

ENTREPRENEURSHIP AMONGST YOUTH & MIGRANT YOUTH

COMPARATIVE REPORT MYSITE PROJECT



Erasmus+

ABOUT MYSITE

This project addressed entrepreneurship as a tool towards integration. The target group was Third Country National and local young people interested in entrepreneurship.

The objectives of the project were:

- To compile research on the needs of young entrepreneurs and on the resources available in each participating country
- To promote youth entrepreneurship as a means of employment and financial independence
- To promote the social inclusion of TCN youth in five different countries

The project will involved research, training and mentorship. The research component, of which this report is a key output, provides a snapshot of the opportunities for entrepreneurship for both groups in the five participating countries. National reports have been drawn up for each country and a comparative report analyses developments and opportunities at the European level as well as providing a comparative analysis of the participating countries.

The training component catered for both TCNs and local youth and will was developed on the basis of the research findings and delivered across the participating countries. The training covered a range of topics including the modalities and frameworks for setting up a business, accessing finance and management.



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1. Introduction

Entrepreneurship has been identified as a key vehicle for economic development and growth¹. In recent years, particular attention has been placed on both youth² and migrant entrepreneurship as a tool towards labour market integration. At the same time the difficulties faced by both groups with integrating into the labour market are well documented.³ The current report contributes to this discussion, by examining the barriers and challenges to entrepreneurial activities, which apply specifically to young people generally and migrant youth in particular, and hinder them from fully developing their potential and participate in the labour market.

The report builds on the findings of 5 National Research Reports drawn up as part of the (Migrant and Youth Social Inclusion through Entrepreneurship (MY Site) Project for Cyprus, Greece, Italy, Malta and Spain. It provides a comparative overview of the situation for youth and migrant entrepreneurs in the 5 countries. In doing so, it identifies some key similarities and differences in these national contexts including as they related to the legal, institutional and policy frameworks, facilitation initiatives and programmes, as well as the barriers that youth and migrant entrepreneurs face. Finally, building on the findings of the research, the report makes a number of recommendations.

The report is structured as follows. Following this introduction, Section 2 presents the most pertinent EU policies on youth and migrant entrepreneurship, which impact the policies adopted and implemented by the member states. Section 3 provides a brief overview of the demographic information and the statistical data that are relevant to entrepreneurship. Section 4 provides a comparison of the legal institutional and policy frameworks in the five countries. Sections four and five discuss the main opportunities (section four) and barriers (section five), that young and migrant entrepreneurs in the five countries. Section provides the recommendations.

2. EU Policies on Youth and Migrant Entrepreneurship

2.1 General framework

Small and medium-sized enterprises (SMEs) have proven to be vital for economic and social development due to their capacity to generate wealth, spread innovation, bring new skills and lead to higher life satisfaction.⁴ SMEs represent 99% of European enterprises⁵ and are key drivers of job creation. Indeed, during the last five years, 85% of new jobs have been generated by SMEs.⁶ It is therefore no surprise that entrepreneurship is increasingly highlighted as a crucial competency.⁷ This, in turn, has led to the development of policies and programmes aimed at promoting and

¹ See for example Acs and Audretsch 2010

² See for instance Schoof, Ulrich., 2006.

³ For example, Wrench, John; Rea, Andrea & Ouali, Nouria. 2016

⁴ See for instance Fingleton et al. 2003

⁵ Entrepreneurship and Small and medium-sized enterprises (SMEs) https://ec.europa.eu/growth/smes_en

⁶ *Ibid.*

⁷ Employment, Social Affairs and Inclusion, <https://ec.europa.eu/social/main.jsp?catId=1317&langId=en>

regulating entrepreneurship not least at the EU level.⁸ In fact six out of seven Europe 2020 Flagship Initiatives will assist SMEs in achieving prosperity.⁹

The current policy framework on entrepreneurship is multi-layered, involving actors from the local, national, and supra-national levels. In this complex structure, the EU 2020 Strategy provides the broad framework, under which other initiatives by the EU and its member states function. The strategy prioritizes sustainable growth, competitiveness, and productivity, and sets the goal of achieving a 75% employment rate for the working-age population.¹⁰ Integrated into the EU 2020 Strategy, the Small Business Act (SBA) focuses predominantly on entrepreneurial activities. Since its launch in 2011, it has invited Member States to remove financial, market-specific and other constraints to SMEs' development.¹¹ The 'Towards a Single Market Act', promulgated shortly after the SBA, seeks to tackle administrative obstacles preventing SMEs' internationalization and encourage free movement of goods, services, capital, and people.¹² In order to implement the SBA's envisaged objectives, the more focused Entrepreneurship 2020 Action Plan was launched in 2015.¹³ It identifies three main areas where immediate action is required: entrepreneurial education and training, removal of administrative barriers and promotion of entrepreneurship culture among different social groups.¹⁴

Another policy field that is closely related to the regulation and promotion of entrepreneurial activities is the EU Cohesion Policy.¹⁵ Similarly to the Entrepreneurship 2020 Action Plan, it has also been guided by the main objectives of the SBA. It is believed to be one of "the largest policy source of funding for SMEs in Europe".¹⁶ Within the policy's Operational Programme 2014-2020 the special thematic objective "Enhancing the competitiveness of Small and Medium Enterprises (SMEs)" aims at helping SMEs with accessing finance, exploiting new sources of growth, training and innovation research.¹⁷ Furthermore, the Cohesion Policy provides assistance to enterprises in creating cross border partnerships and accessing global markets.¹⁸

Geared towards the main challenges outlined in the EU 2020 Strategy, the SBA and the Cohesion Policy holistically impact the policy structures at the national level. National and regional actors must adjust their own actions to the requirements of this broader policy framework. Member States should assess the local situation and suggest relevant initiatives in order to achieve compulsory targets for the promotion and facilitation of entrepreneurship. Furthermore, the impact of the SBA and the Cohesion Policy is not only demonstrated vertically but also horizontally. For instance, in

⁸ McCann, Ph., and Ortega-Argilés, R. 2016

⁹ [Flagship Initiatives and the Cohesion Policy,
http://www.europarl.europa.eu/RegData/etudes/etudes/join/2012/474559/IPOL-
REGI_ET\(2012\)474559\(ANN01\)_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/etudes/join/2012/474559/IPOL-REGI_ET(2012)474559(ANN01)_EN.pdf)

¹⁰ Economic and Fiscal Policy Coordination, https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/framework/europe-2020-strategy_en

¹¹ The small business act for Europe, https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act_en

¹² [Towards a Single Market Act, https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A52010DC0608](https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A52010DC0608)

¹³ Public consultation on the Entrepreneurship 2020 Action Plan,
<http://ec.europa.eu/DocsRoom/documents/10378/attachments/1/translations>

¹⁴ Ibid.

¹⁵ McCann, Ph., and Ortega-Argilés, R. 2016

¹⁶ Ibid.

¹⁷ EU Cohesion Policy 2014-2020,

https://ec.europa.eu/regional_policy/sources/docgener/informat/2014/fiche_sme_en.pdf

¹⁸ Ibid

2016, another supranational framework, the EU Urban Agenda of the EU, has started encouraging cities to foster entrepreneurship and spread innovation.¹⁹

Despite various achievements, a number of challenges remain. Firstly, there is no clear definition of entrepreneurial activity which negatively impacts education programmes. Several attempts have been made to address this gap. For example, in an effort to bridge education and work, since 2015 the Entrepreneurship Competence Framework is being developed by the Joint Research Centre of the European Commission.²⁰ The framework identifies 15 key competencies (e.g. creativity, planning, teamwork, and financial literacy) and suggests ways to strengthen them. Secondly, red tape still presents a significant obstacle for those wishing to start a business. The OECD has noted that "SMEs are typically less efficient than large firms in screening the regulatory environment and dealing with norms".²¹ Finally, there is a strong need for practical tools to better monitor the policies and initiatives in action, evaluating their effectiveness and measuring outcomes. For this purpose, the MILES framework of the World Bank,²² the "SME Test" of the European Commission²³ and the "COTE" framework of the OECD have been created.²⁴ All these issues should be considered while developing entrepreneurship-related policy actions and strategies.

2.2 Key policies on youth entrepreneurship

According to the report of The European Foundation for the Improvement of Living and Working Conditions ([Eurofound](#)), the level of youth unemployment in Europe is worryingly high.²⁵ Despite the fact that the number of "Not in Education, Employment, or Training" young people (NEETs) has declined from 23% in 2013 to 19% in 2016, Southern European countries such as Greece (40.4%), Spain (31.7%) and Italy (30.5%) continue suffering from high youth unemployment.²⁶ ²⁷ Beyond the increasing strain on national budgets, the number of NEETs may result in a range of negative social consequences such as disruption of interpersonal ties, low human and social capital, and decreasing interpersonal and institutional trust.²⁸ Moreover, the difficulty for young people to enter into the labour market can have dramatic long-term outcomes; for instance, "it is estimated that one year of unemployment during youth can reduce annual earnings at age 42 by up to 21%".²⁹

Although the above-mentioned problems cannot be resolved exclusively by entrepreneurship, the latter can help improving employment rates, and the acquisition of new skills. Removing barriers to entrepreneurial activities, strengthening the entrepreneurship culture, information provision, as well as guidance and financial support are necessary in order to create a more business-friendly

¹⁹ McCann, Ph., and Ortega-Argilés, R. 2016

²⁰ <https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/entrepreneurship-competence-framework>

²¹ OECD, SME Ministerial Conference, <https://www.oecd.org/cfe/smes/ministerial/documents/2018-SME-Ministerial-Conference-Parallel-Session-1.pdf>

²² MILES to Go, http://siteresources.worldbank.org/INTLM/Resources/390041-1212776476091/5078455-1267646113835/MILESThequestoperationalLMparadigm_Jan212008.pdf

²³ https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/sme-test_en

²⁴ <http://www.oecd.org/cfe/smes/31919294.pdf>

²⁵ [SME Test,](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1507en.pdf)

https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1507en.pdf

²⁶ Youth Unemployment rate in EU countries, August 2019, <https://www.statista.com/statistics/266228/youth-unemployment-rate-in-eu-countries/>

²⁷ Employment, Social Affairs and Inclusion, <http://ec.europa.eu/social/main.jsp?catId=1036&langId=en>

²⁸ Youth Entrepreneurship in Europe: Values, attitudes, policies

https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1507en.pdf

²⁹ Ibid.

environment for young people.³⁰ This would also require other policy goals such as the prevention of early school leaving, the provision of effective training and the identification of those young people with the right skills and character traits required to start a successful business. EuroFound research noted that whilst youth interest in entrepreneurship was high, only a small percentage (6.5%) opted for self-employment.³¹

Policies and programmes on youth entrepreneurship function under the general framework of already mentioned the EU 2020 Strategy, the SBA and the Entrepreneurship 2020 Action Plan, with their focus on sustainable growth and combating unemployment. In response to the SBA's call to provide youth with relevant business education, the Entrepreneurship 2020 Action Plan suggests practical measures such as higher education programmes, entrepreneurial schools, mobility schemes, and peer mentoring.³² To highlight the crucial importance of early training on entrepreneurship, the Action Plan notes that "between 15% and 20% of students who participate in a mini-company programme in secondary school will later start their own company".³³ Furthermore, the Entrepreneurship 2020 Action Plan recommends making entrepreneurial learning modules available for the 5 million people participating in the Youth Guarantee scheme.³⁴ Launched as a part of Employment Package and more specifically Youth Employment Package, the main goal of the Youth Guarantee is to ensure Member States work to prevent young people from being outside of education or employment for a period exceeding 4 months.³⁵ The Youth Guarantee thought the Mutual Learning Programme also encourages Member States and other stakeholders to disseminate best practices with regard to increasing employment for youth.³⁶³⁷

Another key pillar in youth entrepreneurship promotion is the EU Youth Strategy 2010-2018. Together with fostering youth creativity as well as health and social inclusion, it highlights the vital role of employment, education, and entrepreneurship.³⁸ The Strategy underlines that entrepreneurial activities lead to valuable non-formal learning and unleash the innovative potential of young people. One of the most effective programmes being implemented under the EU Youth Strategy 2010-2018 umbrella is Erasmus+ and the more focused Erasmus for Young Entrepreneurs (EYE).³⁹ Being a joint effort of the European Commission, the European Association of Chambers of Commerce and Industry and intermediary organizations, the latter assists young entrepreneurs in receiving necessary business guidance for a period up to 6 months. The programme has a mobility element, as a participant is supposed to work and acquire new skills in a small or medium-sized enterprise in a different Member State to their own. The founders of Erasmus for Young Entrepreneurs (EYE) believe it is a win-win situation for all parties involved; both a mentor and a young entrepreneur can learn new business practices, extend networks and smoothen the path towards internationalization.⁴⁰

³⁰ Ibid.

³¹ Ibid.

³² Entrepreneurship Action Plan 2020, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52012DC0795>

³³ Ibid.

³⁴ The Youth Guarantee, <https://ec.europa.eu/social/main.jsp?catId=1079&langId=en>

³⁵ Youth Employment, <https://ec.europa.eu/social/main.jsp?catId=1036>

³⁶ The Youth Guarantee, <https://ec.europa.eu/social/main.jsp?catId=1079&langId=en>

³⁷ Mutual Learning Programme, <https://ec.europa.eu/social/main.jsp?catId=1047>

³⁸ EU Youth Strategy, https://ec.europa.eu/youth/policy/youth-strategy_en

³⁹ Erasmus for Young Entrepreneurs 2009-2019, <https://www.erasmus-entrepreneurs.eu/>

⁴⁰ Erasmus for Young Entrepreneurs 2009-2019, <https://www.erasmus-entrepreneurs.eu/page.php?cid=20>

3. Demographics

In terms of demographics, the five countries that are included in the current report have both significant differences and similarities. With regard to their population size, for example, two of the countries are small, Cyprus and Malta, and two are quite large, Spain and Italy, while Greece is considered a mid-sized country for European standards. Despite the difference in size, the percentage of migrants in the general population is relatively similar across countries, with Malta and Italy (6%⁴¹ and 5.8% respectively) having a slightly lower percentage, while the percentage for Spain and Cyprus are slightly higher (6.3% and 7% respectively).⁴²

With reference to employment and entrepreneurship, the data suggest a very diverse situation across the five countries. Unemployment rates vary significantly with Malta only at 3.7%⁴³ (one of the lowest rates in the EU), and Greece at 21.5%⁴⁴, which is the highest in the EU. Cyprus and Italy fare similarly (11.1%⁴⁵ and 11.2% respectively), while unemployment in Spain is quite high (17.2%). Employment rates present a more balanced situation, with Malta scoring the highest (75.5.4%), followed by Cyprus (73.9%), Spain (67%), Italy (63%) and Greece (59.5%)⁴⁶. Furthermore, regarding self-employment rates Greece (30%)⁴⁷ and Italy (22%)⁴⁸ score significantly higher than the EU average (14%)⁴⁹, whilst Malta (15%), Spain (16%)⁵⁰ and Cyprus (12%)⁵¹ score close to the EU average. Finally, the data strongly suggest that young individuals face significant difficulties entering the labour market, as youth⁵² unemployment rates are consistently higher when compared to those of the general population in all five countries. The highest youth unemployment rate is observed in Greece, where 39.9% of young people are unemployed. In the remaining four countries, though the youth unemployment rates are lower, they are still at least two times higher than the national unemployment rate (20.2% for Cyprus, 32.2% for Italy, 9.2% for Malta, and 34.3% for Spain).⁵³

The way the five countries fare in international indices relating to entrepreneurship is relevant to this analysis and can inform the comparisons that can be drawn between the 5 countries. In the ‘Ease of Doing Business Index’ for instance, shows that Spain ranks much better (30th overall), while Malta is, by far, the worst performer in this index (84th overall).⁵⁴ A comparison of the individual indicators reflects specific areas of strengths and weaknesses for each of the countries. Specifically,

⁴¹ Eurostat, “Dataset Population on 1 January by age group, sex and citizenship”, <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

⁴² Unfortunately, this data is not provided in the Greek national report

⁴³ Eurostat, “Dataset: Unemployment by sex and age - annual average”, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_rt_a&lang=en

⁴⁴ Eurostat, Unemployment, https://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics

⁴⁵ Statistical Service Cyprus, http://www.cystat.gov.cy/mof/cystat/statistics.nsf/labour_32main_keyarchive_gr/labour_32main_keyarchive_gr?OpenForm&yr=2017253116E50D172111DF059D0C7AAAE3E2&n=2017

⁴⁶ [Eurostat, Employment Statistics, https://ec.europa.eu/eurostat/statistics-explained/index.php/Employment_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php/Employment_statistics)

⁴⁷ Eurostat, Self-employed persons, <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/EDN-20190430-1>

⁴⁸ Ibid

⁴⁹ Ibid

⁵⁰ Ibid

⁵¹ Ibid

⁵² In this case as defined by Eurostat (individuals 15-24 who are unemployed)

⁵³ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Unemployment_statistics

⁵⁴ <https://www.doingbusiness.org/en/rankings>

Greece and Malta score very low with regard to *Registering Property* (153rd and 151st respectively),⁵⁵ while Cyprus scores very low as regards *Enforcing Contracts* (138th) and *Dealing with Construction Permits* (120th).⁵⁶

Three of the countries, Spain, Malta and Italy rank relatively well in the Global Competitiveness Index⁵⁷, and quite close to each other (23rd, 30th, and 38th respectively). Cyprus ranks 44th, while Greece has by far the worst ranking among the five (59th), revealing the Greek economy's significant challenges, especially with regard to Financial System (115th) and Labour Market Efficiency (111th).⁵⁸

Similar to competitiveness, Greece also ranks in last place among the five countries with regard to economic freedom. Specifically, in the Heritage Foundation Index of Economic Freedom, Greece ranks 115th among all the countries included in the index, whilst it is classified as mostly unfree. All the remaining four countries are classified as moderately free, however, Malta fares better (46th) overall, with Cyprus following closely (48th). Finally, Italy is 79th, with an overall score of 62.45 and Spain is 60th with an overall score of 65.1.

4. Setting up a business

A comparison across the five cases clearly indicates that most of the countries have succeeded in creating a simple and accessible system for setting an enterprise. Though in all countries part, or even the entire procedure can be fulfilled online, in Cyprus the procedure is usually delegated to specialized professionals.⁵⁹ With regard to migrants, the procedure is the same to the one the locals have to follow, with the exception of Malta where additional bureaucratic obstacles apply for third-country nationals.

Cyprus, Italy and Malta share significant similarities both regarding the necessary procedures for opening a company, and the simplicity of these procedures. In Cyprus, the most important step is applying for a Domain Name. Furthermore, an individual should draft and register the Company's Article of Association and obtain a Certificate of Incorporation from the Companies Registrar in order to establish a corporate legal body. Similarly, in Italy, the prospective entrepreneur must register his/her individual company into the national business register under the Chamber of Commerce. Once this step is completed the entrepreneur must acquire a V.A.T. number. Before commencing of operations, the only remaining step is for the entrepreneur to enrol with the Social Security National Service (INPS). In Malta, even though the procedure for opening a business is similar to the one in Cyprus and in Italy for locals and EU nationals, it is significantly more complicated and time-consuming for third-country nationals. Specifically, for locals and EU citizens, in the case of sole trader, the individual must register with *Jobsplus* (the Maltese Public Employment Service) as self-employed. The business owner must also register a social security number for the business and have a registered tax number. These can start trading straight away if the required permits and registrations are carried out.

⁵⁵ Ibid

⁵⁶ Ibid

⁵⁷ <https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018>

⁵⁸ http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

⁵⁹ <http://www.businessincyprus.gov.cy/mcit/psc/psc.nsf/All/36E97B625EBA6A80C22575EE002F2522>

Greece presents an interesting case as procedures for opening a new business must go through contact a “one-stop shop” where a Company’s Article of Association is drafted and registered.⁶⁰ These one-stop shops are accessed at the General Electronic Commercial Register, or the Citizens’ Service Centres which have been certified by the government to act as one-stop shops. In cases where a notarial deed is required to draft the company's Articles of Association, the certified Notary Public that will draft the notarial deed of establishment will also serve as a one-stop shop for the business founder. Business founders can locate a one stop shop at the GEMI website.⁶¹

In Spain the procedure to set up a business is highly bureaucratic and fragmented, while new entrepreneurs must complete several small steps. These include obtaining a certificate of availability for the proposed company name, opening a company bank account, depositing capital and obtaining a deposit certificate, acquiring a public deed by a notary, submitting the notification of start of business to the local council and notifying the Ministry of Labour and Industry. Even though Spain has established the Business Information and Network Creation Centre (CIRCE), through which much of the procedure can be done online, it is still expected that the total procedure could take approximately 14 days.

The procedures for opening a business that were discussed above, may not be accessible to the third country nationals, or additional procedures may be required. For instance, in Malta, TCNs must follow a long list of procedures such as registering with various national institutions such as Jobsplus, the Social Security Department and the Revenue Department. Most importantly, self-employment licences for TCNs are only granted in exceptional circumstances, and only after one or more of the following criteria have been met; These include a €500.000 investment within six months following the issuing of the licence from Jobsplus, a sound business plan and the recruitment of at least three EEA/Swiss/Maltese nationals within 18 months from the establishment of the business, and a person with a project approved by Malta Enterprise As of June 2016, long-term residents, asylum seekers, persons enjoying Subsidiary Protection/Temporary Humanitarian Protection Status and Refugee Status require an employment licence to work as self-employed in Malta although they are exempt from meeting these criteria.

5. Institutional, Legal, Policy Framework

a) Comparison of the legal framework

The status that a migrant enjoys in the particular country is a significant variable that affects access to self-employment and entrepreneurship across all the countries examined here. Beneficiaries of international protection enjoy, in all countries, the same legal rights as the citizens of that state, and this includes rights relating to employment.

Another interesting point of comparison is the various passport/visa programmes that are linked to entrepreneurship, or, at least, provide the opportunities to third-country nationals to enjoy the same rights to employment as locals. Two main trends can be identified; providing citizenship (passport) to individuals for a high-price and providing visas to individuals that have promising business plans and/or are willing to make investments. The first group includes Malta and Cyprus,

⁶⁰ Please note that the Greek national report does not include if any documentation has to be acquired by the applicant before visiting a one-stop-shop

⁶¹ www.businessportal.gr

both of which have laws facilitating cash-for-passports schemes. In Malta, apart from the arrangements discussed in section 4, the procedure is facilitated by the “Individual Investor Program” whereby individuals can acquire a Maltese passport for a €650.000 contribution, while additional fees apply for family members. Likewise, according to the Cyprus Investment Programme, TCNs can buy their citizenship and thus enjoy all rights as Cypriot nationals.

The second group includes Spain and Italy, which instead of selling passports, have established visa programmes, especially addressed to potential investors or entrepreneurs. In an effort to boost economic growth, Spain tried to attract investments and talented individuals. Law 14/2013 established a new visa system especially addressed to investors, entrepreneurs and other qualified individuals from third countries. In the same way, Italy has established the Start-Up Visa program, which allows TCNs to obtain a visa provided they propose an innovative start-up in Italy. The Programme was also extended to holders of valid residence permits who were already in Italy. Finally, apart from the sale of citizenship, Cyprus also has a start-up visa National Plan that allows talented entrepreneurs from third countries to set-up innovative start-ups in Cyprus.

For the individuals who are not part of the groups discussed above, the situation is more complicated. Greece and Spain have recently improved their legal frameworks, in order to provide more opportunities to TCNs. In Greece, following the passing of Law 4251/2014 Immigration, Social Integration Code, non-EU citizens have slightly better access to the labour market which includes self-employment.⁶² Under this new law, non-EU citizens renewing their first permit receive a permit for employment or entrepreneurship with clearer conditions on setting up a business in Greece. Today, Migrant workers can only become entrepreneurs after becoming long-term residents. Similarly in Spain, Law 25/2015 allows non-EU nationals, who do not qualify for the Entrepreneurs residence authorization but, still, wish to reside in Spain and set up or acquire a company there, the opportunity to apply for a temporary residence permit and a work permit for a self-employed worker. The procedure requires approximately 10 days for visas and 20 days for residence authorizations.

The strictest legal framework exists in Cyprus where migrants are only provided with a working permit after an agreement with an employer has already been made, and the permit must be acquired before arrival to Cyprus. Furthermore, the working permit is linked to the specific employer, hence, migrants are not allowed to be self-employed.

b) Comparison of the institutional framework

Although the institutional framework is similar across all five countries, with the Ministries of Labour and Investment (MoL) being the common denominator, there are several differences especially with regard to the number of ministries that are involved with issues relating to entrepreneurship and the ensuing degree of fragmentation.

Regarding the number of ministries, two models can be identified. One the one hand, in Greece, Cyprus and Italy there are two different ministries that work on entrepreneurship. More specifically, in Greece, the Ministry of Labour, Social Insurance and Social Solidarity is responsible for employment, while the Ministry of Development and Competitiveness (MDC) is responsible for promoting entrepreneurship and investment initiatives. Similarly, in Cyprus, the two key ministries,

⁶² Law 4251/2014 - *Immigration, Social Integration Code and other provisions*, (European Commission, April 1, 2014)

are the Ministry of Labour, Welfare and Social Insurance, offers Programmes for Employment incentives, and the Ministry of Energy, Commerce, Industry and Tourism (MECIT) has as a mission is to boost entrepreneurship, competitiveness and innovation, stimulating term investment, improve the business environment, improve the tourism product and the effective protection of consumers and competition. In Italy, the Ministry of Labour deals with both employment and entrepreneurship, while the Ministry of Economy, is also involved through Invitalia.

On the other hand, in Spain and Malta there is only one ministry whose work is linked with entrepreneurship. In Malta it is the Ministry of Economy, Investment and Small Business (MEIB), while in Spain the main agent in the design and implementation of youth employment and entrepreneurship policies is the Ministry of Employment, Migration and Social Security. A comparison of the five countries can also be done on the basis of the national agencies and institutions that work on employment and entrepreneurship issues. In Greece, the two main actors are the Hellenic Manpower Employment Organization, which provides services to the unemployed and establishes job-creating programs and is supervised by the Greek MoL and the Hellenic Centre for Investment operates under the auspices of the MDC. Similarly, the Italian MoL, has launched the online portal “IntegrazioneMigranti” to assist migrant integration in the labour market, while it also oversees ANPAL, which coordinated the labour policies addressing needs of the unemployed, and the INAPP, a research institute responsible for the study of labour policies. In addition, the Invitalia is the National Agency for inward investment and economic development managing national incentives that encourage the creation of new companies and innovative start-ups.

In Cyprus, both the ministries involved work towards strengthening self-employment and providing opportunities for entrepreneurs. The Cypriot MoL offers several programmes and employment incentives, while the MECIT has as a mission is to boost entrepreneurship, competitiveness and innovation, stimulating term investment, improve the business environment, improve the tourism product and the effective protection of consumers and competition.

Malta seems to have the most fragmented system. Apart from the (MEIB), Malta Enterprise is the second main entity responsible for the job market and entrepreneurship. Furthermore, Identity Malta and Jobsplus are responsible for employment licenses, while the Malta Financial Services Authority is responsible for the registering of new companies and enterprises.

c) Comparison of the policy framework

The comparison of the policy framework in the five countries covered by the current report shows that all countries have adopted policies directly targeting at the improvement of conditions for new and existing entrepreneurs. These policies can further be divided into the ones that aim at improving the conditions for everyone, the ones who are address to young individuals and, finally, the policies who target migrants.

The first set of policies include, for example, measures undertaken by national governments that aim in the overall strengthening of employment and the drafting of a national employment and/or entrepreneurship strategy. These general policies are included in the Maltese, Greek and Cypriot reports. In Malta, the government published the National Employment policy in 2014, which mainly aims at examining the challenging aspects of the labour market. Similarly, Cyprus has recently initiated several policies working towards strengthening the business environment. These include the 2015 national policy statement on enhancing the business ecosystem, the 2017 bill on

investment, aiming at the simplification of the licencing processes, as well as, the facilitation of investments, and the 2018 Social Business law.

With regard to the policies specifically addressed to youth, these are more prominent in Italy, Spain and Malta, while they are less prominent in Greece and Cyprus. In Spain and Malta, policies addressed to youth are part of bigger schemes, with strengthening self-employment and supporting entrepreneurship being only a part of the goals. Spain, for example, has established a strong system for supporting young individuals with several relevant policy frameworks. These include the Youth Guarantee (Sistema de Garantia Juvenil), which aims at ensuring that all people under 25 have good employment or education alternatives, the Youth Strategy 2020, which specifically targets individuals between 16-29 years of age, and the Operational Programme for Youth Employment (POEJ – Programa Operativo de Empleo Juvenil), which constitutes a set of measures that among others include measures and initiatives promoting and encouraging entrepreneurship. In a similar fashion, Malta has adopted the National Youth Policy in 2015, and the Greek parliament has passed Investment Incentive Law (3908/11 amended to 4146/13), which includes specific provisions on Youth entrepreneurship. Among the four countries, the oldest policy framework is the Italian one, which is mainly shaped by 3 Laws; Law 95/95 which makes easier the creation of new enterprises by people between 18-36, Laws 263/93 and 144/99, which offer non-repayable funding to young entrepreneurs, and Laws 185/00 and 28/01, which offer incentives for youth entrepreneurship and self-employment.

Finally, with regard to policy measures targeting migrants, these are only mentioned in Cyprus, Malta and Greece, though even in those cases they are not explicit, and they are part of policies that aim at improvising the living conditions of migrants in general, rather than acting towards including the migrants in the labour market or with regard to entrepreneurship. In Greece for example, the Immigration and Social Integration Code (Law 4251/2014), includes provisions that facilitate access to the labour market, including entrepreneurship, by non-EU citizens *slightly* better. Similarly, in Malta, the government launched in December 2017 the national Integration Strategy, which focused on integration into the labour market, though not specifically through self-employment. Finally, a step was taken in Cyprus with the adoption of the 2017 “Aliens and Immigration Law”, which acknowledges that the TCN community includes highly qualified individuals and offers them, under very strict preconditions, to seek self-employment in Cyprus.

6. Opportunities and Facilitation of Entrepreneurship

The comparison of the five national reports reveals a wide variety of opportunities and ways of facilitating entrepreneurship designed for young and migrant entrepreneurs. Entrepreneurship facilitation measures are offered both by governmental and non-governmental organizations. These opportunities are mostly focusing on financial assistance, training and mentoring provision, sector-specific support, and provision of information. Although the majority of opportunities target both youth and migrants, policies aiming exclusively at migrant entrepreneurs are scarce.

6.1 Financial support

Typically, financial support measures are introduced in order to assist entrepreneurs during the early stages of the enterprise, and are available in different forms, including loans, grants, angel-investment funding, microfinance, and other types of start-up funding. Nevertheless, loans remain the main funding tools in all five countries. Apart from the direct financial aid, there is also an effort

to reduce the costs for new enterprises by providing tax incentives, or by cutting social security contributions for young entrepreneurs.

Loans, as a financial support mechanism, refer to business financing with significantly improved terms. Although loans are mainly provided by private banks, there is also a wide number of stakeholders involved, such as NGOs and Chambers of Commerce. Similarly, there are several projects that offer loans with much-improved terms compared to the ones offered by banks. For instance, in Cyprus, the Joint European Resources for Small and Medium-sized Enterprises (JEREMIE) initiative offered approximately 300 loans, with lower interest rates, longer grace periods and lower collateral requirements.⁶³ Similarly, in Italy, through the SELFIEmployment initiative, Invitalia offers zero-rate loans especially to young people aged 15 to 29. Additionally, these loans do not require any guarantees from the applicant, and there is a 6-month grace period, after which monthly instalments begin. In Greece, the system is somewhat different as microloans are mostly provided through banks, who act as a medium between the EU microfinancing programs, such as the EaSI and the beneficiaries.

With regard to the loans offered to young and migrant entrepreneurs, it is also important to point out that, in several cases, these are complemented by mentoring and counselling provided to the beneficiaries. This can be in the form of monitoring the implementation of the funded project, as is the case in SELFIEmployment, or, as PAEM (Programa de Apoyo Empresarial a las Mujeres, the Business Support Program for Women)⁶⁴ in Spain does, support relating to the drafting and preparation of the business plan. . The monitoring phase can expand for several months. For instance, the Spanish Chamber of Commerce provides consultation and monitors the procedures until up to six months following the establishment of the enterprise.

Grants also constitute a significant method of financial support. There is a great variety of grants which are offered in all the countries covered by the current report. Several of those are provided by state institutions, while in almost all cases, the Chambers of Commerce, private institutions and NGOs also contribute. It is also a common theme, across countries that the majority of the grants are offered only to certain vulnerable groups, such as women, or they are only available for high-demand sectors such as energy or trade. In Italy for example, the self-employment and entrepreneurship grant is only available to individuals under 35, while the eligible sectors are limited to service provision, trading, and industrial production.

In the countries that grants constitute a key funding source, it is quite common that only a part of the start-up expenses is covered. In Cyprus and Italy, for example, an entrepreneur has to contribute up to 75% to a budget of an enterprise from personal funds. In addition, grants come with significant constraints. For example, the Italian Resto al Sud programme (I Remain in the South) with a budget of 1.250 million euro, aims at retaining or attracting active individuals to the less developed Southern region of the country. In some cases, such as the PICE program (Programa Integral de Cualificacion y Empleo, Qualification and Employment Program)⁶⁵ in Spain, small grants are provided to young entrepreneurs only after they have attended the training module offered by the program.

⁶³ http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_301262.pdf

⁶⁴ Spanish Chamber of Commerce (2018). Programa de Apoyo Empresarial a las mujeres. Accessed on: <https://www.camara.es/creacion-de-empresas/apoyo-empresarial-las-mujeres-paem>

⁶⁵ Chamber of Commerce. Programa Integral de cualificación y Empleo. Accessed on: https://empleoygarantiajuvenil.camara.es/sites/empleoygarantiajuvenil.camara.es/files/descargas/guia_general_web_0.pdf.

Except for the above-mentioned common measures, effective single practices can be identified. For instance, business costs breakdown has been actively implemented in Greece, Italy, and Spain through Amazon and Microsoft free products, coworking spaces, free guidance and deductions of social security contributions. Both Malta and Cyprus came up with tax incentives covering up to 65% of the expenses. Spain has allowed capitalization of unemployment benefits for those who start a business while still receiving the unemployment supplement. In short, an unemployed person wishing to start a business can use his unemployment allowance for a period up to 9 months as seed money. Spain and Malta also promote crowdfunding as a tool for start-up capital accumulation. Finally, angel investments have been attracted to support new business ideas in Malta, Greece, and Cyprus.

Regarding funding opportunities that explicitly address migrants, these are almost non-existent. An interesting exception is the “IntegrazioneMigranti” in Italy, which focuses on promoting migrant entrepreneurship. Nonetheless, the goal of individual initiatives under “IntegrazioneMigranti”, such as the “Social Entrepreneurship in Senegal” project which provides beneficiaries with a loan of up to €6000 and equipment of up to €3000, is to encourage the repatriation of the migrants in their country of origin. Finally, in Malta, an NGO called Malta Microfinance offers business loans to migrants (as well as locals) who wish to start-up a business.

6.2 Training provision

A significant percentage of the programs and initiatives that aim at strengthening youth and migrant entrepreneurship focus on mentoring and training provision. Such actions aim at facilitating the smoother entrance of the beneficiaries in the world of business, by providing them with the necessary tools and knowledge a successful entrepreneur usually needs. It is very common, that training opportunities come in parallel with funding opportunities, effectively constituting only a part of a wider facilitating measure, however, there are also cases where training is offered independently.

Training modules may be provided by a variety of factors including Universities, NGOs, public and private institutions. In Malta, much of the work is done by official education institutions, such as the University of Malta and the MCAST, who offer a variety of courses and programs focusing on entrepreneurship. In Italy and Spain, entrepreneurship education and training projects constitute an integral part of their respective National Strategies, and as such, a lot of the work is coordinated by the ministries or other public institutions usually in coordination with the Chamber of Commerce. On the contrary, in Greece and Cyprus, most of the education and training activities are organized and delivered by local NGOs, while the role of the public institutions is less prominent. Especially in Greece, the fact that public Universities do not offer specialized training modules on entrepreneurship was highlighted as a major shortcoming.

As a rule, the entrepreneurship programmes focus on practical and innovative ways of learning; they may include success stories studies or computer games as demonstrated by Cypriot NGO “EntriInnO”. In general, education programmes might be divided in 3 main groups based on their aim: empowerment of vulnerable group, development of sector-specific knowledge and acquisition of broadly defined entrepreneurship-relevant skills. For example, Greek iQbility provides education exclusively in the sphere of technology and renewable energy. At the other end of the scale is Cypriot BRAVE (Bricking Adult’s future Via Empowerment) and Maltese Centre for Lifelong Learning; they offer a range of various courses, from language skills training to critical thinking, teamwork and

risk-management improvement. Finally, Spain has focused on eradicating social vulnerabilities and it has designed several programmes targeting not only the youth, migrants or women but also depriving regions.

A commonality across the five countries is that the introduced initiatives are in most cases specifically targeting vulnerable groups such as the youth, women, disabled or unemployed. Two typical examples, the Greek TOPEKO: Local Actions for Vulnerable Groups and the Spanish Acción contra el Hambre, can be mentioned; both aim at mobilizing the potential of all individuals with difficulties in labour market entry. The Spanish PAEM Program aimed at empowering women and guide them to business success. Finally, Spanish PICE plan (Qualification and Employment Program) and Maltese Junior Achievement-Young Enterprise (JA-YE) provide young people with appropriate education in entrepreneurship. Some of the projects seek to solve two social problems at once, for instance, to empower a vulnerable group and provide with workforce to sectors where demand is high. Cypriot URBAGRI4WOMEN integrating migrant women through agricultural practices and The EU Commission ERASMUS Program TREND Project training refugees in digital entrepreneurship proved to be effective measures in tackling current economic and social challenges.

6.3 Business incubation

Business incubators take the form of physical spaces, that young entrepreneurs may use as an office or workspace for their business. Such services considerably decrease costs relating to utilities and rent, while offering offer a good networking environment, and the opportunity for entrepreneurs to engage, discuss and learn from their counterparts.

Business incubators are more popular in Malta, Spain and Greece, and less so in Cyprus and Italy. In Malta, the driving force behind business incubation initiatives are public institutions. The University of Malta, for instance, has established the Centre for Entrepreneurship and Business Incubation (CEBI) and the Takeoff Programme, specifically aiming at stimulating successful start-ups. Similarly, the MCAST and Malta Enterprise set up the Kordin Business Incubation Centre (KBIC), which is a large warehouse space whereby entrepreneurs can rent space, or the spaces are offered through various initiatives. On the contrary, in Greece, most business incubation services are initiated by privately run projects. These include, The Cube Athens, which is a co-working space that acts as a business accelerator and incubator, The Impact Hub, that offers an affordable workspace, networking events, lectures and access to tools and methodologies, the iQbility, which incubates and accelerates development of high potential start-ups and the “Enter, Grow, Go” which is an integrated incubation programme offered by Eurobank. Finally, in Spain, the Chambers of Commerce have created the *Viveros de Empresas*, which are spaces designed to host start-ups, and where entrepreneurs can access the resources they need.

6.4 Sector-specific support

All the investigated countries have introduced sector-specific initiatives targeting problematic or high-demand industries. The local governments together with private stakeholders became the main proponents. In Greece, the Greek Venture Friends along with the EU Investment Fund and some private investors, have allocated sufficient funds for 21 high-tech start-ups. The sphere of new technology remains one of the most attractive for investors and funding organizations. Greece was the only country where there are several projects promoting digital innovations such as Greek Metavallon, Velocity. Partners, Uni.fund, iQbility, The Found.ation and others. Moreover, the EU Commission ERASMUS Program TREND Project provides refugees with entrepreneurial education in

digital devices. In Malta, there is the eSkills Malta Foundation which also helps to support digital entrepreneurship.

While Greece has been actively supporting the technology, Italy has prioritized several sectors at once. The state has invested into enterprises working in trade, tourism, the social sphere, services, industry, fishery, agriculture, hi-tech and arts. In its attempt to diversify profiles of grantees Cyprus also supports trade, tourism, service, industry, energy, and agriculture. Interestingly, Spain has placed more importance on the arts, leadership and communication sectors. Finally, Malta has a very diverse profile as well: it supports maritime business, social enterprises, hi-tech and arts innovations. In general, services, energy, hi-tech and arts proved to be the most popular sectors for grants among all five countries.

Moreover, exposed to local vulnerabilities, each state has allocated funds for specific industries. For instance, being an island state and dealing closely with sea issues, Malta provides funding for start-ups in maritime industry. Fishery has been supported only by Italy while communication and leadership became the unique grantees-sectors for Spain. Greece prioritizes development in engineering. A special need in social enterprises has been expressed by both Italy and Malta.

Furthermore, as noted above, the countries attempt to group economic and social issues together and look for complex solutions. For instance, Italy identified young people as a vulnerable group and coupled it with challenges of particular industries in a particular region and, thus, came up with Resto al Sud (I Remain in the South) programme supporting youth entrepreneurship in industry, craftsmanship, fishery, aquaculture, service provision and tourism in the South of the country. A similar initiative was introduced by the Cypriot Ministry of Commerce, Industry and Tourism, that provides financial support to youth and women wishing to launch an enterprise in sectors of manufacturing, trade, service, and tourism.

Despite the fact, that problems in specific sectors seem to be the domestic issues of states which, as a rule, are addressed by the local government, some space for international cooperation has been found. For instance, Italy and USA have designed the BEST programme which enables business proposal development as well as sharing of experience and practices between two states. Their partnership has already resulted in the emergence of 37 new hi-tech start-ups.

7. Challenges and Barriers

There are significant similarities regarding the barriers and challenges faced by young and migrant entrepreneurs across the participating countries including access to start-up capital and other financial challenges, state bureaucracy and lack of support by state structures and institutions, limited knowledge regarding basic financial principles and discrimination. Though most of these barriers affect both local and migrant entrepreneurs, migrants are, in practice, more greatly impacted even in cases where they are not technically excluded by the legal framework and/or the eligibility criteria.

7.1 Financial challenges

Financial challenges specifically affect young and migrant entrepreneurs, as they may significantly prolong or even cancel the realization of original, and otherwise implementable, business ideas. A key concern is that young and migrant entrepreneurs often lack a strong credit history or existing savings of their own. These limited start-up funds sometimes lead to young entrepreneurs liquidating personal belongings to acquire sufficient capital to cover initial expenses and costs. Other

entrepreneurs try to fund their businesses by working part- or full- time, which can end up distracting them from their entrepreneurial activities.

With regard to financial challenges, limited access to financing and start-up capital is the foremost barrier faced by entrepreneurs in all five countries. Covering the high costs especially as they relate to rent and related costs are identified as critical concerns in Cyprus, Greece, and Malta. These costs are mainly linked to the high rental prices, which force young entrepreneurs to look for professional spaces away from the city centres. Similarly, complaints also focus on the high price of necessary services including electricity, which significantly raise the cost of opening and running a business and constitute a significant deterrent for prospective young and migrant entrepreneurs. In Malta, several interviewees mentioned the high costs relating to renting the space required for their business. This problem has become significantly worse in recent years, as rent prices in Malta have almost doubled within a span of 10 years.⁶⁶ Other costs, such as the price of land and other resources, were deemed disproportionately high by some of the young Maltese entrepreneurs. Similarly, in Greece, in a survey published in 2013, costs related to wages and rents were also mentioned as moderately important barriers (43% and 33% respectively).⁶⁷

Taxation was another concern raised by interviewees in Spain and Greece. The problem is particularly prevalent in Greece, where the effort of the Greek state to balance its budget deficit has led to excessive taxation for businesses. According to a 2016 Price Waterhouse Cooper report, the taxation system in Greece is among the highest in Europe across every category.⁶⁸ The taxation issue was raised also in Spain, however, in that case, the complaint mostly concerned the reduced self-employed tax, which is only applied for the first year, and not a long enough period to start making a profit. Interestingly, taxation was not highlighted as a concern in Cyprus, Italy, and Malta.

Access to bank financing has also been highlighted as a significant concern for young and migrant entrepreneurs as it difficult for them to meet the eligibility criteria, and even when they do, the interest rates offered to them is high. In Malta, participants identified difficulties in acquiring loans from the bank as a key barrier. From the banks' perspective, business loans given to young and migrant entrepreneurs constitute a high-risk investment, due to the lack of sufficient guarantees that can be provided. This is further exacerbated by a risk aversion approach that has dominated the industry since the financial crisis of 2008 as well as pressure and tight controls by the relevant regulatory bodies. Similar concerns were raised in Spain, where whilst reinforcing the concerns identified above, participants noted that when loans are provided by the banks, these are usually small, while for bigger loans the collateral amount asked is too high for the majority of youth and migrants.

It is also the case that Italian banks are reluctant to finance young and migrant entrepreneurs, who typically have limited experience in business and a short credit history. Interestingly, however, in a recent research conducted by INAPP⁶⁹ in Italy, only 17% of the respondents identified not being able to find sufficient capital as a critical concern.

Complaints have also been raised with regard to the start-up financing that does not come in the form of a bank loan. In Greece, for instance, a survey identified difficulties in accessing national and

⁶⁶ Malta Today, 'Rental prices in Malta today are almost double what they were in 2008', 2018

⁶⁷ Panagiotis Kotsios and Vasilios Mitsios, *Entrepreneurship in Greece: A Way Out of the Crisis or a Dive In?*, (The Macrothink Institute, March 15, 2013)

⁶⁸ PwC, *World Tax Summaries: Taxation in Greece*, 2016

⁶⁹ INAPP Statistics

European funding programs as one of the key concerns among the respondents.⁷⁰ Similar concerns were also raised in Spain, where interviewees suggested that start-up financing through the various start-up financing programmes is insufficient. Although a similar barrier is also reported in Cyprus, the main concerns were not related directly to the availability of funds, but rather to the conditions that accompany the funds, which are often so strict that they deter applicants. In one case, for instance, young entrepreneurs who had applied for funding through an entrepreneurship programme run by the government were informed unofficially that their chances of receiving the funding would greatly increase if they hired a business consultant assigned by the government. On the other hand, as it was pointed out in Italy and Cyprus, several of the funding schemes provide a very low percentage of the total capital that is needed during the early stages of setting up a business.

The analysis suggests that young and migrant entrepreneurs face similar challenges with regard to financial barriers, though these challenges might manifest themselves in different ways depending on the national context. The overarching pattern is that finding the necessary capital to start and run a business is the foremost barrier young and migrant entrepreneurs face. Access to financing is specifically troublesome for these two groups, as they are less likely to have any sufficient personal funds when compared to older individuals, as well as being less likely to receive a loan from a bank. Likewise, high costs during the early stages of the business cycle, most commonly related to high energy or real estate costs, are also a common deterrent in almost all countries. Finally, taxation is another key barrier, either due to the high rates imposed by the state or due to the lack of tax incentives, which would allow new entrepreneurs to pay less taxes until their enterprise has been established.

7.2 State bureaucracy and legal framework

Beyond financial barriers, the legal framework and state bureaucracy are identified as significant obstacles. It is important to point out that these barriers are mentioned in all five countries, manifesting themselves in a variety of ways relating to unnecessarily complicated procedures and state inefficiency. The usual outcome is an increase of the cost, especially in cases where extra paperwork and permissions are needed, and a significant increase of the steps required by the prospective entrepreneur in order to fulfil simple tasks. In general, dealing with the state institutions and navigating through the legal labyrinth, is perceived by the entrepreneurs as a hassle, that causes distractions from their business activities and obligations.

A theme that is consistently highlighted in the Spanish, Maltese and Cypriot reports, is how bureaucratic procedures are a significant deterrent for entrepreneurship, as they slow down entrepreneurial activities and increase business expenses. In Cyprus, the interviewees focused mostly on the complicated bureaucratic processes that are required for even simple tasks. In Spain complaints referred mostly to specific sectors, such as food or transport, where stricter requirements (including in terms of formalities) are set that are more complicated to fulfil. Both these factors were identified as negatively impacting entrepreneurs by slowing down their activities, although this is not to say that this is affecting only young or migrant entrepreneurs.

Unlike Spain and Cyprus, where no distinction between locals and migrants is mentioned, in Malta state bureaucracy is impacting migrants disproportionately. Nonetheless, migrants face significant obstacles with regard to bureaucracy. The Migrants Integration Policy Index categorized Malta as

⁷⁰ ⁷⁰ Panagiotis Kotsios and Vasilios Mitsios, *Entrepreneurship in Greece: A Way Out of the Crisis or a Dive In?*, (The Macrothink Institute, March 15, 2013)

“slightly unfavourable”⁷¹ regarding integration, especially pointing out bureaucratic and procedural barriers. As previously stated, one of the biggest obstacles that is only applicable for migrants is the requirement to acquire a self-employment licence, which are only granted to TCNs in exceptional circumstances, and only after a set of one or more of the following criteria. These include a €500.000 investment within six months following the issuing of the licence from Jobsplus and, a sound business plan and the recruitment of at least three EEA/Swiss/Maltese nationals within 18 months from the establishment of the business. Long-term residents, asylum seekers, persons enjoying Subsidiary Protection/Temporary Humanitarian Protection Status and Refugee Status require an employment licence to work as self-employed in Malta, although they are exempt from meeting these criteria.⁷²

Another theme that is highlighted across cases, except for Italy, is the legal and policy framework which in several cases is perceived as an obstacle, effectively disheartening entrepreneurs from undertaking new entrepreneurial activities. Two separate trends can be identified. In Spain, though some complaints regarding the legal framework were made, these were limited and mostly focused on how the legal framework should be strict but not complex, as simpler laws would reduce business costs and save time for entrepreneurs. On the other hand, in Greece and Cyprus complaints about the legal framework are much more extensive, effectively suggesting a legal framework that discouraged entrepreneurial activity, and constitutes a constant hindrance for entrepreneurs. In Greece, the legal environment is discouraging for entrepreneurs, as it offers poor protection of real estate property, a problem that can be traced back to the 1975 Constitution.⁷³ Furthermore, special mention should be made to the extremely complicated Greek taxation system. This is excellently illustrated in a study conducted by the Association of Administrative Judges⁷⁴, which revealed that between 1975 and 2015, Greece passed 250 tax laws and amendments, and some 115,000 ministerial decisions, effectively creating a legislative chaos which makes identifying and choosing the optimum path extremely difficult.⁷⁵

Unlike Greece, in Cyprus the main concerns regarding the legal framework are focusing on the many provisions and requirements that exist in the legislation, that end up making the application of each law arbitrary. Furthermore, the abundance of requirements, extending from opening-hours, to what can be served, and who can be hired, are significant obstacles for entrepreneurs, who are constantly asked to adjust their business plan to fit the strict requirements incorporated in the legal framework. It is also important to point out that several of the interviewees pointed out that the legal framework has changed, and small improvements have been adopted during the last five years.

Furthermore, a concern highlighted with regards to Cyprus and Greece relates to the poor implementation by the public authorities of the various initiatives and policies aiming at strengthening entrepreneurship. These complaints are prevalent mostly in Cyprus, where interviewees suggested that at times the Republic of Cyprus adds additional requirements to the programs that are funded by the European Union, that further limit eligibility, and result in

⁷¹ Calleja, Isabella; Colino, Cesar and Pirotta, Godfrey A. 2017. ‘Malta Report – Sustainable Governance Indicators 2017’. Sustainable Governance Indicators, p.20, http://www.sgi-network.org/docs/2017/country/SGI2017_Malta.pdf

⁷² Malta Enterprise, ‘Entrepreneurship’ <https://integration.gov.mt/en/Work/Pages/Doing-Business.aspx>. See also <https://jobsplus.gov.mt/employers-mt-MT-en-GB/employing-persons/fileprovider.aspx?fileId=2879>

⁷³ James Roberts and George Bilros, *The Lack of Economic Freedom in Greece Is a Tragedy* (Heritage Foundation, November 27, 2017)

⁷⁴ Propkopis Hatzinikolaou, *The vicious cycle of Greece’s tax system*, (Kathimerini, March 22, 2017)

⁷⁵ Gregorios Michailopoulos, *Investments and Development The legal–institutional framework*, (The Greek Law Digest, July 11, 2016)

individuals failing to meet the necessary criteria to apply for funding. Similarly, in Greece, complaints regarding public authorities mainly focus on the insufficient strategic planning and implementation. An illustrative example is the implementation of the Youth Guarantee Implementation Plan of 2013, which was implemented by the Greek Ministry of Labour, Social Security, and Welfare, and supported by several other public institutions. Follow-up data clearly showed, not only that the Plan produced limited positive outcomes, but, that it also drastically failed to meet its goals.

Finally, in Italy bureaucracy and legal framework were not included among the key obstacles faced by young and migrant entrepreneurs. This is despite the 2017 Global Competitiveness Report,⁷⁶ which highlighted inefficient government bureaucracy, high taxes and restrictive labour regulations as the top three problematic sectors for doing business.

In conclusion, there is an agreement across the reports that the legal framework should be simplified as a means to help entrepreneurs feel more comfortable about their entrepreneurial activities. Similarly, bureaucratic difficulties should be minimized especially in cases where sector specificities require entrepreneurs to acquire several licences and conform to extreme preconditions that might even necessitate reshaping the initial business plan. Special efforts should be made to accommodate migrant entrepreneurs, who are the group affected the most by the legal obstacles.

7.3 Lack of awareness

Lack of knowledge is a barrier that is consistently mentioned across the five countries. In most cases, knowledge refers to the specifics of how a business works including budgeting, business plan design, and business management. This issue affects youth and migrant entrepreneurs the most, as they are more likely to have less experience and know-how of the local context. Hence, in the absence of training or mentoring opportunities, lack of knowledge constitutes a significant obstacle, even for those young and migrant entrepreneurs, who although have a good business idea, may not have the business-literacy to turn it into a sustainable business model. It is also important to point out that, although this finding is based on the data collected during the interviews, it was almost exclusively the experts who identified the problem and not the youth entrepreneurs.

Due to the different needs that correspond to the structure and context of the local markets, lack of knowledge manifests itself in different ways across countries. Still, some commonalities can be identified. An observed theme is that youth and migrant entrepreneurs lack the basic economic principles that would allow them to take the right steps when starting a new entrepreneurial activity.

In Malta, the issue of limited financial literacy was one of the main themes addressed. Several of the experts pointed out that youth and migrant entrepreneurs, and prospective entrepreneurs, have a hard time grasping how the market works and the factors that come into play when starting a new business, while in some cases they lack knowledge of basic economic principles. In turn, this leads to business plans that are very weak, and way below the quality needed for start-up funders to consider offering assistance. The same issue is also discussed in the Greek national report, however, in that case limited financial and business knowledge is linked to the financial crisis which has forced some half a million Greeks to migrate since 2012,⁷⁷ in what constitutes the biggest brain-drain in

⁷⁶ <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%20%80%932018.pdf>

⁷⁷ [Kerry Kolasa-Sikiaridi, ELSTAT: More Than 500,000 Greeks Left Greece Over Past 5 Years, \(Greek Reporter, January 5, 2017\)](#)

modern times.⁷⁸ Consequently,, Greece is deprived of significant human capital, as those who migrated to other countries are mostly the young and educated people,⁷⁹ who would normally constitute the most productive part of society. The brain-drain problem is coupled with the poor quality of the state-provided school and university education, which is perceived as instrumental to the skills shortage in Greece. Universities, for example, do not provide specialized courses on entrepreneurship, while large corporations rarely offer internships to young entrepreneurs.⁸⁰

Apart from lack of awareness of with regard to basic economics, a significant issue, is lack of business-specific knowledge, including creating and applying simple business plans and models. An issue especially affecting Malta as a small archipelago state, is, for instance, the lack of knowledge among young and migrant entrepreneurs with regard to business expansion models that would allow them to reach overseas territories and bigger markets. The inability to connect with markets in other countries also prevents local entrepreneurs from acquiring cheaper or better-quality materials from abroad, that would allow them to offer more competitive products or services. Similar complaints, though to a lesser degree, are made in Spain, where interviewees pointed out that young entrepreneurs are not very realistic regarding their expectations, and they are often carried away by their idea without realizing the true challenges that exist.

Another related issue that is only mentioned in the Spanish national report is the lack of knowledge and information among young and migrant entrepreneurs with regards to the different types of services and support that are offered in Spain. This reportedly results in increased indecisiveness, as several of them are deterred by the complexity of the task of starting a business. Similarly, those who go forth without the support of information and know-how providing services, they run a higher risk of making costly mistakes and hitting dead-ends.

Finally, a topic that is discussed across cases and can be grouped under the current topic, is the concern raised regarding the migrants' inability to speak the local language, which, in turn, significantly limits their entrepreneurial activity in many ways. As an example, in Spain even the migrants who spoke Spanish, complained that it was hard for them to handle the paperwork due to the technical terms and business jargon the papers included.

7.5 Discrimination

Specifically with regard to migrants, discriminative and racist behaviour is mentioned in several of the interviews, especially those conducted with migrant entrepreneurs across all five countries. Discrimination against migrant entrepreneurs can take several forms, such as structural discrimination, as it was discussed above in the case of Malta, however, this section will focus on the discrimination as a sociocultural phenomenon.

The problem of discrimination is manifested in very similar ways in Cyprus, Greece and Malta, and it is linked to the ways migrant entrepreneurs are either exploited by having to pay a higher price for a service or product, or they are excluded by the local consumers who prefer local businesses. In Cyprus, for example, migrant interviewees suggested that it is hard to attract local customers, as the latter would prefer local companies, even in cases that they would have to pay more for the same

⁷⁸ Helena Smith, *Young, gifted and Greek: Generation G – the world's biggest brain drain*, (The Guardian, January 2015)

⁷⁹ <http://www.kathimerini.gr/857036/article/oikonomia/ellhnikh-oikonomia/me-ptyxio-7-stoys-10-ellhnes-metanastes>

⁸⁰ Vassilis Antoniades, Markos Giakoumelos, Thanos Petkakis and Zacharias Zacharia, *Greece's StartUp Ecosystem A Prime Opportunity for Economic Growth*, (Boston Consulting Group, April 2018)

product or service. In Greece, a 2012 report suggested that even though there are strong incentives for migrant entrepreneurship, these are marred by issues of social integration, crime, exclusion, racism and discrimination.⁸¹ Similarly, discrimination was mentioned by several interviewees in Malta, who noted that it is difficult for migrants to engage in partnerships, as the locals prefer not to work with them due to their existing prejudice.

Contrary to the situation in these three countries, data from Spain suggest a much more positive situation. Several interviewees mentioned that there is no discrimination, and described Spain as an “open” nation, where one’s origin does not make a big difference, at least as far as entrepreneurship is concerned.

7.4 Barriers linked to the national context

Apart from the challenges identified above that are common across the five countries although manifested in various ways, there are also country-specific barriers. These are mainly linked to the social conditions and local culture, that cannot be grouped together into a single theme.

In Greece, corruption is identified as an integral pathogeny of the Greek context, a fact that is identified both by several interviewees, but also by a number of reports. The concerns raised by Greek interviewees are consistent, for example with the Special Eurobarometer⁸² published in 2017 and with the data included in the Transparency International report, which ranks Greece last among the five countries included in the current report.

Likewise, in Malta, the steep economic expansion and the low unemployment, though both signify a strong economy, also constitute an important entrepreneurship deterrent for several young and migrant young people, as they prefer getting a stable job, or even move from one job to another, rather than taking the risk to start their own business.

8. Conclusions and recommendations

The current report provided a detailed comparison of the five national reports conducted as part of the MySite project. The report highlighted the similarities and the differences that exist among the five countries in the ways they handle the issue of entrepreneurship, especially regarding the youth and the migrants. To this end, the report covered several topics, including, the EU policy framework, demographics, the legal, institutional and policy frameworks, the various facilitation measures available in each of the countries, and the main challenges young and migrant entrepreneurs face.

The report aimed at highlighting those areas where pathogenies regarding youth and migrant entrepreneurship are linked both to structural causes, such as the institutional and legal frameworks, and contextual factors, such as local cultures and societal conditions and perceptions. The identification of these challenges and their qualitative comparison allow for a systematic response, through policies and actions, that are specifically targeting the most problematic areas. In order to counter the challenges outlined in the current report, policy recommendations can be suggested with the aim of improving the conditions for young and migrant entrepreneurs, which

⁸¹ [Panagiotis G. Liargovas](#) and [Konstantinos S. Skandalis](#), *Motivations of migrant entrepreneurship in Greece: a factor analysis approach*, (Journal of Small Business and Enterprise Development, Vol. 19 Issue: 4, 2012) pp.627-639

⁸² Special Eurobarometer 470, Corruption, Fieldwork study, (October 2017)

would significantly strengthen their capacity to start and operate their own business. These recommendations are divided into three different topics:

- *Recommendations to financiers*

- i. **Increase flexibility regarding loans**: A common theme across the case studies is that young and migrant entrepreneurs find it difficult to access start-up loans as they fail to meet the criteria imposed by funders, and especially by banks. What causes the problem in this case is that banks perceive loans provided to youth and migrants as a high-risk investment for several reasons, including their lack of experience, their inability to contribute with their personal funds and lack of credit history.
- ii. **Increase start-up financing**: A significant finding of the current report is that there is limited access to start-up capital, both for young and migrant entrepreneurs. The majority of interviewees suggested that high costs during the first stages of the business are difficult to cope with. These costs may be linked to the high price of rents, like in Malta, Greece and Cyprus, but may also include other expenses such as the cost of electricity and wages. As in most cases there is a period until a newly established company starts making profit, start-up financing is vital for entrepreneurs, as it usually constitutes the only means an entrepreneur has in his/her disposal to deal with these expenses.
- iii. **Increase financing opportunities that are exclusive to migrants**: According to the findings of the report migrants are not, in most cases excluded by the various funding opportunities, such as loans and grants. They are, however, in a disadvantage as the grants are limited and local entrepreneurs have better chances of submitting stronger applications. Providing financing opportunities that are exclusive to migrants could potentially alleviate this challenge and allow the latter to compete for start-up funding in equal terms.

- *Recommendations to state institutions and policy makers*

- iv. **Reduce bureaucracy and simplify procedures**: State bureaucracy is a significant obstacle that presents itself in various phases of a business cycle. Dealing with bureaucratic procedures translates to a loss of time and opportunities, which are both valuable assets to entrepreneurs. Similarly, simplification of procedures, has been a consistent demand coming from interviewees from all 5 countries. Additional obstacles exist in Italy and, especially, in Spain who have a less centralized governing system. In these two cases, strategies developed on a regional level occasionally overlap with the ones developed in the national level, causing confusion and increasing the difficulty in gathering information. Simplification of the bureaucratic procedures required to start and run a business would significantly improve conditions for entrepreneurs, and especially to those who have less experience in dealing with state bureaucracy and migrants, who are less likely to understand the context and the required procedures.
- v. **Reduce taxation and increase tax incentives**: High tax rates for businesses were identified as an obstacle mostly in Greece, however, the need to help young and migrant entrepreneurs with further tax incentives, is a theme that comes across other countries as well. Balancing tax rates and providing further tax incentives, especially during the first years following the establishment of a new business, would significantly help entrepreneurs to focus on improving and solidifying their enterprise.

- vi. Legislation should be clear and simple: Complex laws and sector specific policies are a significant challenge for young and migrant entrepreneurs. At the same time lack of clarity in the legal and policy framework is a deterrent for entrepreneurs, as they usually have to depend of the good will of the public servant who interprets the legislation.
- vii. Future initiatives should make certain that migrants are also included: Despite that in most countries opportunities and facilitative policies address to both locals and migrants alike, it is likely that migrants are de facto excluded, either due to technicalities or due to their status. At the same time, problems relating to discrimination and racism should be tackled so that migrant entrepreneurs are not disadvantaged, when compared to their local counterparts.

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