries</td>
<td>22.9</td>
<td>2.2</td>
<td>17.4</td>
<td>30.5</td>
<td>29.2</td>
</tr>
<tr>
<td>EU15</td>
<td>23.0</td>
<td>0.6</td>
<td>14.8</td>
<td>28.2</td>
<td>34.1</td>
</tr>
<tr>
<td>Native born</td>
<td>60.1</td>
<td>2.3</td>
<td>14.5</td>
<td>14.5</td>
<td>11.0</td>
</tr>
</tbody>
</table>

Source: Census, INE, 2001

Foreigners are essentially distributed across seven main economic sectors:

- manufacturing industry (14.2%);
- construction (23.9%);
- wholesale and retail trade, motor repairs (11.1%);
- accommodation and restaurants (14.8%);
- transportation (3.5%);
- estate agencies, services to firms (22.3%);
- health and social work (2.8%).

Table 5 shows the distribution of employed foreigners and total population by sector of activity. This distribution among sectors is not surprising if it is considered that foreigners, with the exception of the former EU15 countries, Canada and the US, are mainly blue-collar workers for men and cleaners and care-givers for women.
### Table 5: Total employed population and foreign population in Portugal, by sector of activity, 2004

<table>
<thead>
<tr>
<th>Sector of activity</th>
<th>Foreigners</th>
<th></th>
<th>Total</th>
<th></th>
<th>% Foreigner/total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
<td>Number</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>3,535</td>
<td>2.6</td>
<td>43,566</td>
<td>1.7</td>
<td>8</td>
</tr>
<tr>
<td>Fishing</td>
<td>156</td>
<td>0.1</td>
<td>4,082</td>
<td>0.2</td>
<td>3.8</td>
</tr>
<tr>
<td>Extractive industries</td>
<td>567</td>
<td>0.4</td>
<td>12,216</td>
<td>0.5</td>
<td>4.6</td>
</tr>
<tr>
<td>Manufacturing industry</td>
<td>19,656</td>
<td>14.2</td>
<td>723,449</td>
<td>28.1</td>
<td>3</td>
</tr>
<tr>
<td>Electricity, water and gas</td>
<td>116</td>
<td>0.1</td>
<td>11,58</td>
<td>0.4</td>
<td>1</td>
</tr>
<tr>
<td>Construction</td>
<td>32,990</td>
<td>23.9</td>
<td>312,762</td>
<td>12.2</td>
<td>11</td>
</tr>
<tr>
<td>Wholesale and retail trade, motor repair</td>
<td>15,363</td>
<td>11.1</td>
<td>500,042</td>
<td>19.4</td>
<td>12</td>
</tr>
<tr>
<td>Accommodation and restaurants</td>
<td>20,430</td>
<td>14.8</td>
<td>169,744</td>
<td>6.6</td>
<td>3</td>
</tr>
<tr>
<td>Transportation, connections</td>
<td>4,803</td>
<td>3.5</td>
<td>141,566</td>
<td>5.5</td>
<td>1</td>
</tr>
<tr>
<td>Financial activities</td>
<td>609</td>
<td>0.4</td>
<td>78,366</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Real estate, services to firms</td>
<td>30,876</td>
<td>22.3</td>
<td>304,551</td>
<td>11.8</td>
<td>1</td>
</tr>
<tr>
<td>Public administration</td>
<td>140</td>
<td>0.1</td>
<td>13,404</td>
<td>0.5</td>
<td>3</td>
</tr>
<tr>
<td>Education</td>
<td>1,185</td>
<td>0.9</td>
<td>44,469</td>
<td>1.7</td>
<td>3</td>
</tr>
<tr>
<td>Health and social work</td>
<td>3,880</td>
<td>2.8</td>
<td>129,283</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Other activities of collective, social and personal services</td>
<td>3,940</td>
<td>2.8</td>
<td>84,674</td>
<td>3.3</td>
<td>17</td>
</tr>
<tr>
<td>International organisations</td>
<td>6</td>
<td>0</td>
<td>36</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>138,252</td>
<td>100</td>
<td>2,573,718</td>
<td>100</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: MTSS/DGEEP, 2004 (in Peixoto, 2008)
This section is based on INE reports (2008a and 2008b). Very few studies have been found that specifically consider the Lisbon and MAL urban economy.

**Historical development**

According to INE (2008a and 2008b), the MAL presents specificities that influence the development of the Lisbon urban economy. These features are, among others, industrial relocalisation, the devolution of economic activities and a process of coastal tourism.

The changes in the urban economy are mirrored by the changes in the active population. In the last three decades, Portugal has witnessed a change from primary and secondary sectors of activity to a development of the tertiary sector, namely of trades and services. However, the secondary sector, namely industries, is still present to the south of the MAL. The primary sector is mostly concentrated in the north of the MAL and employs only 1.2% of the total active population. The urban economy of Lisbon can be considered a post-modern economy, in the sense that the urban economy of the city is mostly dedicated to services. According to the INE reports (2008 and 2009), the MAL has the greatest concentration of firms in the country. In 1991, there were 70,716 firms in the MAL; that is, around 40% of all the firms in Portugal. In 1998, there were almost 100,000 firms, employing almost 1 million people. Over the years, characteristics of firms have changed, and they have become smaller and more numerous. In 1991, for every 10 firms in the MAL, two had fewer than 10 workers, four had 10–499 workers and four had 500 or more. In 1990, there were some 55,000 enterprises. In 1997, there were 75,000, an annual increase of 5.2%. The annual creation rate of new enterprises was 15%, while the annual ‘mortality’ rate of enterprises was 10%.

Another important aspect in the development of the Lisbon and MAL urban economy has been the increase of investment and workers in the information technology (IT) sector (INE, 2008a and 2008b).

**Main industries and services**

According to INE (2008 data), the main industries and services, consistent with the distribution of workforce by sectors of activity, are services to firms, retail trade, wholesale trade, accommodation, restaurants and construction. These activities account for 60% of employment in the MAL. In the city of Lisbon, the share of services is more evident (84%). Apart from the above, there are also air transport, telecommunications, banks and insurance.

**Size and characteristics of workforce**

Data for the MAL and for the city of Lisbon do not differ much in terms of the distribution of employed people in the primary (agricultural), secondary (manufacturing) and tertiary (services) sectors (Table 6). First of all, in the total employed population, there are more men than women both in the MAL area and the city of Lisbon, with 56.2% and 52.2% respectively.

The primary sector has very few employed out of the total employed population, with only 0.2% in the MAL area and 0.1% in Lisbon, while 19.3% of the total employed population of the MAL area and 9.4% of the total employed population in Lisbon work in the secondary sectors. As is clear, secondary sector establishments are located mainly outside Lisbon. This also applies to the share of men and women employed in the secondary sector. There are more men and women working in this sector in the MAL area than in Lisbon. In fact, 26.4% of the total employed men work in secondary activities in the MAL area while they account for only 13.5% in Lisbon. The share of women is lower, with 10.3% of total women working in this sector in the MAL area and 5% in Lisbon.
The tertiary sector employs the majority of workers in Lisbon and the MAL area. As for the latter, 80.5% of the employed population works in this sector, while in Lisbon the ratio is even higher, with 90.4% of the employed population. The distribution for men and women over the total population shows a difference between the MAL area and Lisbon. In fact, men employed in the tertiary sector over the total employed male population are 67% in the MAL area and 86.3% in Lisbon. There are also more women employed in this sector in Lisbon than in the MAL area.

Table 6: Distribution of the employed population in the MAL area and in Lisbon, by sector of activity and gender, 2007

<table>
<thead>
<tr>
<th>Sector</th>
<th>Gender</th>
<th>MAL</th>
<th>%</th>
<th>Lisbon</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Total</td>
<td>570,954</td>
<td>100.0</td>
<td>285,253</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>320,746</td>
<td>56.2</td>
<td>148,905</td>
<td>52.2</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>250,208</td>
<td>43.8</td>
<td>136,348</td>
<td>47.8</td>
</tr>
<tr>
<td>Primary sector</td>
<td>Total</td>
<td>1,222</td>
<td>0.2</td>
<td>335</td>
<td>0.1</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>806</td>
<td>0.2</td>
<td>230</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>416</td>
<td>0.2</td>
<td>105</td>
<td>0.1</td>
</tr>
<tr>
<td>Secondary sector</td>
<td>Total</td>
<td>110,382</td>
<td>19.3</td>
<td>26,919</td>
<td>9.4</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>84,575</td>
<td>26.4</td>
<td>20,150</td>
<td>13.5</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>25,807</td>
<td>10.3</td>
<td>6,769</td>
<td>5.0</td>
</tr>
<tr>
<td>Tertiary sector</td>
<td>Total</td>
<td>459,350</td>
<td>80.5</td>
<td>257,999</td>
<td>90.4</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>235,365</td>
<td>67.0</td>
<td>128,525</td>
<td>86.3</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>223,985</td>
<td>89.5</td>
<td>129,474</td>
<td>95.0</td>
</tr>
</tbody>
</table>

Source: INE, 2008 Annual Lisbon Statistics

An important indicator for this report is the occupational status of the employed population. Of the total employed population (2008 data), 49.9% are men and 50.1% women. Of the total employed population, 14.9% are self-employed. Among self-employed people, men are in the majority (61.9%) while women comprise 38.1% of all self-employed people (Table 7).

Table 7: Employed population in MAL and rate of self-employed, by gender, 2008

<table>
<thead>
<tr>
<th>Occupational status</th>
<th>Gender</th>
<th>Number in thousands</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>Total</td>
<td>1,130,1</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>563,9</td>
<td>49.9</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>566,2</td>
<td>50.1</td>
</tr>
<tr>
<td>Of which:</td>
<td>Total</td>
<td>187,1</td>
<td>14.9</td>
</tr>
<tr>
<td>Self-employed</td>
<td>Men</td>
<td>115,8</td>
<td>61.9</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>71,3</td>
<td>38.1</td>
</tr>
</tbody>
</table>

Source: INE, 2008 Annual Lisbon Statistics

More than 50% of the active population in the Lisbon region has only a basic education, with some 20% having only a primary (elementary) school education or no education. As for the gender distribution, data refer only to basic school levels, at which men are usually overrepresented. Table 8 shows the level of education of the active population in the MAL for 2008.
Qualified occupations such as managerial staff, directors of enterprises, intellectual professions, intermediary technicians and administrative staff make up some 48.5% of the total employed population in the Lisbon region (as outlined in Table 9). Services staff and salespeople also have a significant share, accounting for 16.3% of the total employed population. Non-qualified workers, operators of machinery and blue-collar workers make up 28.1% of the total employed population. Finally, farmers and fishery workers account for just 1.2%, similar to that of people employed in the army (1.1%).
Table 9: Employed population in the MAL, by occupation, 2008

<table>
<thead>
<tr>
<th></th>
<th>Number in thousands</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,327,5</td>
<td>100.0</td>
</tr>
<tr>
<td>Managerial staff, directors of enterprises</td>
<td>104,4</td>
<td>7.8</td>
</tr>
<tr>
<td>Intellectual professions</td>
<td>184,8</td>
<td>13.9</td>
</tr>
<tr>
<td>Intermediary technicians</td>
<td>185,1</td>
<td>13.9</td>
</tr>
<tr>
<td>Administrative staff</td>
<td>171,9</td>
<td>12.9</td>
</tr>
<tr>
<td>Services staff and salespeople</td>
<td>215,8</td>
<td>16.3</td>
</tr>
<tr>
<td>Farmers, fishery workers</td>
<td>15,7</td>
<td>1.2</td>
</tr>
<tr>
<td>Blue-collar workers</td>
<td>173,4</td>
<td>13.1</td>
</tr>
<tr>
<td>Machine operators</td>
<td>68</td>
<td>0.5</td>
</tr>
<tr>
<td>Non-qualified workers</td>
<td>193,2</td>
<td>14.5</td>
</tr>
<tr>
<td>Army personnel</td>
<td>15,3</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: INE, 2008 Annual Lisbon Statistics

The unemployment rate in the MAL stood at 8.2% in 2008 (Table 10). For women, the rate is higher than the total unemployment rate, at 8.4%. The group aged 15–24 have an unemployment rate of 20.9%.

Table 10: Unemployment rate in the MAL, 2008

<table>
<thead>
<tr>
<th></th>
<th>Unemployment rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>8.2</td>
</tr>
<tr>
<td>Women</td>
<td>8.4</td>
</tr>
<tr>
<td>15–24 years</td>
<td>20.9</td>
</tr>
</tbody>
</table>

Source: INE, 2008 Annual Lisbon Statistics

When looking at the distribution of the foreign and total population in Portugal by work status in 2004, it appears there is a high percentage of foreign nationals among the skilled, semi-skilled and unskilled workers (77.5% of the total foreign employed population) (Figure 11). Compared with the total employed population, foreigners are more prevalent among unskilled workers (30.8%). As expected, the share of the total population among those who are highly skilled, team leaders, middle managers and senior managers is higher for Portuguese employed people than for foreign employed people.
Table 11: Total employed population and foreign employed by type of job in Portugal, 2004

<table>
<thead>
<tr>
<th>Professional status</th>
<th>Employed people with foreign nationality</th>
<th>Employed people total</th>
<th>% Foreigner/total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
<td>Number</td>
</tr>
<tr>
<td>Senior managers</td>
<td>3,771</td>
<td>2.7</td>
<td>152,644</td>
</tr>
<tr>
<td>Middle managers</td>
<td>2,687</td>
<td>1.9</td>
<td>113,018</td>
</tr>
<tr>
<td>Team leaders</td>
<td>1,602</td>
<td>1.2</td>
<td>96,610</td>
</tr>
<tr>
<td>High-skilled professionals</td>
<td>3,075</td>
<td>2.2</td>
<td>165,692</td>
</tr>
<tr>
<td>Skilled workers</td>
<td>45,073</td>
<td>32.6</td>
<td>1,054,860</td>
</tr>
<tr>
<td>Semi-skilled workers</td>
<td>19,459</td>
<td>14.1</td>
<td>411,660</td>
</tr>
<tr>
<td>Unskilled workers</td>
<td>42,591</td>
<td>30.8</td>
<td>338,992</td>
</tr>
<tr>
<td>Apprentices</td>
<td>9,028</td>
<td>6.5</td>
<td>134,542</td>
</tr>
<tr>
<td>Unknown level</td>
<td>10,966</td>
<td>7.9</td>
<td>105,701</td>
</tr>
<tr>
<td>Total</td>
<td>138,252</td>
<td>100.0</td>
<td>2,573,719</td>
</tr>
</tbody>
</table>

Source: MTSS/DGEEP, 2004 (in Peixoto, 2008)

With regard to type of job contracts, of the total employed foreign population, 97% are salaried employees and 2.9% are entrepreneurs (Table 12). The share of entrepreneurs is higher for men (3.2%) than for women (2.3%).

Table 12: Employed foreign population, by type of job contract in Portugal, 2004

<table>
<thead>
<tr>
<th>Foreigners</th>
<th>Number</th>
<th>%</th>
<th>Number</th>
<th>%</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneur</td>
<td>4,087</td>
<td>2.9</td>
<td>2,881</td>
<td>3.2</td>
<td>1,206</td>
<td>2.3</td>
</tr>
<tr>
<td>Non-salaried family worker</td>
<td>64</td>
<td>0</td>
<td>37</td>
<td>0.0</td>
<td>27</td>
<td>0.1</td>
</tr>
<tr>
<td>Salaried employees</td>
<td>138,252</td>
<td>97.0</td>
<td>87,411</td>
<td>96.7</td>
<td>50,841</td>
<td>97.5</td>
</tr>
<tr>
<td>Cooperative activity</td>
<td>40</td>
<td>0.0</td>
<td>17</td>
<td>0.0</td>
<td>23</td>
<td>0.0</td>
</tr>
<tr>
<td>Non-defined situation</td>
<td>131</td>
<td>0.1</td>
<td>93</td>
<td>0.1</td>
<td>38</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>142,574</td>
<td>100.0</td>
<td>90,439</td>
<td>100.0</td>
<td>52,135</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: MTSS/DGEEP, 2004 (in Peixoto, 2008)

An analysis of the contractual position of the main nationalities present in Portugal in 2004 shows that nationals of the 25 EU Member States prior to enlargement in May 2004 (EU25) have the highest percentage of entrepreneurs (14%), followed by Brazilians (1.7%), Cape Verdians and those from other PALOP countries (1.3%) (Table 13). The 7% of the foreign nationals included in the ‘others’ category are entrepreneurs; however, data do not provide more details on the nationalities included (except for Asian people). Finally, eastern European countries have a low percentage of entrepreneurs, with 0.5% for other eastern European countries and 0.2% for Ukrainian citizens.
Development of small and medium businesses

In order to classify SMEs, two criteria are identified by Portuguese legislation: the number of workers and the turnover as defined in Decree-Law no. 372/2007. This means that SMEs have fewer than 250 employees and their annual turnover does not exceed €50 million. Among these enterprises, micro-enterprises have fewer than 10 employees and a maximum turnover of €2 million per year. Small enterprises have fewer than 50 employees and a turnover of no more than €10 million per year (IAPMEI, 2008b).

Data for the national level are presented here but as the majority of enterprises are concentrated in Lisbon and its metropolitan area, the national data mirror the city figures. Portuguese SMEs represent some 99.6% of all companies, and account for three-quarters of workplaces. In 2007, there were some 297,000 SMEs, with some 2.1 million workplaces. Micro- and small enterprises represent 97.3% of enterprises and have some 1.5 million workers. Micro- and small enterprises play an increasingly relevant role in the Portuguese economy, with positive growth over the years. Between 2000 and 2005, the number of new micro- and small enterprises grew by 7% per year while the number of large enterprises grew only 1.1% per year. This means that some 17,100 enterprises were created each year with around 77,100 new workplaces per year (IAPMEI, 2008b). An important aspect is the constant reduction of the mean number of workers per enterprise. For instance, there were eight employees per enterprise in 2000 and seven employees per enterprise in 2005.

When considering the sectors of activity, and with data from the 2007 report by the Institute for Support to Small and Medium Enterprises and Innovation (IAPMEI, 2008a), one interesting point is that most companies are active in the tertiary sector. Indeed, trade and services (including tourism) are dominant in the national economy.

SMEs are very important in the trade sector. In 2007, at the national level, there were 299,115 enterprises out of a total of 1,101,681 enterprises (some 31.7%). Trade has the highest share of enterprises and the highest share of people employed (871,289 employees out of 3,831,034 employees at national level). This is also the case for Lisbon. In general, trade enterprises are small or medium enterprises: 96.3% are small enterprises employing fewer than 10 people.

In the services sector, there were 56,000 enterprises in 2000, accounting for 22.4% of the workforce (520,000 workplaces) (IAPMEI, 2008b). Between 2000 and 2005, the number of service enterprises grew by 10.1% per year. This
increase of services in the Portuguese economy is associated with the decline in the manufacturing industry. Another growing sector is construction, with an annual increase of 13.5%. In 2000, 10.2% of enterprises were in this sector of activity, while in 2005 it accounted for 13.9% of enterprises.

The distribution of SMEs by sector, according to the report from the Institute of Support for Small and Medium Enterprises (IAPMEI, 2008b), is as follows:

- 99.9% of enterprises in tourism are SMEs;
- 99.6% of enterprises in services are SMEs;
- 99.2% of enterprises in manufacturing are SMEs;
- 99.7% of enterprises in extraction are SMEs;
- 95.4% of enterprises in energy are SMEs;
- 99.8% of enterprises in construction are SMEs;
- 99.7% of enterprises in trade are SMEs.

Looking at the geographical distribution of those enterprises, there is a substantial concentration in two regions: the North and Lisbon (some two-thirds of enterprises). However, there has been a process of diffusion of enterprises throughout Portugal (IAPMEI, 2008b).

Table 14 shows key indicators for enterprises in the MAL area and Lisbon in 2008. The density of enterprises is higher in the MAL area than in Lisbon. Moreover, enterprises are mostly individual firms; that is, under sole ownership. The number of employed persons is rather low, with 95.9% of enterprises having fewer than 10 workers. The mean number of workers per enterprise is 4 for Lisbon and 4.4 for the MAL area. Finally, it is evident that the turnover is higher in MAL than in Lisbon.

Table 14: Key indicators for enterprises, MAL and Lisbon, 2008

<table>
<thead>
<tr>
<th></th>
<th>MAL</th>
<th>Lisbon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Density of enterprises</td>
<td>190.3</td>
<td>114.7</td>
</tr>
<tr>
<td>Proportion of individual enterprises (%)</td>
<td>63.0</td>
<td>65.28</td>
</tr>
<tr>
<td>Proportion of enterprises with fewer than 250 employed (%)</td>
<td>99.8</td>
<td>99.9</td>
</tr>
<tr>
<td>Proportion of enterprises with fewer than 10 persons employed (%)</td>
<td>95.6</td>
<td>95.9</td>
</tr>
<tr>
<td>Persons employed per enterprise no.</td>
<td>4.4</td>
<td>4.0</td>
</tr>
<tr>
<td>Turnover per enterprise (thousand euro)</td>
<td>572.2</td>
<td>496.6</td>
</tr>
</tbody>
</table>

Source: INE, 2008 Annual Lisbon Statistics

**Sectoral and spatial distribution of SMEs**

According to IAPMEI, the spatial distribution of small and medium-sized enterprises reveals a plethora of nodes of distribution and spatial specialisations. There is a concentration of financial activities, real estate and services to enterprises in Lisbon and, to a lesser degree, in Oeiras. The highest share of manufacturing is in the North, in South Tejo and Palmela/Setubal. Extractive industry, construction, electricity, water and gas firms are in more rural zones, namely...
in Setubal and in some areas of West Lisbon. Firms in sectors such as accommodation, restaurants, trade and the repair industry are dispersed in different cities of the MAL area. Finally, there exists a typical town distribution of activities that need more space, such as transport, communication and storage. Indeed, these activities are located in the MAL area, where there is the space to accommodate big enterprises and to store goods.

Firms in the tertiary sector are mostly concentrated in the centre of Lisbon (Baixa, Chiado) and the north of the city (Amoreiras, Marques de Pombal, Avenidas Novas), where 30% of all firms operating in the city can be found. Moreover, there are also concentrations of SMEs outside the city of Lisbon, namely Amadora, Carnaxide-Alfragide and Oeiras, which hosts the science and technology park (TagusPark), and in the axis of Lisbon-Sintra and Lisbon-Cascais.

**Recent changes**

As stated above, the main change is the increase and development of high- and medium-type technology enterprises. In 2007, almost 10% of the total investments in non-financial companies were for high and medium technology enterprises (IAPMEI, 2008a). The interviews for this report reflect the difficult situation for enterprises due to the crisis, but they do not give details on the issue.
This section relies on studies done by Oliveira (2008a and 2008b) and on interviews with migrant entrepreneurs and institutional actors. This research area has been extensively studied by the author and an in-depth analysis has been made along with extensive empirical research that is complemented with the interviews.

**Definition of ethnic entrepreneurship**

In the interviews for this study as well as in the studies by Oliveira (2008a and 2008b), the term more commonly used is ‘immigrant entrepreneurship’. Firstly, the so-called theory of lusotropicalism\(^6\) has influenced immigration policies (Pires, 2010), which gave preferential treatment to migrants from PALOP countries and Brazil. In fact, until very recently those immigrants found it easier to obtain stay and residence permits and, indeed, Portuguese nationality (Pires, 2010). In parallel, ‘immigrant entrepreneurship’ is a more appropriate term because it allows one to consider those with a Portuguese nationality and an experience of international migration (Oliveira, 2008a, p. 46). As outlined by Oliveira:

> It is crucial to distinguish between notions of ‘immigrant’ and ‘foreign’, as they translate into different groups. The ‘immigrant’ is defined as an individual who, having been born in a certain territory, migrated to another country where he or she lived for at least one year. Therefore the movement of changing territory in itself does not reflect the nationality of an individual. A substantial proportion of immigrant entrepreneurs in Portugal have Portuguese nationality. In contrast, the notion of ‘foreigner’ cannot be dissociated from that of nationality, meaning that any individual who has a different nationality to that of the country they reside in is a foreigner. As a consequence, not all foreigners are immigrants. (Oliveira, 2008b, p. 103)

**Development of ethnic entrepreneurship**

Table 15 provides an overview of the active Portuguese and foreign population by profession in 1981, 1991 and 2001. According to Oliveira (2008b), the category of entrepreneurship includes two different professional situations: entrepreneurs with salaried employees and individual entrepreneurs with no employees. The first aspect to note is the increase in the percentage of entrepreneurs with salaried employees among the foreign population: 5.1% in 1981, 7.7% in 1991 and 10.2% in 2001. What is striking is that the percentage of foreigners in this category is higher than that of the Portuguese for all years considered. However, this is not the case with individual entrepreneurs (with no employees). Indeed, the share of this second category is higher among Portuguese than foreigners. Looking at the percentage increase between 1981 and 2001, the data reveal a substantial increase of 1,036% for foreigners as entrepreneurs with salaried employees and 188% for individual entrepreneurs.

The increase in numbers of immigrant entrepreneurs with employees and individual entrepreneurs without employees has kept pace with the growth in numbers of foreigners in Portugal. With regard to the active foreign population, there were 35,709 foreigners in 1981, 57,744 in 1991 and 210,647 in 2001.

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\(^6\) Lusotropicalism was a theory invented by Brazilian author Gilberto Freyre proposing that the Portuguese were better colonisers than other European nations.
Table 15: Employers and self-employed Portuguese and foreign population, 1981–2001

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
<td>Number</td>
<td>%</td>
</tr>
<tr>
<td>Employers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portuguese</td>
<td>130,051</td>
<td>3.1</td>
<td>267,757</td>
<td>6.2</td>
</tr>
<tr>
<td>Foreign</td>
<td>1,811</td>
<td>5.1</td>
<td>4,438</td>
<td>7.7</td>
</tr>
<tr>
<td>Self-employed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portuguese</td>
<td>632,354</td>
<td>15.2</td>
<td>567,789</td>
<td>13.1</td>
</tr>
<tr>
<td>Foreign</td>
<td>3,188</td>
<td>8.9</td>
<td>6,561</td>
<td>11.4</td>
</tr>
<tr>
<td>Family workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portuguese</td>
<td>100,951</td>
<td>2.4</td>
<td>84,241</td>
<td>1.9</td>
</tr>
<tr>
<td>Foreign</td>
<td>513</td>
<td>1.4</td>
<td>1,058</td>
<td>1.8</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portuguese</td>
<td>4,147,339</td>
<td>100.0</td>
<td>0</td>
<td>100.0</td>
</tr>
<tr>
<td>Foreign</td>
<td>35,709</td>
<td>100.0</td>
<td>57,744</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Censuses (INE, in Oliveira, 2008b)

Table 16 outlines the distribution of immigrant entrepreneurship by nationality in 1981, 1991 and 2001 in Portugal. Immigrants from Europe have, in general terms, higher entrepreneurship rates than Africans or Brazilian nationals. Among EU citizens, British citizens have the highest rates; that is, 16.2% in 1981, 19.5% in 1991 and 23% in 2001, followed by German and Spanish citizens. Rates for African immigrants in 2001 range from 6% for Sao Tomé and Principe to 9.1% for Mozambique. In this category, immigrants with an Indian background can be included since many of them came from Mozambique, with Portuguese or Mozambican nationality. Another trend can be seen for Asians. In 1981, 9.8% of immigrants were Asians, a figure that increased substantially in 1991 to 21.3%. However, in 2001, there was a fall to 19.1%. This applies to the Indian and Pakistani cases. Oliveira’s studies (2008a and 2008b) do not provide a clear explanation for this decrease. Chinese immigrants show a constant and substantial increase, from 22.2% in 1991 to 36% in 2001.

Table 16: Entrepreneurship rates by nationality in Portugal, 1981–2001 (%)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Europe</td>
<td>12.0</td>
<td>13.3</td>
<td>9.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Germany</td>
<td>16.1</td>
<td>13.8</td>
<td>17.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Spain</td>
<td>15.0</td>
<td>18.4</td>
<td>11.6</td>
<td>0.2</td>
</tr>
<tr>
<td>France</td>
<td>7.0</td>
<td>5.4</td>
<td>10.2</td>
<td>9.9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>16.2</td>
<td>19.5</td>
<td>23.0</td>
<td>3.9</td>
</tr>
<tr>
<td>Ukraine</td>
<td>-</td>
<td>-</td>
<td>1.5</td>
<td>-</td>
</tr>
<tr>
<td>Total Africa</td>
<td>1.1</td>
<td>3.4</td>
<td>6.7</td>
<td>22.9</td>
</tr>
<tr>
<td>Angola</td>
<td>1.2</td>
<td>3.4</td>
<td>6.6</td>
<td>25.5</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>0.7</td>
<td>3.0</td>
<td>6.4</td>
<td>17.3</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>1.9</td>
<td>2.9</td>
<td>6.2</td>
<td>107.2</td>
</tr>
<tr>
<td>Mozambique</td>
<td>3.0</td>
<td>5.9</td>
<td>9.1</td>
<td>8.0</td>
</tr>
<tr>
<td>S. Tomé and Principe</td>
<td>0.2</td>
<td>2.6</td>
<td>6.0</td>
<td>304.0</td>
</tr>
</tbody>
</table>

Source: Censuses, INE (in Oliveira, 2008b)

According to Oliveira’s research (2008b), immigrants acquired some professional experience in the host country before starting their business. Most of them have legal residence or are Portuguese nationals.
Case study: Lisbon, Portugal

According to Oliveira (2008a, p. 143), Indians start their business at the average age of 25, while Cape Verdians start at around 30, with Chinese people beginning at around 31.

Most migrant entrepreneurs are male (Oliveira, 2008a, p. 144). There are different educational levels depending on nationality. Cape Verdians are less qualified (with some 70% having only basic schooling), Indians have more qualifications, including university degrees, and Chinese migrants mostly have a secondary school education.

Sectoral and spatial distribution of ethnic enterprises

Most immigrant entrepreneurs are located in the MAL area and operate in various sectors of activity. According to Oliveira (2008b) and the interviews conducted for this study, the main sectors of activity are construction, trade, hotels and restaurants and some specific sectors such as furniture (favoured by Indians) or ethnic restaurants (favoured by the Chinese). Nonetheless, it was also stated in the interviews that foreigners and immigrants have been opening businesses in other activities, such as laundries and hairdressers as well as services such as cleaning.

Ownership of ethnic businesses

An important point about these firms’ characteristics that arose from the interviews, is that migrant entrepreneurs tend to have small, or very small, firms. They are generally run by one person with the legal status of individual societies. It is common, however, to find firms with family co-owners or associates. In her study of immigrant entrepreneurs in Lisbon and the MAL, Oliveira (2008a, p. 129) gives the following analysis:

- 59.5% have no co-owners;
- 34.4% have co-ethnic co-owners;
- 4.4% have Portuguese co-owners;
- 1.3% have Portuguese and co-ethnic co-owners.

Having a Portuguese co-owner may help in dealing with bureaucracy, but the author does not provide any information on this aspect.

Considering the financial aspect, and according to the Oliveira study (2008a, p. 134), many migrant entrepreneurs rely on family savings and the help of fellow ethnic migrants to collect the necessary amount of money to start their business. Indians also rely on bank loans which are facilitated by the fact that some of them have Portuguese nationality. Cape Verdians rely more on their personal savings than on family or co-ethnic help.

Reasons for entrepreneurial career

Reasons for entrepreneurship are varied. According to this study’s interviews with migrant entrepreneurs and to Oliveira’s research (2008a, p. 114), one reason is because of labour market discrimination. Another reason is the wish to be independent, which is seen as a positive choice by the family or the migrant group, since it marks a change in the individual’s social status. Migrants’ experience as salaried workers helps them to open and develop a business. When choosing what to do, migrant entrepreneurs are often influenced by their family and co-ethnic community, who tend to encourage them to enter the sectors in which their co-ethnic community already specialises. This is particularly evident in the case of Chinese or Indians. Indeed, Chinese people are mostly present in the ethnic restaurant business, which is a specialisation of their co-ethnic community. Indians are mostly present in the furniture sector, which is also a special
characteristic of the Indian community. Finally, and according to the interviews, entrepreneurship is also seen as a last resort. In fact, immigrants who are unemployed or employed in precarious conditions turn to entrepreneurship because they have no other options.

Market

Oliveira’s study (2008a, p. 116) shows that migrant entrepreneurs tend to address their activities to customers of all nationalities or just to the Portuguese, as in the case of Chinese entrepreneurs. For Cape Verdians, the rate of co-ethnic customers (10.6%) is higher than in the other nationalities. Cape Verdian orientation towards co-ethnic customers is mainly explained by their presence in the neighbourhoods where there are a lot of Cape Verdians.

Competition

According to interviews with migrant entrepreneurs and to Oliveira’s study (2008a, p. 121), 72.2% of Chinese entrepreneurs say they have to compete with co-ethnics. Cape Verdians or Indians have more Portuguese competitors. Some 28.2% of Cape Verdian entrepreneurs say they have to compete with Portuguese businesses, with 34.8% of Indian entrepreneurs saying the same. Competition is also dependent upon the type of activity. Cape Verdian entrepreneurs work mainly in construction, where many Portuguese also work.

Workforce

According to the interviewees, immigrant entrepreneurs rely heavily on family members’ help and work. Those family members are, generally speaking, unpaid, which implies that there is a high degree of informality among the workforce.

As noted in the section above on ownership of ethnic businesses, migrant businesses are mainly very small or small enterprises. Oliveira (2008a) provides the following distribution of migrant firms by the number of workers for Cape Verdians, Indians and Chinese cases:

- 8.5% without workers;
- 73.3% with nine workers or fewer;
- 16.1% with 10 to 49 workers;
- 1% with 50 to 99 workers;
- 1.1% with 100 or more workers.

In Oliveira’s study, the nationalities with businesses that have more workers are Cape Verdians, while Indians and Chinese have fewer workers.

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7 ANDC, Jesuit Service to Refugees.
The nationality of workers differs according to the origin of the particular migrant entrepreneur. According to Oliveira (2008a), for instance, the Chinese rely more often on co-ethnic workers (52.4%), while Indians rely more on non-co-ethnic workers (70.4%). The reasons given by the Chinese for this are that it is easier to work with co-ethnics because they share the same cultural codes and the same language. Indians do not rely on co-ethnic workers because they fear that co-ethnic workers may learn the business and start up in competition.

**Employment conditions and labour relations**

In her analysis of three distinct migrant groups (Cape Verdians, Chinese and Indians), Oliveira (2008a, p. 97) found a widespread informality of work contract, even if with different rates according to the national group. For instance, the Chinese have more workers declared to the social security system than Cape Verdian entrepreneurs. In fact, 70.9% of Chinese entrepreneurs are recorded by the Oliveira research (2008a and 2008b) as declaring their workers to the Portuguese social security system. It has to be added that it is common for these firms also to use members of their family as unpaid workers. In the construction sector, where there are many Cape Verdians, informality is high, especially due to subcontracting procedures.

As many immigrant entrepreneurs rely on family members, there is a substantial proportion of unpaid workers. According to the interview with the workers’ union CGTP, the level of union membership among migrants working for other migrants is rather low. The General Confederation of Portuguese Workers (CGTP) says this is because in migrants’ micro- and small enterprises, labour relations are on a different footing than those in most such enterprises. Migrant workers and their employers have a relationship characterised by paternalism and dependence. As many migrant workers are friends or relations of their employer, labour relations can be somewhat difficult.

**Problems and barriers**

**General management**

According to Oliveira (2008a, p. 82), almost half the migrant entrepreneurs for the three origins considered (Cape Verde, China and India) said they had not encountered any problems in starting up and running their business. The other half find problems in the following areas:

- lack of customers;
- finding appropriate premises;
- getting loans;
- racism or/and discrimination;
- bureaucracy.

According to an interview with a representative of the Portuguese Confederation of Small and Medium Enterprises (CPPME), the Chinese rely on their embassy to develop trade activities, which is not the case with other migrant nationalities. The interest of the Chinese embassy in helping its co-nationals is not explained in the interviews, but it can be said that there is a proactive policy from the country of origin to help its migrants abroad.
Financial management

Financial management is a problem for the interviewees. They say they had to rely on experts during the first years of setting up in business in order to understand the procedures and to present data to the authorities for tax purposes. The interviewees also refer to the lack of information available about loans or other financial help for migrants. Indeed, migrants are unaware of the main activities promoted by institutional actors to help the development of enterprises. Interviews also show that migrants do not attend officially organised information seminars and financial management training. As Oliveira stresses (2008a), migrants rely mostly on individual, family or community financial help to set up a business. In the case of the National Association for the Right to Credit (ANDC), in 2009, only 15% of those who obtained a micro-loan were migrants. Lending is conditioned by the length of the migrant’s residence permit, and migrants with a one-year permit find it difficult to obtain a loan because of the guarantees the bank requires. Moreover, according to the ANDC interview, banks are reluctant to lend to immigrants because they doubt the migrant will stay in Portugal. This applies particularly to Brazilians, who have a high level of mobility. From the interviews it can be said there are two main Portuguese national banks connected to private and public entities which promote entrepreneurship: the Caixa Geral de Depositos and the Banco Espirito Santo.

Marketing

According to the interviews, and also taking into account the Oliveira research (2008a), migrant entrepreneurs do not engage in marketing. Before setting up in business, for instance, migrants generally speaking do not engage in market research. However, according to Oliveira (2008a), Chinese migrants do conduct market research in the area where they want to open the business. They find out how many restaurants there are and if there is potential for a Chinese restaurant or business. Nonetheless, Oliveira’s study does not explain why some migrant groups do market research while others do not. Some institutions, such as the National Association of Small and Medium Enterprises, provide marketing advice, but migrants do not rely on them. There is a clear lack of information among migrants regarding the help available from institutions.

According to the interviews with migrant entrepreneurs, they advertise their businesses in their own social networks and immigrant newspapers when they have clients who are co-national, such as Cape Verdians or Bangladeshis. Otherwise, they do not target the broad population with advertising but instead rely on the location of their business to bring in custom. Indeed, immigrants try to open businesses in places where there are no other similar businesses. This is the case, for instance, for migrant restaurants, or the laundry businesses of some PALOP migrants.

Rules and regulations

According to Oliveira (2008b, p. 113), there is a relation between successive Portuguese immigration laws and the rates of immigrant entrepreneurship:

it is possible to identify three periods in the Portuguese legal framework that have impacted upon the evolution and changes in immigrant entrepreneurial initiatives: (I) the first period essentially covers the 1980s and 1990s, until 1998; (II) the second, from 1998 to 2007; and finally, (III) the third period from 2007 on.

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8 ANDC, IEFP, Service Jesuit to Refugees, AERLIS.
Between 1981 and 1998, Portuguese immigration law did not envisage any special status for foreign entrepreneurs. Immigrants had to have a residence permit to undertake a legal entrepreneurial activity, as did those immigrants who were employed as salaried workers. According to Oliveira (2008b, p. 114):

*the regulation of the employment of foreigners on the Portuguese territory, which was in force until 1998 (Decree-Law n. 97/77 of 17 March 1977), declared that ‘national or foreign entrepreneurs who operate on the Portuguese territory can hire foreigners as workers, only if the staff of the company – provided that this amounts to more than five people – is composed of 90% Portuguese workers’.*

This rule also applies in the case of unpaid foreign workers.

At the end of the 1990s, a new immigration law (Decree-Law no. 244/98 of 8 August) and the new Labour Law (Law no. 20/98 of 12 May) changed the context for immigrant entrepreneurship. In this law – and subsequent revisions in 2001 (Decree-Law no. 4/2001 of 10 January) and in 2003 (Decree-Law no. 34/2003 of 25 February) – two distinct legal statuses were introduced: the residence permit and the type III work visa. The type III work visa was created to cover independent activities in the area of service provision. However, there were some conditions to fulfil, such as ‘the presentation of a document proving the registration of an investment operation in Portugal and a document proving that the immigrant was qualified to exercise it’ (Oliveira, 2008b, p. 113).

For immigrants with another type of work visa, it was necessary to wait three years to convert the visa into a residence permit or leave the country to request the type III visa. Anyone with a temporary stay permit had to wait five years before being allowed to convert it into a residence permit and then start up a business.

As for the labour law (Law no. 20/98 of 12 May), the requirement to have at least 90% Portuguese workers in firms with more than five workers was cancelled.

From 2007 on, there were substantial changes in immigration law and in integration policy as well. The new immigration law (Law 23/2007 of 4 July) altered admission rules and access to visas to simplify procedures. An immigrant can request a temporary residence permit of one year’s validity. This can be renewed for successive periods of two years and converted into a permanent residence permit after five years’ residence. This also made it easier to become a Portuguese citizen. As Oliveira notes (2008a, p. 119), having Portuguese nationality is an important asset in starting a business, especially when navigating bureaucracy. The new law created, for the first time, the status of independent workers and migrant entrepreneurs. There are obviously requirements for each of these two categories. For liberal professions, an independent immigrant worker needs to have a contract for service provision and to have their qualifications recognised in Portugal. For immigrant entrepreneurs, proof of investment operations in Portugal or proof of financial means in Portugal is needed.

As for integration policies, the Plan for Immigrant Integration – resolution of Council of Ministers no. 63-A/2007 – explicitly mentioned migrant entrepreneurship and introduced some measures to facilitate its integration. The Support Office for Entrepreneurship, established at the National Immigration Support Centre in Lisbon, provides information and help. It has several programmes and initiatives to promote entrepreneurship among migrants. In 2010, for example, there was a programme to train technicians of local public and private entities in order to equip them with the skills to help immigrants who want to become entrepreneurs. The Support Office for Entrepreneurship has also developed the EU project ABACO, which provides financial education to young migrant adults. There is also a programme to develop women’s entrepreneurship with specific training and a prize for the best idea.9

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As previously mentioned, until 2007, permit rules meant it was hard for migrants to start a business. In our interviews, migrant entrepreneurs said the relaxation of the rules has made the bureaucratic process easier. We can reasonably state that Portuguese politicians have been open to the needs of migrant entrepreneurs.

**Bureaucracy and intermediary institutions**

Problems and barriers mostly encountered by migrants are related to bureaucracy, such as visas, business creation or taxes, and intermediary institutions. According to interviews by Oliveira (2008a, p. 82), barriers found at this level are due to a lack of knowledge of national legislation and difficulties in interpreting the law because of the language. Migrants also complain about the amount of taxes they have to pay and the difficulty in accessing institutions, where according to our interviews they encounter some discrimination and a reluctance to help them.

Our interviews with public and private institutions highlighted a lack of familiarity among immigrants vis-à-vis Portuguese bureaucracy and the fact that immigrants do not resort to intermediary institutions to help with the development of their businesses. When having to deal with bureaucracy, our migrant interviewees told us that they first ask for help from co-nationals who have been in Portugal for a long time and can speak Portuguese.
Overall strategy, objectives and dimensions

The High Commission for Immigration and Integration (ACIDI)\(^\text{10}\) is the main institution in Portugal dealing with migrant integration. The commission, a public entity, has developed a programme to help with the creation of migrant enterprises. According to the interviews with representatives from public bodies, the national interest in promoting migrant integration stems from the fact that Portugal has a colonial past and that it has also been, and continues to be, a country of emigration. It has to be added that although ACIDI policies are applied at a national level, they have an impact on Lisbon and its metropolitan area because of their high concentration of migrants.

According to the interview with the Lisbon Municipality representative, its economic department has no policies addressing immigrants and business creation. What has been done is mainly at the national level. The interviews could not give much detail on the development of economic programmes from the Lisbon Municipality. Moreover, there has been a change of municipal government, with a swing from a right-wing orientation to a left-wing one, and as there have also been changes in the municipality’s departments, it was not possible to gather data on local economic policies. Nonetheless, it can be argued that national policies dominate in the field of ethnic entrepreneurship with the presence of ACIDI.

Main actors

The main actors promoting migrant integration and entrepreneurship are, apart from the abovementioned ACIDI, the Jesuit Service to Refugees and the Calouste Gulbenkian Foundation. All three have programmes to help the development of migrant entrepreneurship in Portugal at the national level. Indeed, the Calouste Gulbenkian Foundation has programmes to help immigrant integration and provides a national prize for best practices in entrepreneurial initiative. Those bodies that embrace all the population, including immigrants, are mainly national entities. Some entities are public ones linked to the Economic Affairs Ministry (see the section on ‘Institutions’, below) and the Ministry of Work and Social Welfare, while others are private entities such as the:

- Entrepreneurship Association of Lisbon (AERLIS);
- National Association of Young Entrepreneurs (ANJE);
- Association of Small and Medium Entrepreneurs of Portugal (PME);
- Confederation of Micro, Small and Medium Enterprises of Portugal (CPPME);
- Entrepreneurship Association of Portugal (AEP);
- Trade Association of Lisbon (ACL).

Targets

ACIDI, the Jesuit Service to Refugees and the Calouste Gulbenkian Foundation all have programmes to target immigrants, while other organisations, cited above, have several types of target groups such as young people, unemployed people or even prisoners. Nevertheless, they also accommodate migrants in their programmes.

\(^\text{10}\) http://www.acidi.gov.pt/
Institutions

There are a number of institutions that deal with entrepreneurship issues. In Portugal, these include national public and private organisations as well as local public entities. There are also national public and private entities that deal specifically with immigrant entrepreneurship.

At a national level, ACIDI has also developed an initiative, encompassing all nationalities, to help immigrants to start up their own businesses. This initiative has several aspects:

- promotion of entrepreneurship in disadvantaged neighbourhoods;
- enlargement of employment support offices aimed at entrepreneurship;
- helping migrants through the steps of becoming an entrepreneur;
- collaboration with partner institutions.

The project was established in 2009 and continued in 2010. In 2009, there were 10 partners in this project:

- Guinea-Bissau Social Solidarity Association (Aguinenso);
- Cultural and Youth Batoto Yetu Portugal Association;
- Immigrant Solidarity (Capela);
- Support Centre for Eastern European Immigrants and Friends.

The Aga Khan Foundation\(^\text{11}\) had a programme of urban community development called K’Cidade, which centred mainly on the less developed neighbourhoods of the MAL, with three main axes:

- citizenship and social cohesion;
- education;
- economic development (self-employment).

The programme allowed local small entrepreneurs to set up a business and was developed by several partners: the Central Business, Trade and Industrial Association of Sintra, the Work and Welfare Ministry, the Calouste Gulbenkian Foundation, the Lisbon Municipality, the Equal programme, and Santa Casa da Misericòrdia.

The Calouste Gulbenkian foundation\(^\text{12}\) helps to promote entrepreneurship and spread relevant information among migrants with its annual competition to find the best migrant entrepreneur. The Jesuit Service to Refugees helps migrant entrepreneurs obtain micro-loans (between €500 and €7,500) from the national bank, Caixa Geral de Depósitos.

\(^{11}\) http://www.akdn.org/portugal

\(^{12}\) http://www.jrsportugal.pt/
There are also public and private institutions that help any member of the public, whether Portuguese or migrant, to start up in business. At the national public level, these include:

- the Economic Affairs Ministry through the IAPMEI;\(^{13}\)
- the Ministry of Justice through its regulatory body – the National Register of Collective People.

IAPMEI helps with the creation of enterprises in industry, trade, services and construction. It was created in 1975 and reformed in 1988 (Decree-Law n. 386/88 of 25 January 1988). It has several functions:

- entrepreneurship assistance (development and international strategies);
- promotion of enterprises through their integration in networks of public actors dealing with entrepreneurship;
- assistance in accessing financial resources (venture capital and mutual guarantees);
- promotion of investment in specific technology sectors.

IAPMEI has offices in all five regions of Portugal: North, Centre, Lisbon, Alentejo and Algarve.

Another national public organisation that helps with business creation is the Support Centre for the Creation of Enterprises, administered by the Institute of Job and Professional Training (IEFP) of the Ministry of Labour and Social Welfare.

Finally, and still at the national level, there is also the Empresa na hora, which facilitates the creation of enterprises through its website: \(\text{http://www.empresanahora.pt}\). It has been in operation since 2005 (Decree-Law no. 111/2005 of 8 July) and is a partnership of the Ministries of Justice, Economic Affairs and Social Welfare. However, it does not apply to European private limited companies.

At the local level, the Regional Operational Programme of Lisbon\(^{14}\) has a system of incentives for the qualification and internationalisation of small and medium enterprises (Sistemas de Incentivos do QREN Qualificação e Internacionalização de PME). It has also a system of incentives for innovation (Sistemas de Incentivos do QREN à Inovação), which is more oriented towards qualified entrepreneurship.

InvestLisboa\(^{15}\) is another programme that deals with labour market integration and entrepreneurship with the support of IAPMEI. It is a partnership with the Lisbon municipality, the Portuguese Chamber of Commerce and Industry and the Portuguese Business Development Agency. With the support of IAPMEI, several initiatives have been developed, such as MODCOM 2010 (a programme for the modernisation of trade) or the programme INOVJOVEM (training for young professionals under 35 years old in technology for small and medium enterprises).

The Portuguese Association of Business Angels is a body of private investors that in 2009 organised an entrepreneurship

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\(^{13}\) \text{http://www.iapmei.pt/} \\
\(^{14}\) \text{http://www.porlisboa.qren.pt} \\
\(^{15}\) \text{http://www.investlisboa.com}
week. It invests in new enterprises with a high potential for success. It participates in projects with start-up funds, financial help, know-how and networking. This association invests between €25,000 and €500,000 on the projects it picks.

The National Association of Young Entrepreneurs also has several programmes to help with the creation and development of businesses and is in partnership with institutional organisations to give information and training.

The Entrepreneurship Association of Lisbon (AERLIS)\textsuperscript{16} was created in 1992 to help with the creation of enterprises. It provides information, training and consulting. It has several projects, including a training programme in vulnerable neighbourhoods such as Cova da Moura, where there is a high concentration of immigrants. It also helps firms with financing through its contacts with several banks and the National Association of Micro-loans.

**Access and involvement in policymaking**

As stated above, ACIDI has developed a programme to promote migrant entrepreneurship, which has several partners, including migrant and pro-migrant organisations. These organisations have a deep knowledge of immigrant needs and the processes of labour market integration, which is invaluable for promoting and directing the programme at specific groups such as migrant women and second-generation migrants.

According to an interview for this study,\textsuperscript{17} there is no access or involvement at a local level in policymaking for immigrants. At the time of the interviews, the Lisbon municipality was restructuring its services and had not implemented any specific policies for migrant entrepreneurship. The Lisbon municipality representative interviewed said that ACIDI was the most important organisation relating to immigration in Portugal and that it had all the necessary instruments to promote immigrant integration and immigrant entrepreneurship.

**Formal access to entrepreneurship**

As stated above, from 2007 on there were substantial changes in the immigration law. The new immigration law (Law 23/2007 of 4 July) eased admission procedures and access to visas. An immigrant can request a one-year residence permit which can be renewed for successive periods of two years and converted into a permanent residence permit after five years. The new law created the legal status of independent worker and immigrant entrepreneur. There are obviously requirements for each of the two categories. Independent immigrant workers have to have a contract for service provision in the area of liberal professions and their qualifications have to be recognised in Portugal. For immigrant entrepreneurs, proof of investment operations in Portugal or proof of financial means in Portugal is required.

\textsuperscript{16} http://www.aerlis.pt/

\textsuperscript{17} See Joao Meneses, Municipal Director of Social, Education and Sports Action, Lisbon Municipality.
Rules and regulations

There are no specific rules and regulations applying to immigrant entrepreneurship. Portuguese and foreign nationals have to comply with the same rules in order to start and develop a business. From the interviews with immigrant entrepreneurs and other parties, rules and regulations are not seen as barriers to overcome and have not conditioned immigrant entrepreneurship as such. Immigrants did say that in order to comply with regulations, they had to rely on the TOC (official accountant professionals) to start their business, but their main complaint is that they consider their taxes to be too high.

Since 2005, regulations have been simplified through the work of Empresa na hora, which facilitates the creation of an enterprise through its website (see the section above on ‘Institutions’). It establishes the formal requirement for the establishment of trade enterprises. Foreigners are allowed to open a business through this service.

Entrepreneurs have to pay three types of taxes:

- income tax for individuals (IRS);
- income tax for legal persons (IRC);
- value-added tax (IVA).

Social welfare contributions are paid either by employers for their workers or by self-employed people. Employers are obliged to declare their employees to the Social Welfare Ministry and to pay these contributions in order for them to be covered by the Portuguese social security system. In general terms, employers pay 23.75% of an employee’s real wages (adjusted for inflation), with employees paying 11%; a total of 34.75% of the real wages. The rate may differ for some workers, such as domestic workers. The benefits that they may then be entitled to include:

- family allowances;
- unemployment benefits;
- sickness benefits;
- maternity, paternity and adoption benefits;
- occupational diseases;
- invalidity pension;
- old age pension;
- benefits for disability or dependency.

As explained above in the section on ‘Institutions’, there are specific programmes from the social welfare system that allow employers to pay less in terms of contributions (see Ordinance no. 125/2010 of 1 March 2010).

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18 The immigrant entrepreneurs interviewed were Priyanka Fashions entrepreneur, TASFA and Perola do Oriente. The other actors that gave information at this level were AERLIS, ANDC and IEPF.
Self-employed people and independent contractors are also obliged to register with the Social Welfare Ministry, and pay contributions based on an index of wages.

Employers must also comply with health and safety at work laws. The Decree Law no. 441/91 of 14 November 1991 regulates health and safety at work. The law 100/97 of 13 September 1997 covers work accidents and professional injuries. The Decree Law 159/99 of 11 May 1999 regulates insurance for independent workers who have accidents at work.

Zoning plans

Few data have been collected concerning zoning plans due to the interviewees’ lack of knowledge of this. However, there are two zones, TagusPark – Technology and Innovation, which is situated in the Oeiras district, and Lispolis Technology Park, which is in Telheiras, Lisbon. TagusPark is a private company that manages specialist enterprises. TagusPark shareholders include Oeiras Municipality, Portuguese Commercial Bank, IAPMEI, Portuguese Industry Association, BPI Bank and the Technical University of Lisbon. The park appears to have no immigrant enterprises. Lispolis Park embraces technology enterprises and services enterprises.

According to the interviews with the Association Renovar Mouraria, the Mouraria quarter in the centre of Lisbon has been undergoing urban regeneration and the construction of two shopping centres there, with reasonable rents, has promoted the integration of migrant businesses and shops. The shopping centres were not constructed specifically to attract migrants, but their central location and the fact that the neighbourhood was not an expensive one encouraged migrants, especially those from India, Bangladesh and China, to integrate in the area.

Sectoral rules and regulations

This section will consider only those rules affecting sectors with many migrants, namely construction and restaurants. For construction, there are ordinances, decree-laws and notices that regulate such aspects as wages according to the worker’s specialisation and the legal requirements to do the job. There are two main laws covering construction here: notice 6568/2004 of 15 June 2004, which determines wage scales and material costs, and Decree Law 12/2004 of 4 January 2004, which regulates the legal requirements required to begin and to maintain an economic activity.

Trade is also a sector with specific rules. The two main ones are Decree Law 42/2008 of 10 March 2008, which regulates retail trading by non-sedentary traders, and Decree Law 234/2007 of 19 June 2007, which provides a framework for the functioning of restaurants and drinks establishments.

One important point is the system of academic equivalence and/or recognition. Foreigners with specific qualifications and academic training may ask for this equivalence and recognition if they want to continue the profession they followed in their country of origin. The legislation that regulates the equivalence/recognition of foreign qualifications is Decree Law no. 283/83 of 21 June 1983. Decree Law no. 341/2007 of 12 October 2007 brought in new regulations for recognising foreign higher education academic levels. The recognition of professional qualifications, allowing a migrant to continue practising a profession or activity they exercised in their home country, is covered by Directive 2005/36/CE. This Directive applies to the following areas: professions for which one must hold specific qualifications, such as industrial, handicraft and commercial activities; and specific professions such as doctor, nurse, dentist, midwife, pharmacist or architect.

The 2007 law was created under pressure from some immigrant organisations, especially from eastern European countries. According to the interviewee from the Jesuit Service to Refugees, it has allowed some qualified immigrants
to have their diplomas recognised and to be able to work in the activity they were trained for. It has led to the introduction of Ukrainian doctors and nurses into the Portuguese health system.

**Business acumen**

There are several institutions that provide training and help for entrepreneurs. These institutions generally work at the national level, but there are some that operate specifically in the MAL area.

As mentioned above, there are two main public bodies to which migrant entrepreneurs can turn: IAPMEI, which helps all entrepreneurs with training and finance, and comes under the aegis of the Economic Affairs Ministry, and ACIDI.

There are also the following private organisations:

- AERLIS was created in 1992 and covers six main areas: information, training, service provision, internationalisation of enterprises, regional development promotion, and political lobbying on behalf of its members. It also provides training to employees and managers, advice on investment, book-keeping and finances, certification of enterprises, mediation, publicity and marketing, and intellectual property.

- The CPPME\(^{19}\) has 17,900 associated enterprises and covers two main areas: representing the interests of micro-, small and medium enterprises and political lobbying on those interests. Services provided include training, information about laws and business opportunities.

- The ANDC\(^{20}\) was created in 1998, and its main aim is the economic inclusion of excluded social groups. It has become better known since 2005, when micro-loans started to be promoted in other European countries. It offers several ways of helping to create and develop the micro-enterprise: the preparation of an entrepreneur’s initial business plan, mentoring during an entrepreneur’s first years of activity, and loans of up to €10,000 with a potential extra loan of more than €2,500 after the first year of activity. The ANDC has several partners, including the IEFP, the Caixa Geral de Depositos bank, the Banco Espirito Santo, and in the case of migrants, it also has a partnership with ACIDI.

- The ANJE\(^\)\(^{21}\) is a private entity, created in 1986 and with 4,000 associated enterprises. Its services are: help with start-ups, providing juridical services, political lobbying on behalf of its associates, internationalisation of enterprises, support for innovation and training. Training activities include trade, accounting and taxation, quality, and management and administration.

- The PME\(^{22}\) is a private organisation working at a national level with 9,800 associated enterprises. It offers services including legal advice, help with enterprise creation (such as business plans, feasibility studies, project evaluation), taxation advice, insurance, incentives application, management system certification, accounting services, market research and training.

\(^{19}\) [http://www.cppme.pt/SITES/](http://www.cppme.pt/SITES/)


\(^{21}\) [http://www.anje.pt/](http://www.anje.pt/)

The AEP is a national association created in 1838. It gives advice and services including economic information, training, internationalisation, quality standards, incentives system and legal advice (labour law, social welfare law, trade law, taxation law, industrial property law, international trade law, administrative law, business law).

The Portuguese Association of Venture Capitalists (APCRI) is a national entity whose main associates are venture capital societies, banks, insurance companies, public institutes, foundations and individuals.

As mentioned above, there are three private entities dealing directly with immigrant entrepreneurs: the Jesuit Service to Refugees, the Calouste Gulbenkian Foundation and the Aga Khan Foundation.

The Jesuit Service to Refugees provides help with obtaining a micro-loan, and its associates include the ANDC, Caixa Geral de Depositos Bank and Millennium BCP bank. It has specific services to help the creation of micro-enterprises, namely, legal advice and training in taxation and personal finances. It searches for the best candidates (they must have no negative financial background and a permanent resident permit) and then proposes them to the ANDC and banks, which interview the migrant, analyse their business proposals and then decide whether to offer a loan. According to the interviewee, 70% of migrants who go through this process are not successful.

The Calouste Gulbenkian Foundation has two particular programmes to support immigrant entrepreneurship. It has a pilot project in the Amadora Municipality in the MAL, called Amadora Empreende. This project involves annual competitions open to migrants, unemployed women, ex-prisoners and young people searching for their first job. The programme gives money, training and a space to open the business to the winners. The second programme, again a competition, was created in 2006 and has several partners, including the Portuguese Catholic Migration Society (OCPM), 13 municipalities, workers’ unions and employer associations. A prize of €20,000 is given to the best migrant entrepreneur.

As outlined in the earlier section on ‘Institutions’, the Aga Khan Foundation created the 10-year K’Cidade programme in 2004, centred mainly on the less developed neighbourhoods of the MAL and working with vulnerable people, including migrants.

Finance

The following information is based on the websites consulted and on the interviews with representatives of various organisations undertaken as part of this research.

The ANDC gives loans to small entrepreneurs in Portugal. In 2009, €1 million was distributed among 174 projects, helping to create 287 workplaces (36% of these projects were implemented in the Lisbon area). Between 1999 and 2009, 52.3% of projects that were financed were presented by women, with 47.7% put forward by men.

Some of those projects were presented by foreigners. In 2009, among the approved projects, there were five presented by Brazilian citizens, four by Angolan citizens, three by migrants from Guinea-Bissau and Sao Tomé and Principe, two by Ukrainians and one by a Cape Verdian citizen. Nonetheless, the majority of projects are presented by Portuguese nationals (some 85%).

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24 http://www.apcri.pt/
As seen earlier, there are other organisations that provide loans to entrepreneurs. IAPMEI has a programme called FINICIA\(^{25}\) (finance solutions for small enterprises), where the state shares the risk with bank institutions, venture capital associations and business angels. There is also the Portuguese Association of Business Angels,\(^{26}\) which gives loans or certain amounts of money to start up or to develop a business. The IEFP programme INVEST+\(^{27}\) gives loans to the unemployed to start up in business. The ANJE, in partnership with Caixa Geral de Depositos Bank, provides loans to people under 40 to start businesses. The Jesuit Service to Refugees also has a programme to give micro-loans (in partnership with Caixa Geral de Depositos Bank) to foreigners to create their own businesses.

The important fact that emerged from the interviews for this study\(^{28}\) is that many immigrants do not take advantage of such help, and indeed, according to the interviewees, seem unaware of it. This may be because organisations that promote these loan facilities do not advertise the fact among the migrant population.

**Business location**

Immigrant business is generally to be found in Lisbon and its metropolitan area. According to the Malheiros study (2008, p. 138), Indian Hindu migrants congregate in the city centre, such as ‘the streets that link Poço do Borratém/Martim Moniz to Praça do Chile’, and also in the municipality of Loures in Quinta da Vitoria. Cape Verdians tend to be found in the Cova da Moura district in Oeiras, while other nationalities, such as the Chinese, appear to be more widely dispersed throughout Lisbon city.

**Access to employment with ethnic businesses**

The IEFP provides several programmes for the employment of specific categories of workers. In one, the IEFP gives incentives to micro- and small enterprises to employ workers aged 45 and over with a 3% reduction in welfare contributions for the employer. Another programme provides financial support and exemption or reduction of welfare contributions (of up to 50% for a maximum of three years) if a fixed-term contract is converted to a permanent one. There is also the reduction of 1% of the contribution rate for 2010. Another programme provides incentives to employers to hire people on a permanent contract through exemption from welfare contributions. This applies in the case of young people, those who have been unemployed for more than six months and people who have particular difficulties in integrating into the labour market (ex-prisoners or those who have been unemployed for at least two years). There is also a programme to encourage hiring unemployed people older than 40, or people with specific difficulties, as temporary workers, with a reduction in welfare contributions (50% for the first year of contract and 65% thereafter).

The IEFP also provides a programme of qualification for employment in motors, trade and tourism. There are no specific programmes to provide access to employment within ethnic businesses. The programmes of the IEFP are open to all employers.

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\(^{26}\) [http://www.fnaba.org/](http://www.fnaba.org/)


\(^{28}\) Interviews with the Calouste Gulbenkian Foundation, Jesuit Service to Refugees, CPPME.
Staff matters

Earlier, the main obligations employers have to their employees in terms of social rights and contributions were outlined. Under the constitution of the Portuguese Republic, the social security system guarantees welfare for all nationals (Law no. 4/2007 of 16 January 2007). Foreign nationals who work and reside legally in Portugal, along with their families, are subject to the same rights and obligations as Portuguese nationals. However, the payment of certain benefits to foreign residents on the basis of international social security agreements may depend on the verification of certain conditions, namely minimum periods of residence. It is the duty of the employer to register employees starting employment in their service. Workers who start their own business are also required to join the social security system and register at the social security office.

As set out above, employees’ contributions are calculated at the rate of 34.75% of their income, with 11% paid by the employee and 23.75% by the employer. Contributions for domestic service workers are 26.7%, with 17.4% paid by the employer and 9.3% by the employee.

The amount of contributions for self-employed persons is also different and depends on whether they choose the compulsory or extended scheme. The rates for these are 25.4% for the former and 32% for the latter.

Work law no. 7/2009 of 12 February 2009 puts the number of working hours per week at 40 hours.

According to the interview with Carvalho da Silva, Secretary General of the General Confederation of Portuguese Workers (CGTP), migrants, generally speaking, employ their co-nationals with the exception of Indian Hindus. The interviewee said that migrants working for migrant entrepreneurs work long hours and not always under good conditions. The union leader added that this may not be through ignorance of the rules and social rights, but rather that they take advantage of their co-nationals. Indian Hindus, however, usually do not want to employ co-nationals. As one Indian interviewee reported, employing co-nationals may lead to competition, because they will learn how to run the business and open their own business soon after.

Marketing

According to the interviews conducted with immigrant entrepreneurs, there are no specific measures for improving their marketing. A migrant entrepreneur who decides to conduct market research does it on their own and does not have the help of specialists. However, as explained in the previous chapter, migrants do not generally carry out market research.

Transnational economic connections

There are no special measures to encourage the transnational connections of migrant entrepreneurs with their country of origin. The interviewees reveal that these connections are made on the migrants’ own initiative, without any institutional help. An exception is the case of Chinese, where their embassy has been an important actor in the process of transnational economic connections.

Training and management support

As previously mentioned, there are public and private actors that give training and management support to all potential entrepreneurs and, in some cases, to migrant entrepreneurs.
The actors that provide training and management support for all potential entrepreneurs are IAPMEI, IEFP, AERLIS, ANJE, PME, CPPME and AEP.

The actors that provide help at the training and management levels for migrant entrepreneurs are ACIDI and the Jesuit Service to Refugees.

Illegal and informal practices

Illegal and informal practices may be found in migrant enterprises as regards family co-workers. According to the interviews with institutional actors, immigrant entrepreneurs may use family workforce without registering them in the social security system.

Non-action

As can be seen throughout this report, in Portugal there has been a proactive attitude from national public entities to support immigrant entrepreneurship. This is particularly evident with ACIDI programmes. A member of Lisbon Municipality told us that this proactive approach to immigration has been shaped by Portugal’s history of emigration and its colonial past.

Dialogue

Dialogue has also been instituted at the national level with ACIDI and IAPMEI as the main nodes of a network of several private and public entities.

ACIDI works as a public platform where immigrant organisations are consulted and considered in order to establish programmes and new laws on immigration (Pires, 2010).

IAPMEI has been formed by the Economic Affairs Ministry to encourage and improve conditions for entrepreneurship at the national level and has links with other organisations that deal with the issue.
Portugal has witnessed a constant increase of foreigners and immigrants and an increasing diversity of nationalities. Nevertheless, the main immigrant groups are those with a historical link with Portugal, such as Brazil, Cape Verde or Angola. Lisbon and its metropolitan area (MAL) are home to the majority of foreigners and immigrants.

As for the economic development of Lisbon and its MAL, there has been an increase in tertiary sector activities and in the development of micro-, small and medium enterprises. Recently, there has been an increase of information technology (IT) enterprises in the city and the MAL. The level of self-employed people in the Portuguese population in Lisbon is 14.9%.

An interesting point is that similarities can be found between characteristics of the Portuguese population and those of migrants. As has been described, migrant entrepreneurs are concentrated in the same activities favoured by the Portuguese, such as construction, wholesale and retail trade, accommodation, restaurants and services to firms. Moreover, some 50% of the active population in Lisbon have only the basic schooling, which is quite similar to migrants.

When taking into account the rates of entrepreneurship among immigrants, it emerges that rates differ according to the nationalities. However, in general terms, 2.9% of the immigrant population are entrepreneurs. Their types of firms are micro- and small enterprises. The type of marketing strategy is essentially one which tries to attract Portuguese customers. Another important aspect is the significant level of unpaid workers in migrant enterprises. Indeed, many entrepreneurs rely upon family help at work and this leads to informality, but also aids their competitiveness. There is also a strong relation between immigration laws and rates of migrant entrepreneurship. Indeed, there has been a positive growth, with Portuguese legislators recognising this type of labour market integration. The report also outlined the proactive policies from Portuguese state entities to promote and encourage immigrant entrepreneurship. These policies have a national scope. The two main organisations involved in this are ACIDI and IAPMEI, which develop networks and programmes in partnership with other public and private entities. Two important private organisations also involved in this are the Jesuit Service to Refugees and the Calouste Gulbenkian Foundation. The Lisbon Municipality has no specific programmes to help immigrants to start up in business.

**Good practices**

In 2006, a scheme was launched to promote the integration of immigrants and to launch the Immigrant Entrepreneur of the Year Award. This was organised by the Calouste Gulbenkian Foundation in partnership with:

*Aga Khan Portugal, Calouste Gulbenkian, Luso-American, Luso-Brazilian, Orient and Portugal Africa Foundations, the Entrepreneurial Association of Portugal and the Portuguese Industrial Association, the Episcopal Commission for Human Mobility, the Confederations of Farmers of Portugal, of Trade and Services of Portugal, of Portuguese Industry, and Portuguese Tourism, the General Workers’ Union, and the General Confederation of Portuguese Workers.* (Valle, 2008, p. 271)

The Immigrant Entrepreneur Award (evaluated by an independent jury) was given for the first time in 2007.
Conclusion

The main point of this report is that immigrants are seen as a positive factor for the national economy and there is a proactive approach to the issue from Portugal’s main national public and private entities. Nonetheless, there is still a lack of information about training, employment benefits, taxes and finance opportunities. Immigrants seem to rely heavily on their own savings or family members and co-ethnic help. There is therefore a need for a better dissemination of information.
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List of persons and organisations interviewed

André Jorge, director Jesuit Service to Refugees

Association of inhabitants of Mouraria Quarter, Lisbon

Calouste Gulbenkian Foundation

Candida Soares, General Director of Studies, Statistics and Planning of the Work and Social Solidarity Ministry

Catarina Oliveira, Head of Unit of Research and International Relations, the High Commission for Immigration and Integration (ACIDI)

Commerce Association of Lisbon (ACL)

Entrepreneurial Association of Lisbon (AERLIS)

General Confederation of Portuguese Workers (CGTP)

Institute for Support to Small and Medium Enterprises and Innovation (IAPMEI)

Institute of Employment and Professional Training, Ministry of Work and Social Solidarity (IEFP)

João Meneses, Municipal Director of Social, Education and Sports Action, Lisbon Municipality

José Martins, Portuguese Confederation of Micro, Small and Medium Enterprises (CPPME)

National Association for the Right to Credit (ANDC)

Organisation for the Management of Municipal Neighbourhoods of Lisbon (Gebalis)

Perola do Oriente, Chinese immigrant entrepreneur (off record)

Programme for incentives to economy modernisation, Economy Affairs Ministry (PRIME)

Priyanka Fashions – Indian-Hindu immigrant business

Programme for incentives to economy modernisation, Economy Affairs Ministry

TASFA, Bangladesh immigrant entrepreneur

Sonia Pires