Ethnic entrepreneurship

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

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

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

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

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

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

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

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Between 8 and 11 March 2010, researchers from CMPR met with officials of the city of Malmö and from several city districts, representatives of public sector organisations, not-for-profit organisations and immigrant community groups, researchers at Malmö University and ethnic entrepreneurs themselves to explore the issues which are the focus of this module. A full list of research participants is provided at the end of this report.

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

Following the ‘mixed embeddedness’ logic, as has been explained in the concept paper for this fourth CLIP module (see Rath, 2010), it is posited that various components of the urban economy interact to produce a complex but dynamic ecological system, dramatically affecting the political economy of cities and, in so doing, entrepreneurial opportunities. The study therefore focuses on the emergence of ethnic entrepreneurs in the sectors and cities involved and the role of governmental and non-governmental regulations in it.

The basic research questions are as follows.

- What are the characteristics of the urban economy and what openings have emerged in a number of cities since 1980? How has the political economy of these cities evolved? More specifically, how has the SME sector in general developed in terms of number of businesses, volume of workforce, value of sales, variety of products and market segmentation and what has been (i) the spatial distribution, (ii) the distribution over the various sectors of the urban economy, and (iii) the ethnic, gender and age composition?

- What kind of profiles of ethnic entrepreneurship can be identified? How does the emergence of ethnic entrepreneurship fit into the specific dynamics of the wider urban economy? Which general and specific barriers do ethnic entrepreneurs encounter and what are their competitive advantages? What are the structural determinants of the observed trends? What are the employment effects of ethnic business? How many and what quality of jobs have been generated on the local labour market?

- What state and non-state rules and regulations govern the SME sector in general and the ethnic SME sector in particular at the national and local levels and how have they shaped ethnic minorities’ self-employment trajectories? How have policy debates and interventions on (ethnic) entrepreneurship influenced the emergence of entrepreneurial opportunities, real or discursive, and further development of ethnic businesses? What policies can be found supporting the access to employment for migrants in ethnic businesses? (Rath, 2010)
Malmö lies in the most southern part of Sweden and is in close proximity to Denmark. Malmö is Sweden’s third largest city with 295,000 inhabitants (City of Malmö, 2009a). It is an ethnically diverse city with 174 different nationalities speaking 130 different languages. It has the highest proportion of individuals of non-Scandinavian extraction of any Swedish city and is highly segregated.

It is important to understand that the city has changed dramatically over the past 20 years. Malmö’s economy was traditionally based on shipbuilding and construction-related industries such as concrete factories and it continued to expand through the first half of the 20th century. Kockum shipyard was one of the world’s largest shipyards and for many decades the harbour crane of the Kockum shipyard was the visible symbol of the industrial era of the city of Malmö (Bevelander and Broome, 2009). However, the shipyard closed in the mid 1980s, depriving the city of its largest employer and its shipbuilding identity. By 1985, Malmö had lost 35,000 inhabitants leaving a remaining population of 229,000.

The decreasing population associated with the decline of the shipping industry was further compounded by the economic crisis during the early 1990s. It greatly affected the city, creating a lower employment rate and higher rates of individuals depending on social security compared with other large cities in Sweden (Bevelander and Broome, 2009). Although the economic crisis had an adverse effect on Sweden generally, the impact on Malmö was greater than for any other Swedish city. Malmö’s traditional industrial structure was virtually destroyed and between 1990 and 1995 around 27,000 jobs were lost. Malmö had Sweden’s highest unemployment rate and its economy was under considerable stress.

The economic crisis coincided with a significant increase in the arrival of refugees and other new immigrants from war-torn areas in the Balkans and the Middle East. The proportion of the population with a foreign background increased by 10% during the 1990s. As a result, levels of long-term unemployment, exclusion, poverty and segregation were overwhelming and historically unique during this period.

In an attempt to address these issues, and to tackle some of the structural problems that were developing in Malmö, local initiatives were undertaken in the mid-1990s. The goal was to formulate an overarching policy strategy for the future of the city, with the aim of influencing the skill structure of the existing and future population of the city. On the initiative of the city’s mayor, the city executive board held hearings with experts and leading city officers, leading to a vision statement for the city called Vision 2015 (Bevelander and Broome, 2009). The vision was based in part on the conviction that Sweden’s membership of the EU in 1995 would create new opportunities for Malmö to act in a new regional context – the Öresund region. It led to the building of the Öresund Bridge in 2000 which connects Malmö to Copenhagen (Figure 1). The Öresund region consists of Skåne (Scania) in Sweden and Sjælland, Bornholm, Lolland, Lolland-Falster and Mön. It is centred on Copenhagen on the Danish side and Malmö and Lund on the Swedish side.
Since then, concerted efforts by many actors have led to an impressive level of integration in the Swedish-Danish region. Since 2000, more than 18,000 people have moved from the Danish to the Swedish side. Almost 15,000 commute today, compared to about 2,500 in 1999, and the number of trips across the Öresund has grown from 26 million to 32 million per annum. Many Swedes, especially from Malmö, find work in Greater Copenhagen and the city of Copenhagen currently provides employment for approximately 10% of the population (City of Malmö, 2009). This has had a very positive impact on the rate of youth employment in Malmö.

In addition, a number of publicly and privately funded initiatives have taken place within Malmö itself intended to revitalise the city. These include the building of a new university on the site of the old shipyard, which opened in 1998 and caters for approximately 15,000 students. Another example is the Turning Torso, a 190-metre high apartment building designed by the famous architect Santiago Calatrava, which has become the new landmark of the city and is also located in the old industrial harbour area.

By the end of the 1990s Malmö was at the start of a period of recovery and over the past decade it has developed into a thriving post-industrial city. The strongest sectors in Malmö are logistics, retail and wholesale trade, construction, and property. There are also a number of well-known companies within the biotechnology and medical technology, environmental technology, information technology (IT), and digital media fields. Cooperation between colleges, science parks and companies has provided a sound basis for entrepreneurs and creative development. Additionally, attractive seafront quarters constructed within the south-west harbour area alongside the new apartment buildings and villas with striking waterfront vistas have become the core of a new city district aimed at the urban middle-class. A well-developed infrastructure now makes Malmö easier to reach. Malmö has an international harbour and the airports of Kastrup and Sturup are only half an hour’s journey from the centre. The motorway reaches the city centre and Malmö has excellent rail connections with the rest of Sweden and Europe.
Case study: Malmö, Sweden

The changes seen in Malmö over the past 20 years can, in part at least, be attributed to its diverse and youthful population. Since the 1960s, Malmö’s population has changed from being relatively homogenous to one of significant diversity. The population consists of 30% first generation with a foreign background and 44% second generation with a foreign background. A total of 55% of children under 19 years speak a second language with at least one of their parents. Approximately 100,000 of Malmö’s 294,000 population are immigrants (City of Malmö, 2008c). As of January 2008, 29% of the population or 79,389 inhabitants were born outside Sweden. Over three fifths (61%) of those have Swedish citizenship. A further 9% of the population, or 25,244 Malmö inhabitants, were born in Sweden, but have both parents born outside Sweden. Almost two fifths (37%), or 104,633 inhabitants, have a foreign background, defined as being born outside Sweden or in Sweden but with both parents born outside Sweden. Of those who were born outside Sweden, 61% were born in Europe, and approximately 30% come from Asia.

Following the Swedish legislation in 1974, which prevented the collection of data identifying ethnicity and religion, no demographic data exists on the size or character of religious groups. A total of 63% of the migrant population has acquired Swedish citizenship (Scuzzarello, 2008).

Unlike many other Swedish cities, Malmö has a young population; 47% are under 35 years of age. This is predominantly due to immigration; half of the children living in Malmö have parents who are foreign-born (City of Malmö, 2008c). Perhaps not surprisingly, especially given Malmö’s recent history, Danes are the largest immigrant group in Malmö (Table 1). With a 30-minute train journey into Copenhagen from Malmö and a shortage of affordable housing in Copenhagen, many Danes have relocated to Malmö where housing is cheaper. Additionally, because Danish legislation makes it difficult for Danish citizens to marry those with an immigrant background, many Danes wishing to marry immigrants relocate to Malmö.

Table 1: Largest foreign nationality groups in Malmö, 1 January 2008

<table>
<thead>
<tr>
<th>Country of origin</th>
<th>Number</th>
<th>Country of origin</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Denmark</td>
<td>8,857</td>
<td>11. Afghanistan</td>
<td>1,673</td>
</tr>
<tr>
<td>02. Yugoslavia</td>
<td>8,658</td>
<td>12. Romania</td>
<td>1,640</td>
</tr>
<tr>
<td>03. Iraq</td>
<td>7,975</td>
<td>13. Turkey</td>
<td>1,589</td>
</tr>
<tr>
<td>04. Poland</td>
<td>6,314</td>
<td>14. Chile</td>
<td>1,329</td>
</tr>
<tr>
<td>05. Bosnia-Herzegovina</td>
<td>5,725</td>
<td>15. Vietnam</td>
<td>1,167</td>
</tr>
<tr>
<td>06. Lebanon</td>
<td>3,392</td>
<td>16. Somalia</td>
<td>1,037</td>
</tr>
<tr>
<td>07. Iran</td>
<td>3,041</td>
<td>17. Macedonia</td>
<td>947</td>
</tr>
<tr>
<td>08. Hungary</td>
<td>1,856</td>
<td>18. Norway</td>
<td>847</td>
</tr>
<tr>
<td>09. Germany</td>
<td>1,822</td>
<td>19. Pakistan</td>
<td>806</td>
</tr>
<tr>
<td>10. Finland</td>
<td>1,694</td>
<td>20. Croatia</td>
<td>754</td>
</tr>
</tbody>
</table>

Total: 79,389

Source: City of Malmö, 2008c
This should not however be interpreted as an indication that the story of Malmö’s recent historical development is a singularly positive one. As was noted by one highly influential interviewee, Malmö is a ‘visionary city’ that has capitalised on its geographical position and the diversity and youthfulness of its population,

‘but the spoiler is that what we haven’t been successful at is the immigration issues, particularly in relation to non-EU citizens. If we don’t decide to do anything about this group then it’s going to be a problem, particularly in relation to segregation, not just in terms of housing but also in the labour market. This is not an immigration problem but a poverty problem.’

Today, Malmö can be described as ethnically and socio-economically segregated, with middle class neighbourhoods in the west of the city and working class neighbourhoods in the south and east (Figure 2). Unemployment rates, crime rates and the number of households in need of social benefits correlate very closely with this pattern (Anderson, 2003).

Within the city of Malmö, there is a high concentration of immigrants in a few districts and these areas are typically associated with low levels of employment. The level of segregation is higher than in most other European cities. This segregation is based on an older structure of socio-economic segregation previously established in Malmö. The city district with the highest proportion of immigrants is Rosengård (literally ‘Rose Garden’). In total, 84% of the residents of this district can be described as having an immigrant background, and only 16% have two Swedish parents (City of Malmö, 2005). Rosengård is frequently incorrectly referred to as a suburb but actually constitutes an integral part of Malmö city and is centrally located next to the city’s Centrum district (Figure 3). The district typically receives very negative media coverage not just in Malmö but in the Swedish press more generally, as reflected in the coverage of recent
disturbances in the area (BBC, 2009). It is important to note that Rosengård was built between 1960–1970 at a time when Malmö suffered from a significant shortage of cheap housing for those working in the (then thriving) shipping industry. At the time of its construction it was regarded as a kind of a futuristic neighbourhood but has since declined in popularity. Rosengård is now effectively a transition zone for new migrants arriving in Sweden. Other city districts with high concentrations of immigrants are Fosie (38% first generation, 12% second generation), Hyllieby (26% first generation, 8% second generation), and Centrum (22% first generation, 6% second generation). In these last two districts, the majority of immigrants are Danish.

Figure 3: Concentration of immigrants in Malmö

Source: Bevelander, 2005
Historical development of the urban economy

As noted above, the urban economy of the city of Malmö has undergone a very significant transformation over the past three decades. The crisis of the 1980s and 1990s badly affected the major industries in the city such as shipping, textiles and the mechanical industry. These sectors have since virtually disappeared. The opening of the Öresund Bridge (in 2000) and the University of Malmö (in 1998) have, however, enabled positive development and the transformation of the city.

Bevelander and Broome (2009) suggest that the City of Malmö has drawn upon the skills brought by the city’s substantial immigrant population in order to maximise local economic development. During the second half of the 1990s a new vision was developed for Malmö, namely to build on skills and transform the city into a centre for service, trade and finance-related industries. As a result of this strategic approach a number of new initiatives have developed, many of which are specifically adapted to improve the labour market integration of recent immigrants. These include a new unit called AUC (work and development centre), a new professional-skills focused university in Malmö which includes a special department to help people with Swedish as a second language, and a course on ‘aspirant’ education for highly skilled immigrants. A new ‘portfolio approach’ has also been developed to help increase the visibility of the competences brought by new immigrants. Other activities and policies are directed at the predominantly lower skill levels. For both target groups, direct involvement and cooperation occurs between education officials, the public sector labour exchange offices and with employers. In addition, the city has received considerable direct state funding for special labour market projects in four economically weak and ethnically segregated parts of the city.

The new narrative of the urban economy therefore promotes the city of Malmö as one based predominantly on the service and knowledge sectors. Malmö’s diverse population, previously perceived as a problem in the context of industrial decline, is now very much perceived and presented by the City of Malmö as a resource and asset in the context of Sweden’s incorporation into Europe and processes of globalisation more generally.

Figure 4: Diversity as an asset for the urban economy

Source: Malmö Snapshot, April 2009, produced by the Trade and Industry Agency

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Main industries and services

As already noted, past decades have seen a shift in the city’s business structure from industrial-based businesses to knowledge-based businesses; the number of industrial and manufacturing companies has decreased, while the number of financial and business-to-business companies has increased. The education sector has increased as well, partly due to the establishment of Malmö University in 1998 and its positive development over the years. Malmö has a diversified business structure with a large spectrum of business sectors represented. The largest sectors are:

- commerce, hotels and restaurants;
- business-to-business services;
- health care and social services.

According to city representatives, these three sectors provide jobs for 44% of the gainfully employed. Although this shift in the main industries and services in Malmö over recent years corresponds with the overall shift in the economy of Sweden over the same time period, a number of interviewees pointed out that the situation of Malmö is quite different from other cities in Sweden because of its proximity to Denmark. More importantly, they noted that this is now being fully exploited. The youthful and diverse population of the city means that within Sweden itself, Malmö is increasingly seen as a young, vibrant and dynamic city, especially compared with other ‘older’ cities in Sweden. There is some evidence that Swedes are starting to move to Malmö from other parts of the country as a result of this, particularly those involved in the creative and artistic industries. It is anticipated that this sector is likely to expand in the future.

Size of workforce

The Öresund region has 3.6 million inhabitants, with 1.2 million living on the Swedish side. The total workforce market is the largest in the Nordic region – 1.8 million people. Of Malmö’s nearly 300,000 inhabitants, 192,516 are aged between 16 and 64 years and can be included in the workforce of the city. This comprises 67% of the 294,000 inhabitants.

It is important to note that employment rates in Malmö are not equal across ethnic groups (Table 2). While Swedes have an employment rate of 74% for men and 73% for women, all foreign-born groups have a considerably lower rate; this includes Danish immigrants. For most ethnic minority groups, employment rates do not even reach 50%. The two groups with the lowest employment rates are Iraqis (22% for men and 11% for women) and Somalis (23% for men and 21% for women).

In 2007, the City of Malmö administration employed 19,915 people, a quarter (4,948) of whom had an immigration background. The majority of these workers (3,739) are women and a minority (1,209) are men. The main reason for the relatively large number of immigrant women workers is that many women work in childcare (1,628) and as nursing assistants (3,619).
While most other Swedish cities have problems with an ageing population, Malmö has a young population, with nearly half (47%) of it being under 35 years of age. This is mainly due to recent immigration trends. Of the children living in Malmö, half have parents who are foreign-born. The characteristics of the workforce by age, gender and educational background are provided in Tables 3 and 4.
Development of SMEs

Data on the development of SMEs in Malmö is provided twice a year in the ‘Malmö Snapshot’ produced by the Malmö Trade and Industry Agency (City of Malmö, 2008c, 2009a). The number of SMEs established in Malmö has increased dramatically since the end of the 1990s (Figure 5). The largest increase concerns micro enterprises and one-person firms. A total of 85% of companies in Malmö have fewer than 10 employees. It was suggested by one interviewee, a researcher at Malmö University, that although 11% of the population of Malmö is recorded as owning their own business, the actual figure is probably much lower because many university employees are also registered as sole traders.

Figure 5: Growth of SMEs in Malmö 1994–2008 (third quarter)

In 2007, 2,180 new businesses were started up in Malmö (City of Malmö). This represented 11.6 businesses per 1,000 inhabitants (aged 16–64 years), compared with 15.7 in Stockholm, 11.4 in Göteborg and 9.8 in Sweden as a whole. Among the businesses that began in 2007, 35% belonged to the industry group financial activities and the corporate services sector, 26% belonged to the training, health care and personal services sector and 20% to commerce, repairs, hotels and restaurants. These are also the largest industry groups in Malmö’s business community. The majority of the new businesses, 70%, started operations as sole traders and 22% started up as limited companies. Among new businesses, 71% had sales of under SEK 300,000 (€32,567 as at 22 November 2011). Regarding financing, 81% stated that they used their own funds, 8% used funds from relatives and friends and 7% used bank loans; several sources of financing may have been used. The survival rate for businesses that started up in 2003 and were still operational three years later was 67% in Sweden as a whole, which is an improvement of 5% on the previous survey two years earlier. The figure was 61% for Malmö, 65% for Skåne and was 68% for the county of Stockholm (ITPS, 2006).

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A quarter of businesses were started up by people of foreign origin but these can not necessarily be categorised as ethnic entrepreneurs, for reasons explained in the section below on defining ethnic entrepreneurship. Nearly two-thirds of companies were run by men. Male-dominated leadership is particularly clear in the construction industry (97%) and in transport and communications companies (90%). There is no single industry that is dominated by female leadership, but
most female entrepreneurs can be seen in education, health care, and personal services. Individual traders make up the most common mode of operation for both men and women, but a greater proportion of men than women start their own limited companies. According to researchers at Malmö University, 15% of entrepreneurs are male and Swedish, 10% are foreign-born men, 7% are Swedish women and 5% are foreign-born women. In other words, there are significant gender differences in business start-up rates regardless of the migration history of entrepreneurs.

It is important to note that the recent economic downturn has had some impact on the number of SME start-ups in Malmö and on the number of bankruptcies. The most recently available statistics for new business start-ups relate to the third quarter of 2008 (City of Malmo, 2009a). In this quarter, 502 businesses were started up in Malmö, a decrease of 5% on the previous quarter and a decrease of 19% on the previous year. During the fourth quarter of 2008, 88 bankruptcies were registered, which is an increase of as many as 39 bankruptcies compared with the previous quarter. Limited companies are responsible for the increase. The bankruptcies mainly concern commerce and corporate services, but have also occurred in the publishing/graphic industry, and among transport and property companies. Although there is concern about the impact of the downturn on employment within the city, a widely held view is that, in contrast with other cities in Sweden, Malmö has been protected from the worst effects by its incorporation into the Öresund region and, in particular, the employment opportunities available in Copenhagen, which has experienced the economic recession in slightly different ways and accordingly a slightly different timescale.

**Sectoral and spatial distribution of SMEs**

According to information collated by the city, SMEs are represented in all sectors in Malmö. The following services have a large representation of SMEs:

- electricity, gas, heating and waste providers;
- manufacturing services;
- staffing, real estate services and other support services;
- construction.

Many SMEs are located in the city centre, such as retail businesses, hotels, restaurants and business-to-business companies. Others are located in the harbour where several companies in logistics, transportation and manufacturing are located. As noted earlier in this report, Malmö has been transformed, in general, from an industry-based city to a knowledge-based city. Several manufacturing companies have moved from the central areas of Malmö or have closed down. Malmö has several industrial parks where SMEs working in the fields of manufacturing and transportation are located. Most notable of these is Västra Hamnen (Western Harbour) which used to be the area for the shipyard until the 1990s when it closed down. This area is now very popular for both companies and housing. Several companies are represented from the communication, media and IT sectors and different types of business-to-business companies. One of the newer sectors is clean technology. There are also several international companies which have their headquarters located in Västra Hamnen.

**Recent changes**

As noted above, significant changes have occurred since 1990 in terms of the size and structure of the SME sector, with considerable growth taking place in parallel with the decline of the major industries. This reflects the major changes that have occurred since the 1990s in the city’s transformation from an industry-based city to a knowledge-based one. As noted above, this has been reflected in changes in the physical structure of the city, with Västra Hamnen being transformed from a shipyard to a popular area for companies. Instead of one large company, there are many smaller
companies and several new sectors. More people work there today than they did during the peak period of the shipyard. The area is still being developed and will be the home of many more companies. Regarding business structure, micro enterprises have become increasingly well represented as a business size. At the end of 2008 and start of 2009, the labour market dramatically worsened. As a consequence of the world recession and the economic crisis, unemployment is now rising again in Sweden although the rise is slightly lower in Malmö and Skåne than in Sweden as a whole because the overheated Danish labour market has absorbed many unemployed Skåne residents. At the time of the field visit, there was evidence that demand for labour was starting to fall in Denmark but over 1,000 Swedes still found work there in the fourth quarter of 2008. There has been some downturn in business start-ups with the recession and an increase in bankruptcies, but in general the city considers that the urban economy has fared reasonably well.
Definition of ethnic entrepreneurship

It is important to note at the outset that research on ethnic and immigrant entrepreneurship in Sweden is rather undeveloped and fragmented (Slavnic, 2004). While on an international level, the study of immigrant and ethnic minority entrepreneurship has grown significantly over recent years, research on this issue in the Swedish context remains extremely limited. This is in spite of some very prominent individual entrepreneurs who have an immigrant background, including Herbert Felix (see case study below). To a significant extent researchers in the Swedish context have to rely on studies undertaken in the UK and the United States, even though these contexts are different in very many respects. There are two main reasons for this.

Firstly, a number of interviewees pointed out that entrepreneurship has not been very important in Swedish society historically. Employment has been the norm. Sweden has had a number of very large employers who have provided jobs, so entrepreneurship hasn’t been necessary or encouraged. In the past (perhaps less so today) there has also been a very significant welfare state, which has provided employment in hospitals and schools, especially for women. One interviewee commented: ‘the structure of the welfare state and the structure of industry mean that for fifty years employment has been the norm’. Reflecting this, several interviewees pointed out that many of the questions that face ethnic entrepreneurs might be related to Swedish entrepreneurs as well.

Secondly, and perhaps most importantly for the purpose of this report, there is limited information on the ethnic background and identity of entrepreneurs. Virtually all of the publicly available datasets, including those produced by the city administration, differentiate the population by country of origin rather than ethnic background. It is known, for example, that one quarter of all new businesses are owned by people with an immigrant background; however, almost all of these companies are owned by entrepreneurs from other countries in Europe (particularly Denmark, the UK, Norway and Germany), the vast majority of whom are likely to be white.

At the time of writing, funding was being sought for a programme of research to be established by the universities of Malmö and Lund, together with the Herbert Felix Institute, which will explore immigrant entrepreneurship in Sweden and establish a benchmark for policy and practice. The aim of the research group is to build upon what is already known about immigrant entrepreneurship in Sweden. The focus will be on seven separate projects of interest with the theme of ‘mixed embeddedness’ acting as an umbrella. This mixed embeddedness approach is reflected in the seven projects included in the programme:

- ethnicity, forms of capital, mixed embeddedness and immigrant entrepreneurship (Per Broome);
- Somalis becoming entrepreneurs (Benny Carlson);
- immigrants’ business plans: ethnicity as a resource for entrepreneurship? (Tobias Scholin);
- resource acquisition and immigrant entrepreneurs (Hans Landstrom);
- ethnic enclaves and small-business employment: do enclaves make minorities richer or poorer? (Pieter Bevelander);
- determinants and catalysts for immigrant entrepreneurial growth (Craig Mitchell);
- policy implementation on immigrant entrepreneurship: an international benchmarking study (Monder Ram).

The research results will be disseminated among academics, policy-makers, politicians and the general public. This will be facilitated and organised through the Swedish Entrepreneurship Forum together with the Herbert Felix Institute. Means of dissemination will include regular seminars and conferences (including an annual conference on ethnic minority entrepreneurship), a report series in which the latest results are presented and a website on which the research
programme is described and the results presented. The research group also intends to work closely with a committee of policy-makers and an advisory group of immigrant entrepreneurs. If funding is secured and the research programme is developed as outlined above, the project will provide a comprehensive account of immigrant entrepreneurs in Sweden, an international orientation that can be used to ‘benchmark’ Sweden against other European countries and a rigorous evidence base that will help to enhance measures and initiatives in a variety of policy domains.

**Herbert Felix** (1908–1973) was a Swedish entrepreneur of Austrian-Jewish descent and the founder of the food companies AB Felix and Felix Austria. Herbert Felix was born in an Austrian-Jewish business family in the town of Znojmo, then part of Austria-Hungary. He started working for the family company Löw & Felix, which was known for its type of cucumbers (Znaimer Gurken), and Herbert Felix was trained to become his father’s successor as the company’s chief executive officer (CEO). He was responsible for the company’s exports and in this role he got the opportunity to travel around Europe. During a visit to Sweden, he met his first wife. During World War II, Herbert Felix fought as a volunteer with the Czech exiled forces and made unsuccessful efforts to save his family from the Holocaust. After the war, Herbert Felix returned to Eslöv to continue to develop the company, which he purchased together with the chairman of the board in 1948. Under his leadership, the company introduced classic Swedish food products such as a pickled cucumber relish (bostongurka) and ketchup in plastic bottles. The canned food department of the company was named Felix in 1955. The Herbert Felix Institute now provides support and mentoring for newly establishing immigrant businesses and promotes the business benefits of diversity (see below).

### Development of ethnic entrepreneurship

Entrepreneurship makes a significant contribution the European economy. A report of the European Commission (2006) found that some 23 million SMEs provide around 75 million jobs in Europe, which corresponds to around 67% of private employment. Many small enterprises are run by immigrants in their host countries. In Sweden, one in every eight Swedish companies is owned by immigrants; this totals 70,000 companies (Rosing, 2003; NUTEK, 2008). As noted above however, the ethnicity of these immigrants is not recorded and many are likely to be white.

The information presented in Table 5 indicates that people born in a foreign country are more likely to start new firms than people born in Sweden. Only 0.97% of the total population started a new firm in 2004. It is also noticeable that both population groups are increasing in numbers. Some studies show that second generation immigrants with European parents have a similar position in the labour market to ethnic Swedes. They use less unemployment benefits and social assistance (Ekberg and Hammarstedt, 2004; Ekberg and Rooth, 2003). It is therefore possible that for the second generation immigrant groups there may be a different pattern of entrepreneurship than for their parents.

**Table 5: Comparison of new businesses established in Sweden and population, 2001–2004**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Native-born population in Sweden</td>
<td>7,881,154</td>
<td>7,887,325</td>
<td>7,897,595</td>
<td>7,911,130</td>
<td></td>
</tr>
<tr>
<td>% native-born people who start a new firm</td>
<td>0.36%</td>
<td>0.38%</td>
<td>0.38%</td>
<td>0.43%</td>
<td></td>
</tr>
<tr>
<td>Foreign-born population in Sweden</td>
<td>1,027,974</td>
<td>1,053,463</td>
<td>1,078,075</td>
<td>1,100,262</td>
<td></td>
</tr>
<tr>
<td>% foreign-born people who start a new firm</td>
<td>0.43%</td>
<td>0.44%</td>
<td>0.46%</td>
<td>0.54%</td>
<td></td>
</tr>
<tr>
<td>Population in Sweden</td>
<td>8,909,128</td>
<td>8,940,788</td>
<td>8,975,670</td>
<td>9,011,392</td>
<td></td>
</tr>
<tr>
<td>% people who start a new firm</td>
<td>0.79%</td>
<td>0.82%</td>
<td>0.84%</td>
<td>0.97%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Statistics Sweden and ITPS, 2006
The rate of immigrant new business formation has fluctuated over recent decades. In the late 1980s, the share of new firms formed by immigrants started to increase (Najib, 1999). This was due to the increase of immigrants in total. The number of small-scale firms was also increasing (Hjerm, 2004). The share of firms formed by immigrants dropped in 1991 due to the economic crisis that occurred in Sweden (Najib, 1994). Three years later, it increased again. The large increase did not follow the state of the Swedish market. Najib concludes that subsidies that enabled the creation of new firms became established during this period. Another factor was the large level of unemployment that Sweden suffered during the recession of the mid-1990s. This made people set up new firms by necessity. In addition, a strong belief in a better future led to people setting up their own firms (ibid). Immigrant businesses continued to increase.

In 2005, 34% of all new firm formations within the fields of repairing, wholesale and retail trade, and hotels and restaurants were started by an immigrant (ITPS, 2006). According to the Swedish Agency for Economic and Regional Growth (NUTEK, 2008), both male and female immigrants often start new firms within merchandise trade, hotel and restaurants (ordinary service sector). Immigrants also start new firms within the advanced service sectors of business services and letting.

Ownership of ethnic businesses in Malmö

The number of foreign-owned workplaces in Malmö has increased steadily in the past decade. According to the Malmö Trade and Industry Agency, ownership increased by 131% in the period 1998–2008. In 2007, a total of 2,180 new companies were started in Malmö. A quarter of these were set up by persons with a foreign background but more than half (55%) of all foreign-owned businesses were owned by companies based in Denmark, UK, Norway and Germany. Only 7.7% of companies were owned by entrepreneurs from outside Europe.

According to the city, the three most common areas of enterprises for native-born entrepreneurs are the financial sector, health and care, and trade and communication (Figure 6). For entrepreneurs born abroad the opposite pattern can be seen. It was also noted earlier that gender differences occur regarding the extent to which those born abroad own their own businesses. Around half of all entrepreneurs in Malmö are between 25–44 years old and two thirds of entrepreneurs born abroad have migrated to Sweden since 1986, reflecting the relatively recent migration patterns described at the beginning of this report. It is interesting to note that the income of entrepreneurs born abroad appears to be considerably lower than for native born Swedes; according to the City of Malmö less than half (45%) of entrepreneurs born abroad have an income of more than SEK 160,000 (approximately €16,000) compared with 70% of native-born entrepreneurs.

Figure 6: New companies in 2006 per industry started by people of foreign origin

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commerce, repairs and hotels and restaurants</td>
<td>37%</td>
</tr>
<tr>
<td>Financial operations and corporate services</td>
<td>22%</td>
</tr>
<tr>
<td>Education and training, health care, social and personal services</td>
<td>14%</td>
</tr>
<tr>
<td>Construction</td>
<td>13%</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>11%</td>
</tr>
<tr>
<td>Other industry</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: City of Malmö, 2008c
Reasons for entrepreneurship career

The study of entrepreneurship in Sweden is a relatively new field of academic research. Najib (1994) examines the link between disadvantage in the labour market and the growth of self-employment by immigrant groups in Uppsala. Brundin, Bögenhold and Sundin (2001) compare the motivations of native Swedes and immigrants in setting up a business. Slavnic (2004) explores the conditions of immigrants living in Sweden and small business. Dalhammar and Brown (2005) carried out in-depth case studies with immigrant-led businesses in Kista, Stockholm, examining how ethnic resources are utilised by immigrants in their companies and comparing high-tech and service-led organisations.

Self-employment rates among many immigrant groups suggest they are more entrepreneurial than the general population (Schuetze and Antecol, 2006). A common explanation for this occurrence is that it is a response to employment discrimination faced by immigrants (Watson, 2000). Watson further argues that immigrant entrepreneurs may not be able to access the types of social networks and resources available to non-immigrant entrepreneurs because of discriminatory practice. Thirdly, Watson suggests immigrant entrepreneurs may be engaged in industries that the majority of non-immigrants are not prepared to work in.

In common with other European countries, therefore, it is widely suggested that ethnic entrepreneurship is attracting attention because it is perceived as offering a strategy to combat the high levels of unemployment among immigrant communities (Hammarstedt, 2001). In his study on immigrant-led businesses in Uppsala, Najib (1994) suggests a correlation between unemployment and ethnic entrepreneurship as well as discrimination and ethnic entrepreneurship. Najib concludes that ethnic entrepreneurship arises as a consequence of unemployment, discrimination and absence work opportunities. Many immigrants can only get jobs that are below their educational achievements and qualifications. Self-employment offers a route out of the potential frustrations of this situation. Waldinger et al (1990) suggest that for many minority immigrant groups, economic mobility is more important than social status and therefore they may be more willing to work for lower profits, put in longer hours at work and set up businesses in fields that others may choose not to, such as cleaning services. Andersson (2005) and Ekberg (2006) similarly suggest that the main reason why immigrants are motivated to establish their own businesses is because they have a weak position in the labour market in most European countries. Many have difficulties in establishing themselves in the labour market, the employment rate is low and the hourly wages are generally lower than might be expected when factors such as age, gender and education are taken into account.

Given this context, several studies suggest that ethnic entrepreneurship, if successful, can offer a win-win situation. It combats the frustration of individuals who may otherwise be in jobs they are over-qualified for. It can also be a potential solution for government to address the ongoing failure of the integration of immigrants into the labour market. It can lead to a reduction in levels of unemployment among immigrants as well as promoting integration, as immigrants will have greater access to the labour market and its resources as employers rather than employees (Hjerm, 2004).

In an effort to address some of these issues, researchers at Malmö University are currently undertaking research on why people become entrepreneurs and the differences between groups in relation to entrepreneurial ability. The preliminary findings of statistical analysis undertaken by the researchers show no ethnic differences in the propensity towards entrepreneurship, even when controlling for education and the labour market.

Those interviewed during the field visit to Malmö offered two seemingly contradictory and competing explanations as to why those from immigrant backgrounds appear more likely than those who are native born Swedes to pursue an entrepreneurial career. On the one hand it was suggested by some interviewees, and in particular representatives of the City of Malmö, that the motivations for establishing a business were primarily positive, and reflected a desire on the part of individuals, including those who have arrived in the city relatively recently, to ‘work independently’ and ‘realise their
Case study: Malmö, Sweden

ideas’. This view reflects the findings of a survey of SMEs undertaken by the Malmö Trade and Industry Agency in 2007 and the ‘Malmo Snapshot’ (City of Malmö, 2008c). According to the findings of this survey, more than half (55%) of those who responded said that this was the main reason for starting their own business. This is reflected in the city administration’s understanding of the experiences and motivations of entrepreneurs (Figure 6). In addition it was suggested that the creativity and dynamism currently associated with the city means that those who might be described as entrepreneurial are attracted to the idea of setting up their business in Malmö. The increased flexibility of working hours associated with business ownership may also act as a positive incentive for women with children.

Figure 6: The experiences and motivations of entrepreneurs

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Examples</th>
</tr>
</thead>
</table>
| 1   | What is the best aspect of being a business owner? | - Independence, being able to make your own decisions, to give your creativity free rein and to create a business according to your own thoughts and ideas.  
- Initially, it was moving from a well-paid permanent position to financial insecurity. You cannot expect to earn a great deal in the first few years.  
- Have your business idea and business plan prepared. Give yourself time to develop a sustainable business plan. Think, reject, rethink. Draw up a budget. Be cautious with the earnings and generous with the costs. |
| 2   | What has been the most difficult? | - 1. Being able to influence your own situation, follow your own ideas and when customers praise what we do.  
- 2. Long working days and being available seven days a week. Sometimes it feels hard being responsible for employees and ensuring that the business runs well and succeeds.  
- 3. Expect to have to work hard in the first few years. It may be necessary to find new ways of financing, for example a partner with capital. Find a ‘product’ you can become known for. |
| 3   | What is your best tip/advice for someone wanting to start up a business? | - 1. Being able to work on what I am passionate about and taking full responsibility. It is also nice that no day is ever the same. The tasks vary, ranging from sales and financing to recruitment and technology.  
- 2. Prioritization. You have to focus on the right things in your work and also set priorities for work and family life. That is hard.  
- 3. Do something you are passionate about. If you also ensure that what you do has high customer benefit, the rest will take care of itself. |

Source: City of Malmö, 2009a

By contrast other interviewees suggested that many immigrants, and in particular those who are from countries outside the EU and therefore from ethnic minority backgrounds, are effectively forced to resort to setting up their own businesses because of a lack of employment opportunities in the labour market. According to the the International Entrepreneur Association (IFS Rådgivning), the main reason that immigrants living in Malmö set up their own business is the lack of access to the labour market that they experience:

‘There are so many immigrants living in Malmö and many of them are unemployed. The first thing is that they can’t get a job in the labour market. The second thing is the desire to set up their own business.’ These comments were reflected and reinforced by representatives from the Organisation for International Women in Malmö (IKF) who, while acknowledging the importance of individual motivation and talent, consider that barriers to employment exist, including language, which mean that some groups of women may have little or no alternative other than to establish their own businesses:

‘For many women the motivation is that they cannot find a job in Swedish society because of the issues around language. This problem has been made worse by the economic crisis all over the country.’

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Several interviewees commented that they consider the situation to have deteriorated further as a result of the economic downturn, which has further increased the importance of having appropriate language skills:

‘For the last year there have been very tough barriers in terms of language... language has become very important and customer service has become more important. There is a crisis in the labour market because many people want jobs.’

These difficulties in accessing the labour market are considered to be particularly significant for those who have had little or no education in their country of origin, or who have no experience of learning and limited language skills. The experiences of women from Somalia were used by both City of Malmö representatives and a number of organisations including Somaliland Förening to highlight the difficulties experienced by immigrants from ethnic minority backgrounds in accessing paid employment. Such problems are exacerbated by childcare responsibilities (many Somali women are single parents, having left their husbands), by significant cultural and social differences with Swedish society and by experiences of racism and discrimination. As one Somali respondent commented: ‘I have some friends who are civil engineers but are driving taxis. It is difficult to get a job at that level. We have to work twice as hard to get the same recognition.’

The experiences of one woman who might be defined as an ethnic entrepreneur suggest that for many entrepreneurs who have migrated to Sweden from elsewhere, these two factors both contribute to the decision to pursue an entrepreneurial career. Rimgaile Samsonaite arrived in Sweden from Lithuania three and a half years ago with a master’s degree in industrial design and a background in interior and furniture design as well as five years of work experience. Despite being highly qualified, Rimgaile found it extremely difficult to find a job in Sweden. This was because of the nature of her business and the context of an economic downturn which undermined the market in the sector with which she is involved. Rimgaile also struggled with the Swedish language as she had trained in English. Rimgaile explained that she had always wanted to start her own business but the economic crisis and her inability to find employment had finally given her the incentive she needed to do so. She joined one of IKF’s mentoring programmes in January 2009. Rimgaile was very positive about the mentorship programme especially in relation to the way in which it had enabled her to build networks of support and build her social confidence. She also explained that it had enabled her to learn about Swedish society more quickly than would otherwise have been possible. She has now established her own interior design business.

Problems and barriers

The evidence from the field visit suggests that entrepreneurs who were born abroad may encounter a number of problems and barriers when trying to establish and run their own business. As is generally the case in the Swedish context, it is difficult to identify the extent to which these problems and barriers are a consequence of the immigrant background or ethnic identity of entrepreneurs, because the available data does not differentiate between entrepreneurs in this way.

The first and perhaps most obvious barrier that was identified relates to language skills (primarily Swedish and English). As was noted above, this can be a barrier for immigrants in securing access to the labour market and can also make it difficult for those who are highly qualified and experienced to set up their own businesses. It was suggested by several interviewees that when Malmö was an industrial city (in other words prior to the economic downturn in the early 1990s), it was relatively easy for immigrants to find manual jobs in which language skills were not a prerequisite. With the shift towards the knowledge and service sectors, language skills have become increasingly important. In relation to entrepreneurship it was suggested that the lack of language skills can also undermine the ability of entrepreneurs to get the support and advice that they need. Although many organisations exist to support individuals who wish to set up their own businesses, several interviewees observed that there are language barriers to accessing available services, including
some of the services that are supported by the City of Malmö. This can, in turn, undermine access to knowledge about rules and regulations for setting up a new business:

‘It is difficult to start a business for everyone but it is more difficult for immigrants from countries where there is a totally different entrepreneurial environment. They have to find out how to deal with tax, VAT etc.’

‘In Sweden there are many organisations that can help with opening a new business for free. It is easier for Swedish women to start their own business because they have contacts and can easily get help from organisations.’

A second factor that emerged as being particularly important relates to social contacts and networks. A lack of social contacts and networks was identified by many of the interviewees as a major barrier to the employment of immigrants with ethnic minority backgrounds who were living in Malmö. According to the vice president of the Chamber of Commerce these networks are particularly important in the Swedish context:

‘In Sweden, 80% of all new jobs come through networks. If you are outside the networks it is like being behind the Berlin wall. Not everyone has access to a big network so we try to give support to them.’

The importance of social contacts and networks was also emphasised by representatives from OYRA (‘Oops You Recruited Again’):

‘80% of jobs don’t exist, they are just passed by word of mouth. In other words 80% go by connections. If you are from another country you can get a job but not at the right level. It’s almost as difficult for Swedes who are leaving and coming back. Immigrants don’t have the same kind of networks as Swedes.’

In order to help immigrant entrepreneurs to overcome this barrier, OYRA tries to break the patterns by providing coaching and mentoring (see ‘Business acumen’ in the next chapter). This organisation, together with MINE (Ethnic Diversity in the Business World), also works with companies to ensure that they understand the business benefits of diversity. MINE has identified social contacts and networks as a significant issue which can serve as a barrier to employment opportunities, noting that discrimination in the labour market can be indirect or unintentional. For example, companies might advertise jobs in papers not typically read by immigrants. From MINE’s perspective this means that businesses in the city are losing out on potentially appropriate candidates because the pool from which they are recruiting is effectively narrower and more limited than it could otherwise be. It was also pointed out that because immigrants have arrived in Sweden relatively recently there is no complete network of immigrant organisations to whom information can be sent. This is a barrier to communication which the organisation is currently working to overcome.

Finally, there is mixed evidence regarding the extent to which a lack of capital or difficulties in accessing loans can serve as a barrier to those from immigrant backgrounds who want to establish their own business. NUTEK (2008) was asked by the Swedish Government to examine the situation regarding the funding of enterprise among women and men born outside Sweden. Their examination of this issue was partly based on an analysis of previous studies in this area and partly on a brief interview-based study focusing on three locations, one of which was Rosengård in Malmö. With regard to the issue of accessing finance to start and run an enterprise, the study shows that a number of different sources are used. Examples include bank loans, help from family and other compatriots in Sweden or the home country and business start-up grants. It also identified significant differences within the group of ‘entrepreneurs born outside Sweden’ with respect to which sources are most commonly used. The study shows that immigrant entrepreneurs and entrepreneurs born outside Sweden often would like to see their activities expand but that barriers to achieving this frequently arise, including that of accessing external funding. Entrepreneurs born outside Sweden regard the funding situation as a greater obstacle to growth than other groups do. Differences also occur between entrepreneurs born outside and in Sweden with
regard to the assessment made of access to loan and credit facilities. Studies show that entrepreneurs born outside Sweden are granted loans and credit facilities to a lesser extent than entrepreneurs born inside Sweden (NUTEK, 2008).

The findings of this study are reflected and reinforced by the comments and observations of some of those who were interviewed during the field visit in Malmö, in particular IFS Rådgivning. They strongly believe that a lack of access to finance can undermine the ability of immigrant entrepreneurs to develop their business ideas. They identify a number of obstacles to securing access to ‘mainstream’ financial support and loans available through banks that are particular to those from immigrant backgrounds:

‘There can be discrimination in the provision of loans from banks either because banks do not have an understanding of the ideas of immigrants or because they don’t talk the same language. Also immigrants have no possibility to provide guarantors for loans because they have no history of employment in the country...they are new in the country. There is no value attached to their education, they have no references, no contacts and no guarantors. So it is impossible for many immigrants to get loans. We have worked in helping them to create a business plan, write it down. They might be able to talk Swedish but not write their ideas down. We can help them to create contacts and act as an intermediary.’

For some groups of immigrants, and again Somali women were highlighted as a particular example, the fact that proposed businesses are operating on a very small scale and may not have significant profitability may make them unattractive to banks, even though such businesses may serve an important long-term function in terms of women’s integration into the labour market. Representatives from several other organisations also pointed out that because they have no guarantors, banks often perceive immigrant entrepreneurs as being ‘high risk’. The Muslim faith prohibits the receipt of payment of interest. This was also cited as a possible barrier for some ethnic entrepreneurs.

Researchers at the Herbert Felix Institute dispute the idea that lack of access to financial support poses a major barrier to ethnic entrepreneurs. In their view, most entrepreneurs would not look to external suppliers of finance in the first instance:

‘As an entrepreneur an individual wouldn’t look to external finance as the first port of call. Like all entrepreneurs, including those who are Swedes, they would try to get the resources they need independently of banks and business angels etc. They might look to their family or set up a consultancy as alternative sources of finance. When we talk about finance we are overly focused on externally provided money, even though these are not the most important sources. Using external sources creates more risks!’

This suggests that it is important to ensure that differences in the needs of individual entrepreneurs are fully understood and that there is no single issue that acts as a barrier or problem for all entrepreneurs from immigrant backgrounds. Much will depend upon the particular circumstances and motivations of the individual concerned, including their level of education and experience prior to arrival in the city, the extent to which individuals are able to tap into other social networks and sources of finance and the nature of the business that they want to set up.
Overall strategy

As has been noted throughout this report, the city of Malmö has undergone significant changes since the early 1990s and many of these changes have coincided with a period of increased inward migration, including from countries outside of Europe. As a result, Malmö’s population has gone from being relatively homogenous to one of significant diversity. The population consists of 30% first generation with a foreign background and 44% second generation with a foreign background. Of those aged under 19 years, 55% speak a second language with at least one of their parents. Approximately 100,000 of Malmö’s population of 294,000 people are immigrants (City of Malmö, 2008c). This does not mean, however, that there is significant ethnic diversity in all parts of the city or that ethnic entrepreneurship has been emphasised within the approach to integration. Rather, the city has pursued an overall policy that promotes entrepreneurship and encourages the establishment of SMEs in the hope that the benefits will be shared by those from ethnic minority backgrounds for whom entrepreneurship may be a preferred employment strategy.

At city level, therefore, the main emphasis in the current approach is on promoting the business benefits of diversity and the business case with which it is associated. As noted earlier, the image of Malmö that is being promoted, particularly externally, is of a dynamic and rapidly changing city that has managed to shed its old industrial image and, unlike other major cities in Sweden, has a young, creative and multi-lingual population with significant (and growing) transnational connections both within and outside Europe. This is reflected in comments made by the vice president of Sydvenska Chamber of Commerce who, along with many other interviewees, recognises that steps need to be taken to harness these potential benefits by ensuring that all of those living in Malmö have access to appropriate education, training and business support:

‘The demographic situation [in other words, the fact that there is a very young population in Malmö] will be a real opportunity for us here after 2015. Other countries, including Denmark, will have an ageing population but we will not have the same demographic deficit. This is a really important long-term issue. The Danes will need about 30,000 more workers in the next three years. We need to make sure that our young workforce is reading by reducing the language barriers and [by] dealing with any qualification and education issues.’

On a national level, Sweden has a number of public bodies focused on SME development. These include NUTEK, Vinnova (the Swedish Governmental Agency for Innovation Systems), Innovationsbron, Industrifonden and ALMI Foretagspartner. In addition, at regional and city level a large number of organisations provide support to SMEs. Despite this, some concern was expressed that because the city strategy is very much to promote entrepreneurship for all of those living in Malmö, many ‘mainstream’ organisations fail to understand the particular needs and experiences of entrepreneurs from immigrant backgrounds who, as a result, may be unable to take advantage of the full range of services and opportunities that are available to them. Some organisations including OYRA (case study below) and MINE (case study in ‘Dialogue’ section below) specifically promote the business benefits of diversity to companies based in the city.

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3 See http://www.vinnova.se
4 See http://www.almi.se
5 See http://www.oyra.se/
Target groups

As a result of the overall strategy outlined above and the lack of differentiation between entrepreneurs who are born abroad and those with an ethnic minority background, the vast majority of the entrepreneurship policies undertaken in the city are not targeted at certain groups or phases in the business cycle; rather, they are part of the general approach of promoting entrepreneurship at local level. There are however some examples of projects funded by the city, often in response to the need to match funding from the European Social Fund (ESF), that target particular immigrant groups. Many of these projects are located in the Rosengård district, which has the highest concentration of ethnic minorities living in the city. Examples of such projects include Somaliland Foreningen and Yalla Trappan (see below).

Somaliland Foreningen

This organisation was founded in 1997 by immigrants from the northern state of Somaliland in Somalia, but provides services to all Somali immigrants. It runs a host of activities including language classes, educational and employment training programmes (many specifically aimed at women), parenting programmes, music projects and an anti-drugs programme. In 2008 the organisation carried out the project ‘Somali Women Start Businesses’ promoting women’s entrepreneurship, which was funded by NUTEK through the County Administrative Board and the region of Skåne, and with cash contributions from the City of Malmö. Twelve of 18 women have registered their company, either individually or jointly, two have permanent employment in the sector they wished to start their own business and two have gone on to training. Since April 2009 the organisation has embarked on a three-year ESF funded project ‘Somali Start Businesses’ with Job Increases Service, headed by Margaretha Rolfson. It aims to recruit 180 members to the project over a three year period. In total, 60 Somali men and women aged 18–64 years who have been unemployed for at least a year and receive some form of income support will be recruited each year, 30 participants in the spring and 30 in the autumn. The project aims to reduce the high levels of unemployment among Somalis in Sweden by supporting them to become self-sufficient through work, either as entrepreneurs or employees. It aims to get 70% of participants on the programme into the labour market, either through self-employment, employment or participation in formal training within six months of the end of the programme. The organisation receives ESF match funding from the City of Malmö.

OYRA

OYRA, which is an acronym for ‘Oops You Recruited Again’, has been in existence for two years. OYRA helps to advertise job seekers’ qualifications, seeks to improve their confidence, and provides language courses and career coaching. OYRA specialises in diversity recruitment and management. They match employees with employers. OYRA’s clients are comprised of companies that are private and public, local and international, and range in industry from service to manufacturing. Their common denominator is the desire to hire candidates with diverse backgrounds and the right competencies. The organisation matches clients to candidates by strategically focusing on their needs and competencies. The business benefits of diversity are emphasised. For example, many of its candidates have international education or qualifications, have lived abroad, have overseas professional experience, can speak several languages and understand the business culture of other countries. These skills are promoted to companies based in Malmö.
Case study: Malmö, Sweden

Rules and regulations

According to those who were interviewed during the field visit, it is not difficult to set up a business in Sweden and the costs of doing so are relatively low. This is particularly the case for sole traders and for small companies with a limited number of employees, which together make up most businesses in Malmö. There is no cost associated with establishing a sole trader/single person company. To register a larger company costs SEK 50,000 (about €5,125).

There are a wide range of organisations that can help individuals with the registration process and it is relatively easy to get training in these issues, providing of course an individual has the appropriate language skills and knowledge of the organisations and opportunities available. Some of these were described as ‘incubators’, others as ‘business angels’. Malmö Trade and Industry Agency is part of the City of Malmö administration and provides help and advice, free of charge, to companies looking to establish, expand or relocate their businesses in the Malmö area. The agency offers advice on business-related issues. The services offered include:

- introductions to relevant contacts among Swedish authorities, utility providers and professional service companies such as lawyers, accountants, relocation specialists and recruitment companies;
- tailor-made information and practical advice on how to proceed when setting up a business in Malmö and Sweden;
- marketing designed to promote the growth of local companies and attract new businesses;
- research on the Swedish and international economy;
- analysis of business opportunities in Malmö;
- networking – the agency supports, develops and actively participates in Malmö’s business network.

Information is also provided for entrepreneurs on the City of Malmö website. There is no information on the website specifically directed at entrepreneurs from an ethnic or immigrant background.

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Yalla Trappan

Yalla Trappan is a not-for-profit organisation formed in April 2009 with inspiration from the staircase projects (2006–2010) in Rosengård in Malmö. The organisation aims to create a space that strengthens people’s ability to work and access education, to raise their self-esteem and self-confidence and their ability to influence society. The association works on cooperative principles, based on cooperation between members, the association’s partners and the surrounding community. Yalla Trappan ran the Female Entrepreneurship Programme in 2007. This led to a two-year project, from April 2008 to March 2010 and funded by the ESF and the City of Malmö, entitled ‘Stairwell – education, empowerment, and sustainable entrepreneurship’. The project aims to increase employability through skills development interventions and by creating commitment and participation in cooperative activities. Yalla Trappan also runs an open café, serving international cuisine, which is a major source of its income. The café provides a catering service for functions. Yalla Trappan has a design and craftsmanship studio that runs various activities, like sewing classes, for its members. It also provides training in cleaning and conference services. The organisation receives ESF match funding from the City of Malmö.

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6 See http://www.malmö.se/Foretagare.html
As noted earlier, some interviewees expressed concern that those from immigrant backgrounds can experience particular difficulties in understanding the rules and regulations that apply to SMEs. Responding to this, IKF provides basic information and personal consulting; for example support in relation to preparing business plans comprises the biggest part of their work. The organisation also helps people with budgeting to enable them to access financial support that is available through ALMI (see below). ALMI also plays a role in ensuring that those who wish to start their own businesses are aware of the rules and regulations for new businesses. According to ALMI, immigrant entrepreneurs often face great difficulties in getting their own businesses off the ground due to poor knowledge of Swedish, lack of information about the Swedish system and weak financial circumstances. Furthermore, Swedish legislation, not least tax regulations, can prove very hard to understand. There is an obvious need for advice that addresses issues faced by immigrants and ALMI can help meet this need through the IFS Rådgivning. Similarly, Somaliland Foreningen provides training to help women understand the regulations and how to set up their own business.

Business acumen

The City of Malmö recognises that entrepreneurs need certain skills and competencies to become successful and provides financial support to a number of organisations that have this specific objective. Many of these initiatives focus on providing support for women who wish to become entrepreneurs. It seems likely that this is a particular feature of Swedish society with its particular emphasis on gender equality issues.

The IKF in Malmö affirms and encourages women and aims to increase their involvement in all areas of society. The IKF, which is non-political and non-religious, is a non-profit, local organisation with about 1,000 members from 70 different countries, 43% of whom are from Sweden. This organisation has been a local resource centre for women since autumn 2001. The IKF in Malmö is also a part of the national body of the IKF, along with 17 other local organisations. The national organisation, which was founded in 1988, is non-political and non-religious and aims to reach out to women from all over the world who live in Sweden. IKF specialises in helping women in Malmö to start their own business. Representatives of the organisation explained that it can be more difficult for women entrepreneurs to start their own businesses because they may find it more difficult to secure a loan and may be lacking the necessary contacts and networks to establish and develop their business. Some of the businesses that women want to establish (particularly those in the areas of social care, clothing and small enterprises) are ones that banks may consider to be high risk and/or less profitable. In addition women may lack the business skills and acumen needed to properly run and manage the business, particularly in relation to accounting and administration skills.

In an effort to address these barriers, the IKF runs three mentors’ programmes, with 180 participants per year: Women’s Mentorship, Men’s Mentorship and Women’s Power in the Nordic Region. These are network projects involving well-educated immigrant women and leading persons in business, entrepreneurship and politics, who together develop a mutual exchange of cultural knowledge and contacts in the society and job market. The Men’s Mentorship programme in particular aims to promote entrepreneurship for women with a foreign background and give them the proper instruments to start their own business (see below). According to a spokesperson from the IKF:

‘All of the women on the Men’s Mentorship programme have a foreign background. They need more help than Swedish women to start their own businesses because of their lack of contacts and the issues around language. These are the most important factors. They [the mentor and the mentee] see each other regularly to talk about their business. Capital is important but more than anything they need contacts and language.’

Although the number of women who pass through the mentorship programmes is relatively small, IKF has a good success rate. In the period 2007–2008, more than half of those involved in the mentorship programmes started their own businesses and all of these are still running. However, like many organisations, because of funding issues IKF is struggling to provide
support to all who are in need of its services. The organisation currently receives around SEK 1 million (about €100,000) every year from the city administration, an amount that is matched by ESF funding. However this funding is limited to a three-year period and it is not clear what will happen to the programme once this funding ends.

Yalla Trappan (see the case study under ‘Target groups’ above) provides a further example of a project designed to increase business acumen among those from ethnic and immigrant backgrounds, this time for those from less highly educated backgrounds who are living in Rosengård. In addition, the Herbert Felix Institute aims to be a regional centre for counselling, mentoring and experience on integration and entrepreneurship. They offer a range of support mechanisms; for example, they help individuals to develop a business idea, offer practical support and coaching for newly established companies and support and advice on networking and gaining business contacts. Members of the institute can also can link businesses with mentors who are experienced in the relevant business field.

Developing business acumen through mentoring is therefore widely considered to be an important strategy for enhancing the skills of immigrants who wish to set up their own business. According to the vice president of the Sydvenska Chamber of Commerce, this should be one of the main strategies pursued by the City of Malmö in its efforts to increase entrepreneurship. He believes that the city has an important role to play in this respect. It was also suggested that the city administration has an important role in highlighting the benefits of migration for Malmö as there is currently a gap between the policies of the city, which are progressive, and public attitudes towards immigration, which generally are not. It was suggested that developing pilot mentoring schemes in secondary schools for second generation immigrants aged 11–18 years might be one of the most effective ways of progressing this agenda.

**Finance**

The city of Malmö is not directly involved in providing loans to entrepreneurs but supports some institutions that are involved in this work. Most notable among these organisations is IFS Rådgivning (see below). The IFS mostly deals with immigrant entrepreneurs from other countries in western Europe, especially Denmark, but they also have clients from outside Europe, for example Iraq, Iran and former Yugoslav republics. They feel that discrimination occurs in relation to access to finance and that this discrimination needs to be tackled. The organisation also works directly with people from immigrant backgrounds to understand the problems and needs of immigrants and to ensure that these needs are met.
As noted earlier in this report, the IFS considers that discrimination currently takes place in the provision of loans from banks, either because banks do not have an understanding of the ideas of immigrants or because they do not speak the same language. It also recognises that immigrants are often unable to provide guarantors for loans because they have no history of employment in the country. In this context, the IFS helps immigrant entrepreneurs to develop a business plan that can then be used to secure finance, for example from ALMI, of which they are a subsidiary. ALMI will provide loans of SEK 100,000–250,000 (approximately €10,000–€25,000). There are no banks involved.

So-called ‘business angels’ represent a further source of finance in the city that might be further exploited by entrepreneurs. Business angels are wealthy individuals who invest in high growth businesses in return for equity in those businesses. Some business angels invest on their own, whereas others do so as part of a network, syndicate or investment club. In addition to money, business angels often make their own skills, experience and contacts available to the company. In Sweden there is an expanding and well developed market of business angels which is supported by NUTEK. Research by Mansson and Landstrom (2006) suggests that changes in the Swedish taxation system have probably influenced the business angel market, making investors invest at earlier stages and in high-tech companies.

There is also some evidence from the field visit that immigrant entrepreneurs who are successful may go on to become important investors in the businesses of other immigrant entrepreneurs. Ljubo Mrnjavac is a very successful ‘ethnic entrepreneur’ who appears on Draknästet, the Swedish version of the British TV entrepreneur-investment programme Dragon’s Den. He is Sarajevo-born and came to Sweden and Malmö in the mid 1960s. After high school he started his first company as a 17-year-old with a mission to buy up bankrupt businesses and defective goods and then resell them. After military service he purchased a snack bar which he ran for a couple of years and then moved to the franchise chain Pölsemannen. In 2002, Pölsemannen was sold to one of Denmark’s largest business groups, Tulip Food Company. Ljubo now co-owns a Scandinavian venture capital company called Rosengård Invest (see case study below) which mainly invests in immigrant entrepreneurs living in the Rosengård district. So far the company has invested in three business lines – digital marketing, safety and promotional clothing. In addition to this, Ljubo has himself invested in a waste company with 120 employees in Turkey, as well as restaurants in Malmö and properties in Portugal. Ljubo’s latest project is FC Rosengård, a newly formed football club located in Rosengård, which plays in the first division of Swedish football. He hopes this initiative will help improve conditions and instill new hope and dreams for the future for all young people living in Rosengård.
Case study: Malmö, Sweden

Business locations

The physical environment of Malmö and the lack of appropriate commercial properties can create considerable difficulties for those who want to start their own businesses in the city, and in particular for those from ethnic minority and immigrant backgrounds living in areas such as Rosengård. As noted in the introduction to this report, the district of Rosengård was built in the 1960s at a time when there were very large industries in the city. The area was designed as a place where people could live, not for business premises. Several interviewees pointed to the difficulties that entrepreneurs can experience in finding premises:

‘It’s difficult to find a place to open your own shop. There are no shops to rent. There are no commercial properties in areas where immigrants are living, only flats.’

In response to this problem, considerable efforts are now being undertaken by the City of Malmö, in cooperation with a partner organisation, to change the physical infrastructure of the city. The aim here is to make it possible for those who wish to start their own businesses in districts such as Rosengård to do so. MKB Property has 22,000 rental apartments in the city. Although it is a profit-making company, it has been established for the public good and works closely with the city to improve the social and economic conditions for those living in Malmö. MKB owns 15,000 apartments in Rosengård. In response to the young demographic profile and high unemployment rates of those living in the district, MKB has embarked upon a programme of development to create business units (shops) with accommodation above them, which will enable the entrepreneurial spirit apparent in the area to thrive. MKB also views the development as an opportunity to connect the area to the city centre (it is in close proximity but currently no direct or easy access exists between the two regions for cyclists and pedestrians). The first eight bokaler (homes with a business unit) were completed in December 2009 and a number of businesses have already moved into the premises, including a cake and sweet shop, a fruit and vegetable store, a hairdresser and a travel agency. MKB is a property management company so it does not provide business loans or support. It creates the premises in which those with a viable business proposition can develop their ideas.

Rosengård Invest

Rosengård Invest is an investment company founded in spring 2009 by Greg Dingizian and Ljubo Mrnjavac, through their joint company Scandinavian Cap AB, together with EON, Swedbank and Trelleborg AB. They had an idea for an investment company that invests in companies run by entrepreneurs with foreign backgrounds. Many of these entrepreneurs have high ambitions but find it hard to further develop their businesses. The idea of Rosengård Invest is to help entrepreneurs with foreign backgrounds to operate and develop businesses in Sweden in the belief that this will also produce a good return for the investor.

Bokaler – a new way to promote entrepreneurship and create communities in Rosengård

MKB have built bokaler premises (housing with business units) along a street called Bennets Väg in Rosengård. Bokaler are rented from MKB and have separate contracts for the business unit and home premises. These contracts are interwoven so that business units and homes are always rented together. Business units are rented out as functional ‘shells’ in which the outer walls and installations required for business are paid for by the client following approval by both MKB and the relevant authorities. Examples of permitted businesses include a café, a shoemaker, a travel agency, a boutique, a hairdresser, an internet café and other customer-based businesses that will not disrupt the surrounding area. Businesses that require food preparation, noisy work or which might disrupt the surrounding area, for example...
Social entrepreneurship

The City of Malmö supports a range of not-for-profit organisations in its effort to promote and support ethnic entrepreneurship. These include the IFS (see above) and MINE (details provided below). In addition, the city provides financial support to the Centre for Public Entrepreneurship in the form of match funding for a new three-year development project, supported by the European Regional Development Fund, which encourages and supports social (rather than commercially motivated) entrepreneurship. The project will run until autumn 2012 and will provide development support to public initiatives and ideas. It offers practical support to the potential public contractors in Skåne. The centre has a large network of businesses, public institutions and societies and wants to share its knowledge of how good ideas can be realised. In addition, the centre, in cooperation with colleges and universities, creates and disseminates knowledge about social entrepreneurship. The centre is currently supporting about 20 projects. Activities are funded by the European Regional Development Fund and operated under the auspices of the People’s University. The goal is to enable the Centre for Public Entrepreneurship to serve as a meeting arena where the tools of knowledge, networking, mentoring and financial guidance will be used to support new development initiatives. The initiatives may come from individuals, associations or organisations, officials or politicians in the public sector, or combinations thereof.

The Centre for Public Entrepreneurship has had considerable success in encouraging and supporting young people living in Malmö to be entrepreneurial. Although the projects with which it has been involved are not initially commercially orientated, they have brought longer-term economic benefits to the city. And although they have not been directed specifically at ‘ethnic entrepreneurs’, the demographic composition of the city’s population means that, by definition, most of those who are young and entrepreneurial are likely to be from ethnic minority and/or immigrant backgrounds.

One example of a project that has neither had an explicitly commercial aspiration nor been focused specifically on immigrant groups is the Stapelbäddsparken (Skate Park, see below). This was built in the harbour area of the city and is widely perceived to be making an important contribution to its dynamism.

Stapelbäddsparken (Skate Park), Malmö

Stapelbäddsparken is a skateboarding park in Malmö. It was designed by Stefan Hauser and forms an important part of the transformation of the city from an industrial city to one of services, leisure and the creative arts. Located in the harbour redevelopment area, 2,000 square meters of pools, bowls, stairs and ramps were built by skateboarders together with the City of Malmö Streets and Parks Department. In May 2006, the skate park was officially inaugurated and since then it has featured in plenty of global magazines and skateboard forums. Since 2006, Stapelbäddsparken has hosted the Quiksilver Bowlriders – the international world cup of skateboarding. This has placed Malmö in the limelight and Stapelbäddsparken has become not only an attraction for skateboarders around the world but also sight for curious tourists and an example of what can be done to harness the creative potential of young people living in the city.

See [http://www.stapelbaddsparken.se](http://www.stapelbaddsparken.se)
Transnational economic connections

As noted earlier in this report, the City of Malmö has an approach to the urban economy that strongly and explicitly promotes the business benefits of diversity in cooperation with ethnic organisations in Malmö. This approach is reflected in, and reinforced by, comments made by the vice president of Sydvenska Chamber of Commerce:

‘The guest worker system of fifty years ago is an entirely different world. People need to accept that migrants are here to stay and we need to look at that as an asset. One hundred and seventy four nationalities equals 174 countries in which we potentially have new markets.’

Although there is recognition of the importance of these transnational economic connections it was suggested that more needs to be done to fully harness their benefits. In particular it was suggested that more needed to be done to capture the networks and contacts that immigrants living in the city already have:

‘These networks, which we call ‘diasporic connectivity’ are very important to us because they are far more important as trade mechanisms than all of the formal efforts to establish links with other countries.’

At the present time there are no organisations in the city with a specific responsibility for ‘mapping’ this diasporic connectivity and for ensuring that the business benefits are fully harnessed.

Training and management support

Those wishing to start their own business are provided with an opportunity to access training and support. It is important to note that this training is not directed specifically toward entrepreneurs from ethnic or foreign backgrounds and is not only provided by the city administration but by other organisations as well; this is because it is centrally funded. For example, NUTEK, together with the Companies Registration Office and the Tax Board have created a new corporate portal that provides a ‘one-stop-shop’ for information, tools and e-services from multiple agencies. In addition there is the relatively newly established, New Start office in the city, the aim of which is to provide tailored support and guidance to those who want to start their own business. Nine New Start offices have been set up in the following municipalities: Landskrona, Botkyrka, Södertälje, Stromsund, Haparanda, Malmö, Gothenburg, Wilhelmina and Skärholmen. The New Start office works with local authorities and aims to ensure that Malmö residents get the best service and information about opportunities to start their own business. As this is a relatively new initiative, the effectiveness of the service provided is not yet known.

As noted elsewhere in this report, a number of organisations in the city provide training and support particularly focused at immigrant entrepreneurs. These include the IFS, the IKF and the Herbert Felix Institute (see case study below).

Herbert Felix Institute

The Herbert Felix Institute in Eslöv (approximately 25km from Malmö) was founded in January 2007 and is a national centre for research, public opinion and the exchange of experience about integration and entrepreneurship. The purpose of the institute is to highlight the importance of immigration in Sweden and to increase the understanding between different cultures. A pilot study has now been completed which describes how an innovation and competency centre
The City of Malmö does not play a direct role in facilitating dialogue between banks, chambers of commerce and trade unions. Instead, it provides financial support to organisations that take on this role. These organisations include MINE (see box below) and the IFS (which cooperates with banks and the regional chamber of commerce). There are currently 40 companies engaged with MINE and the organisation also works with Malmö University, Malmö Football Club and the Skandinaviska Enskilda Banken (SEB). All of those involved with MINE recognise that the Malmö labour market is segregated and want to do something about this. They also consider it important that businesses themselves take social responsibility rather than expecting regulation to deliver solutions to the issues. It is considered particularly important that businesses operating in the city understand, and take advantage of, the business benefits of diversity. In other words, they need to appreciate that there is a powerful business case incentive for improving current employment practice and capitalising on the attributes of all of those living in the city. To this end, much of MINE’s work involves communicating the benefits of diversity to businesses operating in the city. The City of Malmö provides the organisation with funding to support this work.

The Herbert Felix Institute has also participated in the establishment of a visiting professorship within the area of immigrants’ entrepreneurship through cooperation with operators within trade and industry and Lund University’s school of economics and management. The visiting professorship is a three-year post and is held by Professor Monder Ram, who works at De Montfort University, Leicester (UK). A doctoral student (Craig Mitchell) is also working with Professor Ram.

Dialogue

The City of Malmö does not play a direct role in facilitating dialogue between banks, chambers of commerce and trade unions. Instead, it provides financial support to organisations that take on this role. These organisations include MINE (see box below) and the IFS (which cooperates with banks and the regional chamber of commerce). There are currently 40 companies engaged with MINE and the organisation also works with Malmö University, Malmö Football Club and the Skandinaviska Enskilda Banken (SEB). All of those involved with MINE recognise that the Malmö labour market is segregated and want to do something about this. They also consider it important that businesses themselves take social responsibility rather than expecting regulation to deliver solutions to the issues. It is considered particularly important that businesses operating in the city understand, and take advantage of, the business benefits of diversity. In other words, they need to appreciate that there is a powerful business case incentive for improving current employment practice and capitalising on the attributes of all of those living in the city. To this end, much of MINE’s work involves communicating the benefits of diversity to businesses operating in the city. The City of Malmö provides the organisation with funding to support this work.

MINE

MINE (Ethnic Diversity in the Business World) is a not-for-profit organisation created by employers for employers. Started in 2003, its main purpose is to increase ethnic diversity in the labour market in Malmö. MINE assists both private and public businesses with practical advice and guidance on diversity management and the recruitment of wider groups of staff. MINE has received funding from the ESF to deliver a diversity programme aimed at encouraging
employers to make the most of immigrant skills. The organisation was also given €40,000 in match funding by the City of Malmö in 2010. The programme:

- arranges a mentoring programme in which immigrant scholars are matched with persons engaged in the Swedish labour market;
- develops a diversity recruitment guide;
- runs seminars and workshops;
- disseminates good practice on the diversity programme’s successful work.

Although the city does not engage directly in facilitating dialogue between important actors in the area of ethnic entrepreneurship, through its Trade and Industry Agency it does however produce a biannual report entitled Malmö Snapshot. This publication, which is available in English and Swedish, reports on the situation for trade and industry in Malmö with the explicit aim of opening up a dialogue with everyone interested in the development of companies in the city. Malmö Snapshot provides a common knowledge base for discussions by giving an overview of developments and trends in some of the most important areas. Much of the information in section 3 of this report is provided by this information source.

11 Available at http://www.malmo.se/tradeindustry
The city of Malmö is increasingly acknowledged – both within Sweden and beyond - as a lively and vibrant city which, over the past decade, has embarked upon a process of urban regeneration and redevelopment. This process of regeneration has explicitly sought to capitalise on the benefits brought by the diverse and demographically youthful population structure associated with significant inward migration from other countries within and outside the EU. The strategic decisions to become more integrated into the Öresund region through the building of the Öresund Bridge, and to transform itself from an industrial economy to a knowledge-based one, through the development of Malmö University, have been vitally important steps in this process. This has required significant vision and political leadership on the part of the City of Malmö administration and, in particular, the city mayors.

It is clear from conversations and observations during the field visit that the city is moving from a situation of low self-confidence to one in which it feels empowered to address some of the structural difficulties that have arisen from the demise of the industrial sector in the early 1990s. Despite these very significant improvements, however, it is also clear that the city of Malmö cannot afford to be complacent about its future. There remain very significant issues and difficulties facing some sections of the immigrant population, particularly those from outside the EU who continue to live in residentially segregated areas of the city, most notably Rosengård, and for whom there remain significant difficulties in gaining access to the labour market. These difficulties stem from a combination of individual factors (most notably a lack of education and language skills among some populations) combined with both direct and indirect racism and discrimination in the labour market. While the effects of the recent economic downturn appear to have been at least partly offset by the city’s close proximity to the labour market in Copenhagen, the general shift from an industrial to a knowledge-based urban economy is likely to continue to have a disproportionate impact on these populations and potentially undermine efforts on the part of the city to deliver social and economic integration.

The City of Malmö recognises that many of those from immigrant backgrounds are interested in pursuing an entrepreneurial path and there have been a number of concrete policies on the part of the administration to remove possible barriers to entrepreneurial activities. This includes financial support to a number of organisations working in the city, to enable them to provide information about rules and regulations, to develop business acumen, especially through training and mentorship schemes, and to improve access to business start-up and development loans outside the mainstream banking structures. Most notable among these policies are the physical changes that have taken place in Rosengård to establish bokaler, housing with business units made available to ethnic entrepreneurs who wish to start their own company. This is a highly innovative project which not only represents a new way of promoting entrepreneurship but also has the potential to transform communities living in Rosengård by connecting them to other parts of the city and by encouraging a broader process of social and urban regeneration to occur.

This project and other recent initiatives such as the development of Stapelbäddsparken, the skateboard park in the harbour area, provide a clear indication of the potential in looking at issues of entrepreneurship, not only from a business perspective but from the perspective of encouraging the development of different kinds of ‘social glue’ that connect different groups in society together through common and shared interests and activities. The challenge now is for public and private sector organisations in Malmö to create an environment whereby different kinds of entrepreneurship can thrive and from which everyone benefits. More than 50% of people living in Malmö are born abroad, and this proportion is much higher in the younger generation. In this context, it is not only commercial enterprises that are useful to the process of integration. Other forms of entrepreneurship that capitalise on the social capital brought to the city through migration also play a valuable role. This emphasis on social capital reinforces the need – as suggested by many of those interviewed during the course of this research – to focus on the development and improvement of social networks and contacts. This includes the development of social networks for those people who are newly arrived from outside the European Union, for whom they do not already exist and may be more difficult to form due to language issues, prejudice and discrimination, and cultural differences. It is also important that the city administration continues to show political leadership in promoting the business benefits of diversity. To date, many of these efforts have been directed towards the business community (private sector) for whom there are clear advantages. However it is not clear that these advantages...
are fully appreciated more widely in the city by the general public. Several respondents raised concerns about a perceived gap between attitudes towards immigrants prevalent in the city – especially in relation to Rosengård – and policies being pursued by the administration. A renewed emphasis and public promotion of the benefits of diversity associated with migration is needed to fully capitalise on potential opportunities, including the transnational or ‘diasporic’ connectivity that migrant communities bring.

Books and reports

The following reports and articles deal with the subject of ethnic entrepreneurship in Malmö city and in Sweden generally:

- Bevelander, P., Broome, P. (2009), From crane to torso: Local skills strategies in the city of Malmö, Malmö Institute of Migration, Diversity and Welfare, Malmö.
- Broomé, P., Dahlstedt, I., Schölin, T. (2007a), Organisations as gateways for immigrants and ethnic minorities, Current Themes in IMER Research No. 5., Malmö Institute for Studies of Migration, Diversity and Welfare (MIM) and Department of International Migration and Ethnic Relations (IMER), Malmö University, Malmö, available at: http://hdl.handle.net/2043/3897


Bevelander, P., Broome, P. (2009), From crane to torso: Local skills strategies in the city of Malmö, Malmö Institute of Migration, Diversity and Welfare, Malmö.


Broomé, P., Dahlstedt, I. and Scholín, T. (2007a), Organisations as gateways for immigrants and ethnic minorities, Current themes in IMER research No. 5, Malmö Institute for Studies of Migration, Diversity and Welfare (MIM) and Department of International Migration and Ethnic Relations (IMER), Malmö University, Malmö.

Broomé, P., Dahlstedt, I., Scholín, T. (2007b), Quantitative indicators of diversity: Content or packaging?, Current themes in IMER research No. 6, MIM and IMER, Malmö University, Malmö.


City of Malmö (2008a), Action plan for increased integration and employment for the people of Malmö, Malmö.

City of Malmö (2008b), Malmö residents with a foreign background, Malmö.
Ethnic entrepreneurship


Case study: Malmö, Sweden


List of persons interviewed

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Inge mar Jeppsson, Herbert Felixinstitutet, Lund University

Torbjörn Karlsson, Political Secretary, City of Malmö

Andreas Konstantinides, City of Malmö Integration Department, Mayor of the District of Rosenberg

Hans Landström, Herbert Felixinstitutet, Lund University

Craig Mitchell, Herbert Felix Institute, Lund University

Margaretha Rolfson, RATSO Project/Somaliland Förening

Tom Magnusson, MINE (Ethnic Diversity in the Business World)

Ljubo Mrnjvac, Rosengård Invest

Sylvia Morfdiakis, FC Rosengård

Maja Mutsson, OYRA

Anna Rydberg, New Start Office

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Darja Smisovsky, IFS Rådgivning
Ethnic entrepreneurship

Mikael Toldbo, New Start Office

Per Tryding, Vice President, Sydsvenska Handelskammaren (Sydvenska Chamber of Commerce)

Jelica Ugricic, Chairperson, Organisation for International Women in Malmö (IKF)

Heaven Crawley, Centre for Migration Policy Research (CMPR), Swansea University, Wales (UK)