

2009

CHALLENGES AND PROMISE FOR IMMIGRANT ENTREPRENEURSHIP IN DUBLIN



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27 May 2009

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Dublin, Ireland

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Cover Photo:

River Liffey, Downtown Dublin

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ACKNOWLEDGMENTS

The financial assistance of the Fulbright Commission of Ireland and the Dublin City Council in support of this research is gratefully acknowledged and appreciated.

Special thanks are due to many individuals in the community as well as within Dublin City Council who helped in organizing focus groups, arranging meeting space, taking notes, making personal introductions, providing feedback, offering suggestions, carrying out translations, providing computing, duplication and library resources and giving advice and counsel throughout the term of the project. They include: Thomas Cooney, Jamie Cudden, Malcolm Eremionkhale, Peter J. Finnejan, Gerry Folan, Declan Hayden, Issah Huseini, Ilya Korolev, Cormac O'Donnell, Chinedu Onyejelem, Emilia Marchelewska, Anna Pas, Howard Pau, Kieran Rose, Michael Stubbs, Frank Suo, Greg Swift, Katarzyna Szulkowska, Sergey Tarutin, Declan Wallace, Lucia Walsh and Stephen Wegener. I would also like to thank my comrades in arm at the Dublin City Council who made my stay so enjoyable and productive; *it was good Craic!* Most especially, I am grateful to have the continuing support and valuable counsel of my wife, Kathleen Pinkowski.

I am also appreciative of the dedicated public servants who took the time to give me feedback and suggestions for this report, including the laborious task of proofreading. In the end, the author is solely responsible for the correctness of all content and the conclusions expressed within.

THE AUTHOR

The Fulbright Scholar program of the United States in joint agreement with the Irish Fulbright Commission selected Jack Pinkowski, Ph.D., an associate professor of public administration at the H. Wayne Huizenga School of Business and Entrepreneurship at Nova Southeastern University in Fort Lauderdale to conduct this research. Pinkowski has extensive experience consulting local governments on economic development in the United States. He was in residence in Dublin City Council from September 2008 through May 2009.

DISCLAIMER

The views expressed herein are strictly those of the author who is solely responsible for the content and are not intended to represent those of Dublin City Council, the Fulbright Commission, the H. Wayne Huizenga School of Business and Entrepreneurship, or Nova Southeastern University.

ABSTRACT

This is a study of immigration patterns and the potential for facilitation and encouragement of immigrant entrepreneurship in Dublin. It is based on consultations with the public including many who comprise the new citizens of the Republic Ireland, government officials at national and local levels, NGO leaders, community organizers, individual entrepreneurs and perspective entrepreneurs, leaders who focus on integration and those in economic development. A series of consultative meetings and focus groups were arranged involving more than 100 people in focus groups and dozens in one-on-one interviews. An empirical study was conducted via an online survey with hundreds of participants. Identical surveys were made available in English and in Polish. Action research was undertaken with actual community groups and prospective entrepreneurs to gauge the effectiveness of new approaches to networking and communications. The results were outstanding with more than 200 actual prospective entrepreneurs and new business people participating in an all-day workshop sponsored by a partnership of the Polish Embassy Trade Mission with *Polski Express* magazine.

An extensive literature review was conducted including published and unpublished articles that were augmented by first-person observations and comments on personal experiences. A wide range of media were consulted including American, Irish, European Union (EU) and Organization for Economic Cooperation and Development (OECD) sources that addressed key areas of business, entrepreneurship, finance, immigration, innovation, productivity and government regulation. Hundreds of peer-reviewed academic journals, books and government reports were also examined to inform the debate and the conclusions. All references cited are included in a bibliography at the back.

In order for the findings and recommendations to be well grounded and relevant to the reality of the actual experiences of potential immigrant entrepreneurs who are currently in Dublin, empirical evidence was gathered by canvassing small immigrant-owner firms as well as many people who said that they are thinking about starting their own businesses. Such people were identified by referral from immigrant community groups and were solicited by repeated emails. This included qualitative data gleaned from numerous focus groups as well as data from the online survey, the Immigrant Entrepreneurship Profile. Primary research sources were with persons with first-hand knowledge who were neither coerced nor financially compensated.

The result is this analysis of the potential for entrepreneurship in Dublin among the new immigrant communities and what steps the government and community can take to encourage and facilitate entrepreneurship. It includes the basis for reasonable expectations of the promise for immigrant entrepreneurship and why it presents a substantial opportunity for the city that is based on prior documented experience with immigrant entrepreneurs elsewhere. The characteristics of immigrant entrepreneurs and the demographics of the new immigrants to Ireland are analyzed to learn if synergies exist that lead to expectations of favorable outcomes.

EXECUTIVE SUMMARY

- The key findings and recommendations from this study of immigration and the potential for immigrant entrepreneurship in Dublin in 2009 include:
- Most support agencies, including the Dublin City Council (DCC) Economic Development Unit (EDU) can improve their outreach to prospective immigrant entrepreneurs by networking with other agencies and universities and cross linking on each others' Websites. The omnibus site, www.Dublin.ie, is the best compendium of information for new business starts and should be promoted and advertised to be effective. Better linkages with business library resources should also be created and with appropriate personnel involved in economic development. Some of these networking organizations are included in Figures 5-1, 5-2, 7-1 and 7-2.

Dublin may be a leader and trend setter in this new approach to economic development that will directly contribute to expansion of the Gross National Product (GNP) by encouraging new growth in domestic firms through entrepreneurship.

- The message and services of all agencies are good but not reaching the audience as well as they should. This could be improved by minor listings in ethnic media that immigrants refer to based on the representative sample of a survey of prospective entrepreneurs and those already in business, which are included in Figure 7-1. This could be improved by new working relationships with these media. Agencies should have material available in the most common languages of the new immigrants and a cadre of translators should be available to departments in the city to serve their needs. See the Guide to Enterprise in Dublin City for a listing of volunteers in ten different languages who have offered to assist their fellow immigrants. Dublin City Council and the Dublin City Enterprise Board jointly produced the guide (DECB 2009).

▪ Better service to immigrant communities would be realized by proactive efforts to include new employees in administration from these communities who are more familiar with issues, attitudes and challenges that they face. This follows Representative Bureaucracy and contributes efficient and effective governance.

- There is good potential for small business starts among the new citizens' communities that constitute more potential than among the native Irish because of sheer numbers relating to appropriate age demographics, risk tolerance, higher tertiary education achievement and over-qualification in present employment. They need to be encouraged and made welcome to commence their own enterprise.
- To promote immigrant entrepreneurship, understanding how to reach and communicate with immigrants should be improved by the means indicated

above. Entrepreneurship should be celebrated in the city as often as possible including highlighting successful immigrant entrepreneurs and the contributions they are making to the community at large.

- Better coordination and cooperation within city departments including the Office of Integration, the Dublin City Business Library, the Office of International Research and the Economic Development Unit in Forward Planning would serve the potential of immigrant entrepreneurship in meaningful ways including cross-training personnel.
- Effort should be made to convince the state of the need and justification for revision of work permits for students and student visas to cultivate opportunities from the existing investment in higher education resources and greater potential for innovation.
- There is a need to convince the state of the need and justification for revision of Business Permissions for non-EEA nationals. This should contribute toward economic development by evaluation on realistic criteria for entrepreneurship viability that is typical of Irish businesses.
- Reference to new citizens as *immigrants* instead of *migrants* would contribute to greater appreciation of the permanency of these settlers and appreciate that they can make substantial new contributions to the economy of the city if they are welcomed, encouraged and supported.
- Substantial benefits can come from proactive celebration of diversity and openness in the city and in its administration and delivery of services to multiple constituencies and ethnicities.
- The city will face more substantial financial burdens to carry the sunk costs of capital improvements if the immigrant communities are not economically integrated into society and are allowed to move on to other opportunities elsewhere. Then the part of the costs of construction cannot be recovered from fees because there is insufficient usage. And the dilution of population may mean that new hospitals, schools and other infrastructure turned out to be planned in the wrong locations and the resulting changes mean that new facilities are needed elsewhere (OECD 2008a).

Substantial benefits can come from proactive celebration of diversity and openness in the city and in its administration and delivery of services to multiple constituencies and ethnicities.

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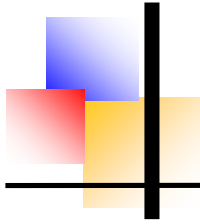
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CHAPTER 1

INTRODUCTION TO THE ISSUES, CHALLENGES AND OPPORTUNITIES

Repercussions of the meltdown of major financial markets and slowing of practically all developed economies requires a reassessment of traditional sources of opportunities in terms of economic development. In geographic areas that are fortunate in that they are attractive to mobile citizens of other jurisdictions, cross-border movement of talent may be an untapped resource for growth through stimulating entrepreneurship. The search for new engines of growth should include the potential contribution that immigrant entrepreneurs can make to their new locations. The ability to make local governments attractive by a package of taxes and benefits that results in movement of people across borders in pursuit of their individual economic self-interest is well established in *Public Choice* theory (Buchanan and Tullock 1962; Niskanen 1971). This is useful for local jurisdictions and may be within the sovereign authority of local boards of government to effect change.

For international migration, the situation is more complicated for local governments because they do not have the authority over international borders and immigration, which is limited to the sphere of the national level of government. Nevertheless, local governments can do some things that are within their control to promote entrepreneurship among immigrants who are already in the jurisdiction (OECD 2008a). In this context, economic integration of the new residents and the promotion of immigrant entrepreneurship present both challenges and opportunities for new growth that is focused on expanding the economy from within by producers who are resident in the state and will reinvest their profits within the state. Dublin may be a leader and trend setter in this new approach to economic development that will directly contribute to expansion of the Gross National Product (GNP) by encouraging new growth in domestic firms through entrepreneurship.

THE URBAN CONTEXT

Worldwide, there is increasing migration of people for economic opportunities. For more-developed states in need of workers to meet the demands of growing enterprises, such as during Ireland's Celtic Tiger, this has meant a welcomed source of labor. As the European Union (EU) expands to welcome new states, especially those former Eastern Bloc states, Western economies are providing an attractive pulling force to newly mobile citizens of the EU (Clark 2008). But when the Western economies enter a period of slow growth, or negative growth, perhaps a greater challenge that they face is what to do about the new citizens in their midst who

immigrated during the good times but now are faced with redundancies or represent a surplus in the labor pool.

In addition, other countries are competing for new talent; encouraging migrants to move on will have repercussions for meeting staffing needs when the economies rebound. This presents a dilemma for the more-developed states that have at risk substantial sunk costs in training, placement services, community infrastructure, etc. in competing with opportunities from the migrant homeland states that have improved economically. New *tigers* that are providing motivation for migrants to return home as well as to move on to better opportunities.

In the global age, cities have become the junction boxes of international transactions at the local level (Clark 2008). In a similar way that in ancient times the crossing paths of trade caravans resulted in cities at the crossroads that attracted settlers from the far-flung corners of the caravan routes, today's world-class cities experience internationalization and multiculturalism. A possible consensus among cities experiencing these changes leads them to the conclusion that they must now align themselves with opportunities created by globalization and international migration.

With this theme, twelve European cities joined with the British Council, a nongovernmental organization (NGO) in the United Kingdom (UK), to establish the OPEN Cities project. The cities in the project include: Belfast, Bilbao, Bucharest, Cardiff, Dublin, Düsseldorf, Gdansk, Madrid, Nitra, Sofia, Poznan and Vienna. Their aim is to allow cities to build upon the potential of their new populations, which possibly have different racial, cultural, religious and other backgrounds compared to the prior composition of their the cities and thereby facilitate integration. The Open Cities Project (Clark 2008) has identified eight linkages between accepting and encouraging immigrant diversity and economic development:

- The human diversity resulting from internationalization promotes urban quality of life that is needed to attract and retain knowledge workers and the creative class (Florida 2005).
- It creates a richer visitor experience that fuels tourism and its economy.
- It spurs entrepreneurship from the tenacity and determinism of immigrant entrepreneurs combined with their diversity of experience and creativity.
- Internationalization and diversity encourage creativity and innovation through interaction of different cultures and intellectual frameworks.
- It expands markets and grows local firms because of an expanding customer base.
- The presence of diverse populations and immigrant entrepreneurs contribute to global trade and international joint ventures.
- It enhances the competitiveness for hosting of international events that play to a world audience with substantial, local economic impact.
- Internationalization of cities can provide new opportunities for significant corporate responsibility initiatives, which can enhance global reputations and brands.

Such opportunities are not available to all cities but only to those progressive ones that have proven economically attractive for people to move to them to pursue their own economic self-interests. The positive outcomes of expanding local economies through the economic integration of immigrant entrepreneurs are substantial. They include among others: the possibility of an enlarged cultural endowment and creative pursuits; new opportunities for international trading hubs; the regeneration of urban areas; and new employment opportunities for the native population.

This report will illustrate how the tendency for new business starts increases when people move to new locales, across borders, and explain why. This is based on experience in other countries that cultivate the talent of immigrant entrepreneurs. It will analyze factors that indicate such a strategy would be successful and how a local government might proceed to maximize such potential and at a minimal cost.

THE CASE OF DUBLIN AND THE REPUBLIC OF IRELAND

Data used in this report will primarily utilize country-level data to enable peer analysis with countries in the European Union (EU) and the Organization for Economic Cooperation and Development (OECD). The time periods for reporting are more consistent and readily available regarding country level compared to city-level data in many jurisdictions and the Republic of Ireland did not ask questions about ethnic identity on the census until 2006. However, we can illustrate the growth of the immigrant population in the state compared to the Dublin Region by referring to census data from 1986 through 2006. In 1986, people born outside of the country accounted for 5.3 percent of the population in the state and 5.5 percent of the residents of Dublin. This does not include people born in Northern Ireland as born outside the country. By 2006, the percentage of foreign-born had increased to 14.5 percent for the state and 17.30 percent in Dublin. This represents an increase 329 percent in the state and 367 percent in the metropolitan area over the twenty years.

TABLE 1-1. PERCENTAGE CHANGE FOR PEOPLE BORN OUTSIDE OF THE COUNTRY, 1986-2006 FOR THE STATE OF IRELAND AND DUBLIN REGION

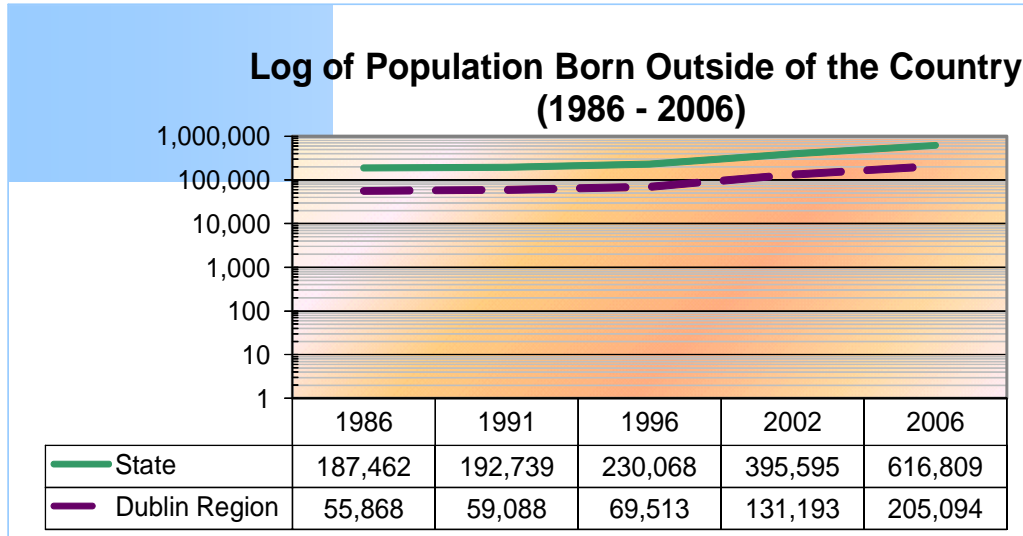
Area	1986	1991	1996	2002	2006	20-year change
State	5.3%	5.5%	6.3%	10.1%	14.5%	329%
Dublin Region	5.5%	5.8%	6.6%	11.7%	17.30%	367%

Source: (Cudden 2009)

For the ten years from 1986 to 1996 Dublin and the state reflect a very close track with the city experiencing 0.2 to 0.3 percent more foreign-born than the state in every census. Since 1996, Dublin has been growing faster than the state in terms of new foreign-born residents, which is consistent with the appeal of urban areas in this new era of international migration. Because the numbers differ in their magnitude,

the mathematical logs of the numbers are reflected on Figure 1-1 for comparison of the trends. It shows that both the state and the Dublin region have a similar upward trend but recently Dublin has been increasing faster than the state.

**FIGURE 1-1. POPULATION BORN OUTSIDE OF THE COUNTRY 1986-2006
COMPARING THE CHANGE IN THE STATE WITH THE DUBLIN REGION**



Source: (Cudden 2009)

HOW THE TERMS *IMMIGRANT* AND *ENTREPRENEUR* WILL BE USED FOR OUR PURPOSES

Herein the word *immigrant* is defined simply as one who is resident in a country that is not the land of his or her birth. And *entrepreneur* is defined as one who starts or operates their own business autonomously, as opposed to an employee of a firm with third-party ownership. This is not precisely the same as *self-employed* although many place self-employed in the category as entrepreneurship because it can lead to this end. The distinction is that entrepreneurs create value in the economy by job creation, philanthropy and investment. Self-employment is literally an alternative to employment by others. Many remain in the category of self-employment, that is, in business for themselves, but never make the transition into directing others for the *whole is larger than the sum of the parts* advantages and associated growth in employment that makes a greater contribution to the larger economy.

Business entrepreneurs are people who own their own business enterprise. They frequently work in their own firms themselves but usually employ others to work in the business for them. Many small and medium business enterprises (SMEs) begin by

relying on family members as the employees. Most new entrepreneurs do not expect much in the way of job creation by their ventures (Bosma, Acs et al. 2009). By becoming self-employed, immigrants acquire roles that are fundamentally different from immigrants who become workers and also different from those of mainstream entrepreneurs (Kloosterman and Rath 2003). By starting their own businesses, immigrant entrepreneurs create their own jobs. Entrepreneurship is about creating value in the economy. This is accomplished by entrepreneurship through business endeavor and investment that includes job creation and capital investment, which multiplies the value of their own labor through multiplier effects and value-added in terms of capital investment, business assets and merchandise. This results in value-added because raw material is either transformed by manufacture, component parts are assembled or transformed in some way, or products are brought to market. This might involve specialized marketing, merchandising or distribution networks and supply chains that can be global. Service businesses do similar things but with people and labor as their *stock in trade*.

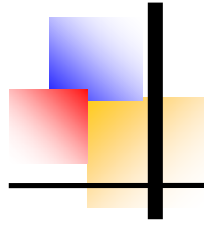
The Small Business Forum defines entrepreneurs as individuals who orchestrate, operate and assume risks for a business venture (Forum 2006). They are fundamentally not risk-averse and believe in their ability to succeed. They put their personal savings and even their homes or other personal assets on the line to grow their own business at the same time creating employment opportunities for others. Understanding the comparative acceptance of risk between the domestic and immigrant populations is crucial to appreciating the opportunities to be gained from promoting entrepreneurship. Although opportunities are open to all, it is the immigrants that will likely produce a greater number of new business starts, with their associated outcomes. Promoting entrepreneurship should be universal in that it is promoted to everyone. But the difference falls to marketing as to which segments of the population are reached and who will more likely respond to the call. This research report will explain why.

Although opportunities are open to all, it is the immigrants that will likely produce a greater number of new business starts, with their associated outcomes.

In order to determine suitable initiatives that may be employed to foster immigrant entrepreneurship, this research relied on multiple sources and types of data. It included a variety of research techniques together with primary and secondary research and qualitative as well as quantitative methods. Survey research, business and cultural community directories, personal interviews, focus groups, meetings with governmental officials and social and community groups' representatives were interviewed, involved in discussions and provided input. Public and private databases were used to identify stakeholders. Newspapers, academic journals, books, policy papers and industrial and governmental reports were reviewed and examined. The result is the following analysis of challenges and opportunities for Dublin as a consequence of the recent trends in international inward migration.

CHAPTER 2

HOW CHANGES IN THE ECONOMY RESULTED IN CHALLENGES AND OPPORTUNITIES FOR NEW CITIZENS



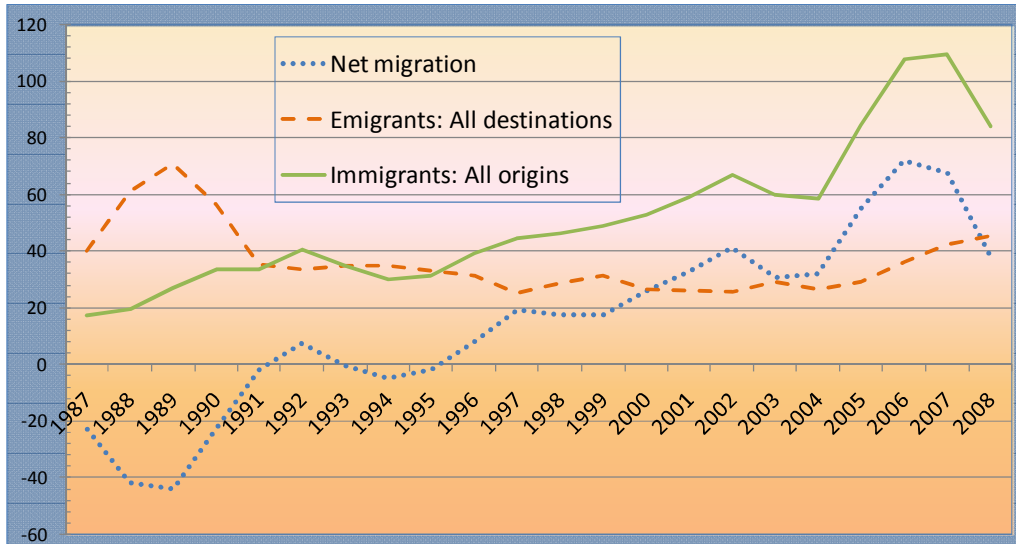
The growth of the Irish economy since the late 1980s especially during the 1990s outpaced most of the developed world. Based on the Organization for Economic Cooperation and Development (OECD) estimates, in the period 1995-2002, the annual average GDP growth rate in Ireland of over 5 percent far outpaced all other OECD economies and was on par with the Korean experience during 1990-1995, which was the growth leader during that time (Ahmad 2003). The strong performance of the country during this period in terms of GDP alone belies the underlying public policy issues that led to such a dramatic turnaround. A lot of the picture of *Celtic Tiger* achievement has to do with comparative underperformance in previous decades since the 1960s. Couched in historical terms, its antecedents, i.e., the results prior to the 1990s, have been described as *tantamount to a case study in failure* resulting from the Great Famine, mass emigration and deindustrialization (Smith 2005). This resulted in economic performance substantially below its European peers for most of the 20th century.

The Republic of Ireland is unique among European countries in that it experienced a major decline in population for over one hundred years leading up to 1960. However it is not unique in that a once ethnically homogenous culture is expanding in multi-ethnicity with the opening of borders. Although the United States has been a melting pot of cultures throughout most of its history, much of the history of Europe has involved wars to keep out invaders and preserve the relatively closed societies. The expansion of the European Union, especially its expansion to the East after the fall of the Soviet empire in the early 1990s, has presented major challenges for many Western countries that are now facing new immigration and integration issues around multi-culturalism (Alesina and La Ferrara 2005).

Although Irish emigration was due in part to failures in the economy related to an emphasis on its agrarian base, it was compounded by weak industrialization, poor development of domestic markets and over dependence on a trade linkage with one country, the United Kingdom (Bradley 2000). Over 90 percent of Ireland's trade was with the U.K. from the 1920s through to 1960 (Bradley 2000). Because of little economic opportunity at home, including the Great Famine, many Irish were forced to emigrate to seek viable opportunities for employment. Ireland maintained a closed-goods market and practiced protectionism to try to preserve the few job opportunities that it had for its own people. The result was that by the 1950s, the country had become so homogenous that 60 percent of the population were of a single blood type (type-O), 90 percent shared the same religion (Catholicism), ignoring the hordes who emigrated, very few people had ever travelled for

recreation beyond the island and the political and business leadership was drawn from a very small group, while the majority of the population lived in rural areas that emphasized a pastoral approach to agriculture (Fitz Gerald 2000). With the improvement in the Irish economy, Irish ex-patriots were eager to return when sufficient economic opportunities became manifest and they were joined by others seeking economic opportunity. As reflected in Figure 2-1, net migration changed from a low of minus 43,900 in 1989 to a high of 71,800 in 2006 (CSO 2008a).

FIGURE 2-1. IMMIGRATION, EMIGRATION, NET MIGRATION ('000s) IRELAND 1987 - 2008



Source: (CSO 2009a)

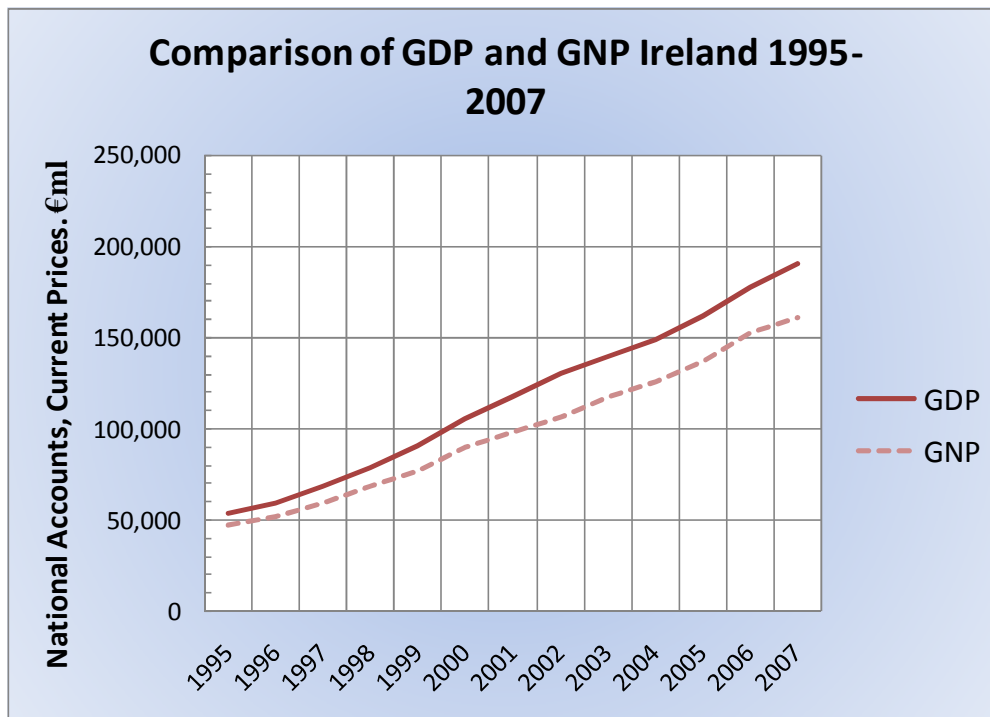
Recent Irish success viewed as a belated catching up after past shortcomings has been attributed more to the success of the new firms that entered Ireland than the growth of the indigenous Irish firms which actually reduced their investment in Ireland (Kirby 2002). Since 1995, most business expenditure for Research and Development (R&D) in Ireland has been by the foreign-owned firms and it is growing at a faster rate than Irish-owned firms (NCC 2009). The economy became principally dependent on growth and expansion of the foreign-owned sector that contributed substantially to the public coffers through favorable taxation.

However, over reliance on the foreign-owned multinationals could mean that Ireland would fall victim to an illusion of its own success when it may have been more a result of *transfer pricing* on the part of the multinational corporations (MNCs). The way that transfer pricing changes the picture of the success of the MNCs is by raising offshore income and reducing income that is actually generated elsewhere, which is motivated by reduced taxation in the offshore location. This was possible by establishing operations in Ireland where corporate earnings were taxed at only 12.5 percent. The MNCs could show higher profits by minimizing the costs of imports and maximizing their export numbers in the outsourced country (Smith 2005). The practice of *transfer pricing* and intra-firm trading by MNCs has been estimated as

high as one-third of all trade (Sweeney 1999). When there is a substantial tax advantage in another country, the MNCs merely understate their costs so that the operating unit in the lower-tax jurisdiction shows a higher profit on which it pays a lower tax rate. Overall the earnings of the firm before taxes are the same when aggregated, but the tax costs are lower by increasing the share of profit attributable to the lower tax operation. Net income or income after taxes for distribution to stockholders or reinvested would be higher. Foreign-owned firms in Ireland export 95 percent of their production (Enterprise Strategy Group 2004). For such reasons, the U.S. Obama administration is reviewing its policies that allow U.S. MNCs to set up off-shore subsidiaries that effectively avoid tax on U.S.-earned profits.

The extent that over reliance on the input of the MNCs' operations, whether transfer pricing or otherwise, can be viewed by comparing the Gross National Product (GNP) and Gross Domestic Product (GDP). GDP reflects the total value of goods and services produced in an economy that includes the output of Irish and non-Irish firms. GNP is the total value of all goods produced by Irish firms in the country and elsewhere, which accrues to the residents of Ireland. That is, any difference reflects the net profit repatriation by MNCs to their offshore locations and also includes the interest on foreign national debt that must be paid out to foreign investors. In most countries there is little difference between the GDP and GNP, but in Ireland GDP was almost 20% higher than GNP in 2004 according to the Central Statistics Office (CSO). This reflects overreliance on foreign direct investment (FDI) as an economic development strategy without sufficient development of homegrown business.

FIGURE 2-2. GROWTH TRENDS GDP VERSUS GNP, IRELAND 1995 - 2007



Source: (CSO 2009b)

Since the 1990s new economic opportunities required more workers due to the growing economy. As a consequence of decades of emigration, the Irish Diaspora was spread over the developed world and Irish-born workers answered the call to return to the homeland to take advantage of the economic boom. The Irish emigrants who came back dominated the migration wave of the 1990s (OECD 2008a). But the returning Irish were not enough to alleviate the labor shortages among the multinational firms that invested in Ireland. Increasingly workers came from other countries to seek opportunities in Ireland working for the international firms that were attracted due to low corporate taxes, favorable government attitude toward business and a skilled, well-educated workforce, albeit limited in numbers.

PROACTIVE ECONOMIC POLICY

In addition to low corporate tax rates in general, the government undertook four specific policy initiatives to support the attraction of high-value added jobs in the financial sector. These policy changes would prove essential for the International Financial Services Centre (IFSC) that was begun in the 1980s:

- Data protection laws were adopted that would ensure security;
- Investments were made to upgrade telecommunications capabilities for data transfer;
- Irish regulations were made in line with EU proposals for a single financial market and;
- Tax incentives of 10 percent were made available for licensed financial companies. (White 2000).

The IFSC relied on operating costs at that time that were cheaper than London and an ample supply of young, educated workers with the necessary skills to staff the firms. Another advantage was the strategic position of Ireland geographically that would enable service after the Asian markets closed but before the U.S. markets opened. In its redevelopment plans, Dublin established the Custom House Docks Development Authority in 1986 to create new development around a 27-acre area of rundown or obsolete dockage facilities. In 1998 the project brought in €240 million in tax revenue (Sweeney 1999). The availability of new, properly equipped office space, coupled with tax exemptions and incentives, eventually drew 430 international financial firms to locate offices in the IFSC (Pearson 2000).

The project outstripped its job creation target of 7,500 new jobs for the docklands within five years from 1987 to achieve a high of 25,000 by the end of 2007 (Finance Dublin.com 2008). This substantial employment driver with good paying, skilled jobs could only meet the demand for workers by recruiting them from outside the state. Thus began the influx of talented immigrants that today provides the new resource base for economic rebound, new economic contributions from firms with domestic

ownership and growth in the GNP from within by virtue of new business starts and entrepreneurship.

Another driver of the economic expansion in the 90s was the weakness of the Euro and drop in interest rates that fuelled exports as well as enhanced the inflow of FDI (Clinch, Convery et al. 2002). By 1999, GNP was growing at the rate of 8 percent per year, unemployment was down to 5 percent, and the expansion in available jobs was sustained at up to 5 percent per year over the prior five-year period (O'Connell 2000).

The Irish government in 1987 initiated a fiscal austerity regime that would lead to substantial change (Kirby 2002). Policy initiatives concerning attracting foreign direct investment (FDI) and favorable corporate tax policies really kicked up performance since 1990 in terms of GNP relative to the EU (Fitz Gerald 2000). Growth in real GDP was even more outstanding, reflecting the influence of the foreign multinational firms with 9.8 percent growth in 1999 and 11 percent in 2000 (Kirby 2002). Historically, for every percentage point growth in GDP in excess of 4.5 percent, the unemployment rate falls by 0.33 percent (Clinch, Convery et al. 2002). The demand for more workers would outpace the ability to be satisfied from the domestic labor pool. Although natural increases in the Irish-born population contributed to the stock of Ireland's labor force, inward migration played a key role over the last decade (NCC 2009).

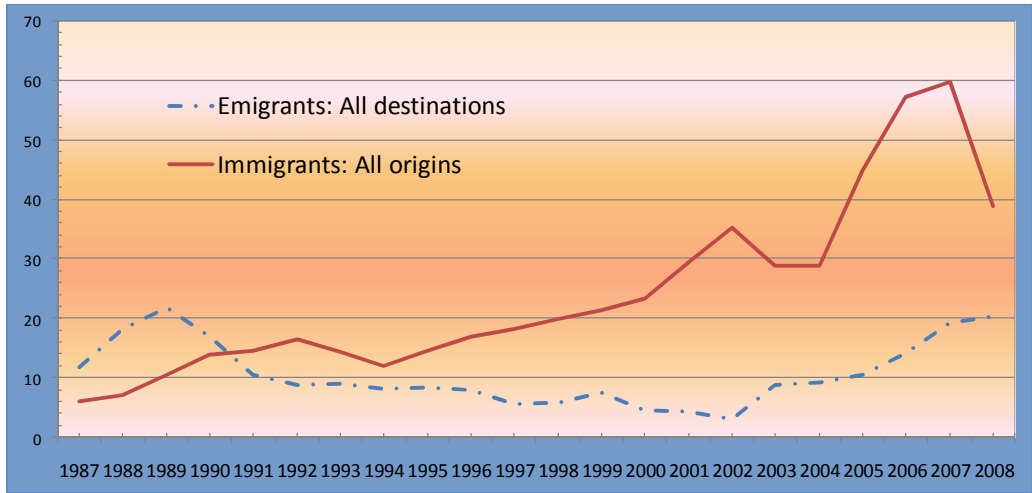
At the beginning of the growth spurt, there was a large number of Irish unemployed, whose numbers could be drawn down as long as there were new jobs to fill. As a result of a free secondary education policy established in 1967, there have been increasing numbers of school-leavers and third-level graduates who would ultimately enter the labor pool. The education system played a key role in equipping the Irish workforce with skills and qualifications necessary to support the international services sector, which invested heavily in Ireland and had a substantial impact on the growth of the economy (NCC 2009).

In a growing economy as part of a wage-bargaining process tax incentives can be used as an economic tool to facilitate faster growth in output from the existing population. This can mitigate the effects of falling unemployment (Clinch, Convery et al. 2002). While tax cuts may increase disposal income of those already in the workforce, and eventually may lead to increased standard of living, they do not do enough to increase the size of the workforce. Furthermore, an unintended outcome from the tight labor market was upward pressure on wages due to increasing competition that resulted from the demand for scarce labor. Real wages in Ireland increased by 32 percent between 1985 and 1999, outpacing the rest of Europe, the United Kingdom and the United States over this period (O'Connell 2000). Ultimately if wage increases are not enough to satisfy labor demand or there is insufficient supply of workers with the skill sets needed by growing firms, an alternative approach to growth in the workforce is necessary. The growth of multinationals drove a need for more workers with certain skill sets that was met in part by

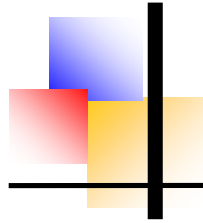
immigration to augment the limited qualifications of the Irish domestic workforce (Nolan, O'Connell et al. 2000).

Although natural growth of the population, i.e., births minus deaths, has increased since about 1996, the change in inward migration has been dramatic. The majority of these immigrants were in the prime working ages between 15-44 (CSO 2008a).

FIGURE 2-3. IMMIGRATION AND EMIGRATION, AGE 25-44 ('000s) IRELAND 1987 - 2008



Source: (CSO 2009a)



CHAPTER 3 IMMIGRATION AND ITS IMPLICATIONS

RECRUITMENT OF IMMIGRANT LABOR

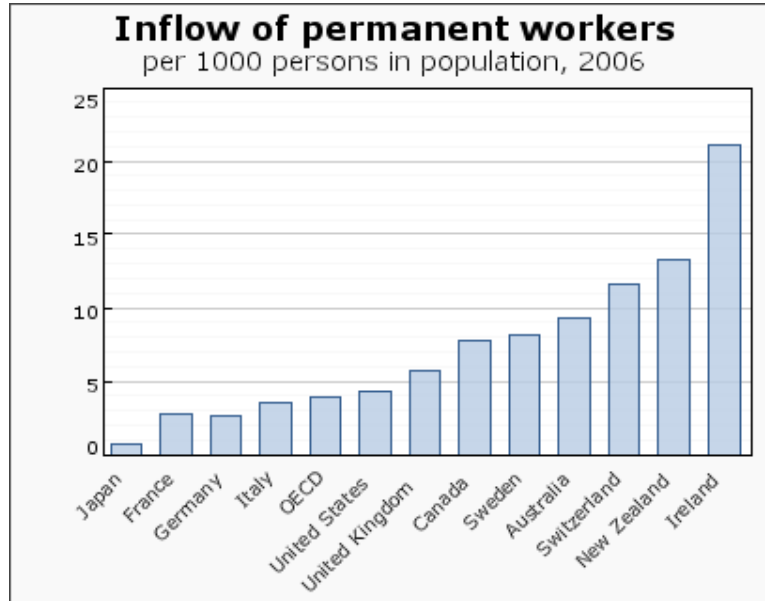
Since World War II, many industrial societies have actively recruited immigrant labor to address shortages in workers at the lower end of the job hierarchy (Waldinger, Aldrich et al. 1990). From 1992 to 2003 the number at work in Ireland increased by over 0.5 million persons to 1.8 million (Enterprise Strategy Group 2004). Proactive immigration is a systematic attempt to increase the supply of labor. Immigration has been shown to raise output because it increases both supply and demand (OECD 2008a). Fortunately, the timing of Ireland's accelerated growth matched an opportunity that was soon to mature among a lower-wage, English-speaking contingent of potential workers.

Immigration of foreigners was not the only way the numbers were able to grow. Ireland had the advantage of a substantial worldwide Diaspora of ex-patriots, many of whom returned home to take advantage of once scarce employment opportunities. They were classified as Irish by virtue of birth from an Irish parent or having been born in Ireland and subsequently having emigrated for better opportunities (OECD 2008a). Combined with substantial investment in Ireland from multi-national corporations from the United States, the American Irish ex-pats with higher education credentials proved eager to return. Between the 1986 Census and 2004, the Irish population increased from 3.541 million to 4.044 million, representing potentially up to 0.5 million new residents, or nearly 15 percent of the 1986 population (Hughes 2005). Since 1961 the population has increased nearly 50 percent. Inward migration has led this change since 1996 (Hughes 2005). Since 2004, Ireland has added another 10 percent to its total population, which is now 4.422 million (CSO 2008a). The inward migration in Ireland of permanent workers was the highest per 1,000 persons among all OECD countries in 2006 and reflected a 34 percent increase year-to-year over 2005 (OECD 2008b).

The most dramatic change in the migration pattern for Ireland happened in 2004. The impetus for change in that year was the addition of 10 countries to the EU. In May 2004, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia joined the EU as accession countries. In January 1, 2007 Bulgaria and Romania were added, filling out the EU 12. The new source of workers from Eastern Europe provided a much-needed source of workers for the Irish economy. Between 2004 and 2005 the number of immigrants increased from 58,500 up to 84,600. In the following two years the net population change was over 106,000 per year (Ibid.). During 2006 and 2007 nearly half of the total immigrants

came from the EU 12, 49,900 of 107,8000 in 2006 and 52,700 of 109,500 in 2007 (CSO 2008a).

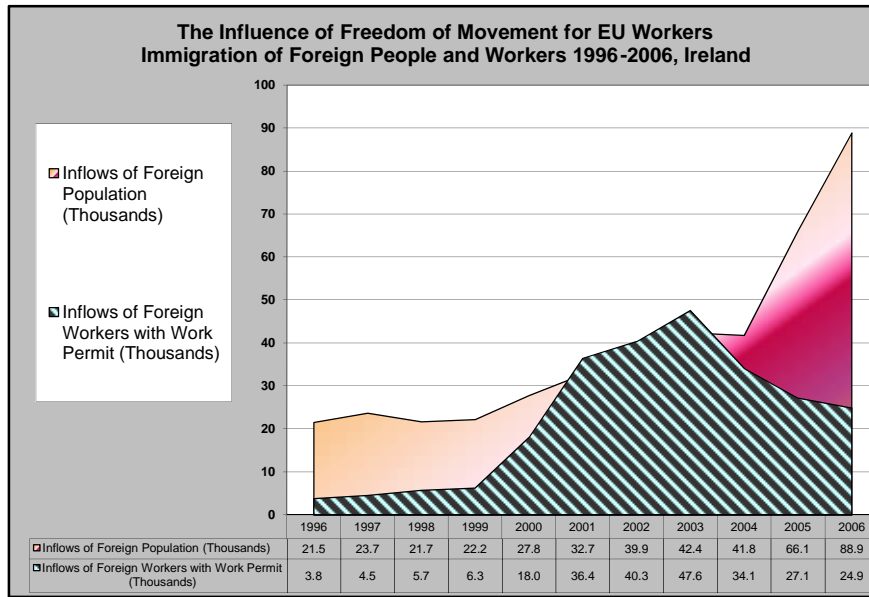
FIGURE 3-1. INFLOW OF WORKERS IN OECD COUNTRIES, 2006



Source: (OECD 2008b)

When in 2004 the ten new states, primarily from Eastern Europe, were admitted to the European Union their citizens inherited a right to freedom of movement within the EU. The free movement of people within the EU was guaranteed to most of the EU by the 1995 Schengen Agreement. Since then there has been considerable movement from regions of low opportunity for employment to regions with jobs surplus (Clark 2008). The Republic of Ireland and two other existing EU member states, Sweden and the United Kingdom, took advantage of this opportunity to promote immigration for working-age adults without restricting their access to labor markets. The other EU countries maintained a work permit scheme, some with quotas, which resulted in a competitive advantage for the three open economies (Commission of the European Communities 2006). This source of newly mobile workers would stimulate the supply of labor and at the same time reduce wage pressures from the shrinking domestic markets. As Figure 3-2 shows graphically, from 2004 there was rapid escalation of immigration accompanied by a steep decline in work permits because workers could migrate within the EU and work in Ireland without the need, expense, or complications related to securing a work permit.

FIGURE 3-2. INFLOW, POPULATION AND WORKERS FROM EU WITH FREEDOM OF MOVEMENT



Source: (OECD 2008c)

This inward migration has exerted new dynamics on Ireland’s demographics and requires an adjustment in immigration policy to cope with the new situation. One public policy alternative is to encourage immigration as much as possible in order to continue to stimulate the labor supply. But the impact can have sociopolitical repercussions on the part of the native population as well as other migrants already resident in Ireland. It also has implications for new demands for public services.

The slowing Irish economy has made a big difference in the trend in these numbers. Based on applications for new Personal Public Service (PPS) numbers (similar to social security numbers in the U.S.), immigration is down by 40 percent throughout the first half of 2008 compared to 2007. The number of Poles registering for PPS were down by 46 percent; Lithuanians were down 44 percent; and Romanians dropped 58 percent (Mac Cormaic 2008). Nevertheless, the demographic complexion of Ireland had changed over the last decade in ways never before regarding different ethnicities.

TABLE 3-2. DECLINE IN NEW PPS NUMBERS 2006 – 2008

	2006	2007	2008
Poland	12857	12131	8492
Lithuania	2807	1923	1666
Latvia	1459	887	557
Slovakia	1610	1448	923
Czech Republic	620	536	452
Hungary	528	670	775
Estonia	208	91	74
Slovenia	13	8	17
Malta	22	17	19
Cyprus	3	11	3
Romania	N/A	5291	1771
Bulgaria	N/A	213	160
Totals	20127	23226	14409

Source: (Melia 2008)

NEW COMPONENTS OF THE IRISH WORKFORCE

As of the 2006 Census, the influx of migrant workers had expanded the population by more than 10 percent to total 418,733 non-Irish persons vs. 3,706,683 Irish (CSO 2006). As of the end of 2008, there were 476,200 non-Irish nationals in Ireland, of whom 349,300 were active in the workforce i.e., over age 15 years (CSO 2009c). Since the census, growth in total employment has trended downward to the point that as of the end of 2008 (latest data November) it was 2,222,700, a decrease of 0.8 percent in 2008, the first annual decrease since 1989 (CSO 2009c). This level is comparable to the size of the workforce in 2004, despite the subsequent overall increase in the population and the 10 percent non-Irish component.

The unemployment rate for non-Irish nationals was 9.5 percent compared to 7.3 percent for native Irish (CSO 2009c). By the end of 2008, the employment of non-Irish amounted to 15 percent of the workforce. According to International Labor Office classifications (ILO), about half of the non-Irish workers (48.3%) are employed in four sectors of the economy: Wholesale and Retail trade = 16.7 percent of total employment in the sector; Hotels and restaurants = 34.4 percent; Transportation, storage and communication = 13.0 percent; and Financial and business services = 16.1 percent (CSO 2009c). With the exception of Transportation where there was an increase, all of these sectors generated less jobs in 2008 compared with 2007. However, the drop in non-Irish employment was less than the drop in native Irish jobs in all but Hotel and Restaurant workers. The largest drop in employment was in

the Construction sector as building project starts ground to a halt with the worldwide financial and economic drawback. Even there, however, the drop in non-Irish jobs amounts to only about a third of the drop in native Irish employment (CSO 2009c). Still, immigrant workers in Ireland were concentrated in low and semi-skilled jobs that Irish workers were increasingly unwilling to do and in higher-skilled occupations where there was a shortage of Irish workers (Cranfield 2006). The immigrants were not displacing Irish workers. There is evidence that the sectors of business activity of the immigrants do not reflect the level of education attainment among immigrants who generally have high levels of education (Cranfield 2006).

There is speculation that many migrants are leaving Ireland due to the lack of work. While this may be true in the construction sector, it is not as clear in others. In March of 2009 the Polish Embassy Trade and Investment Section Second Secretary, Beata Janota, speaking about Polish construction workers, stated emphatically *They are gone!* (Janota 2009). Recruitment firms in Ireland have been engaged by Polish employers to advertise for workers to return home in order to satisfy vacancies in the multinational firms that opened new offices in Poland as well as to meet new construction demands fuelled by investments of EU development funds. According to Jacek Rosa, First Councilor of the Polish Embassy in Dublin, about 30,000 Poles have left Ireland since 2005 leaving an estimated 170,000 still in the Republic (Monaghan 2008). He said that there were more than 250,000 Personal Service Numbers (PSNs) issued to Poles since the Irish labor market was opened to the new EU accession states in 2004. However rents and prices have been rising in Poland along with the growth of that economy, in part affected by fluctuation in the Polish Zloty. The rise of the Polish Zloty versus the Euro has reduced the payoff for earning in Euros and sending funds home (Mac Cormaic 2008).

MIGRANTS OR IMMIGRANTS

THE DISTINCTION MUST BE MADE CLEAR BETWEEN MIGRANTS, PEOPLE WHO MOVE FROM PLACE TO PLACE AS NOMADS OR TEMPORARY JOB-SEEKERS, AND IMMIGRANTS, PEOPLE WHO MOVE TO BETTER THEIR CIRCUMSTANCES AND WHO ARE PERMANENT RESIDENTS IN THEIR NEW COUNTRIES. IT IS IMMIGRANTS WHO PUT DOWN ROOTS AND CAN TRANSFORM THEIR NEW LOCATIONS FOR THEIR OWN GOOD AS WELL AS SUBSTANTIALLY CONTRIBUTE TO THE NATIVE POPULATION THROUGH THEIR EFFORTS.

TABLE 3-3. TOP 90 PERCENT, COUNTRIES OF ORIGIN FOR NEW PPS NUMBERS 2000-2008

	Jun-Dec. 2000	2001	2002	2003	2004	2005	2006	2007	2008	Totals	% of Total
IRELAND	50,657	109,577	49,866	86,947	86,691	80,293	80,788	87,559	91,280	723,658	35%
POLAND	570	2,259	2,649	3,828	27,295	64,731	93,787	79,816	42,554	317,489	15%
OTHER	8,935	17,533	77,200	22,116	8,693	5,321	3,952	2,666	1,364	147,780	7%
UNITED KINGDOM	9,421	15,349	14,050	13,667	13,909	14,207	14,336	13,951	12,285	121,175	6%
LITHUANIA	642	2,735	2,782	2,379	12,817	18,717	16,039	10,728	6,443	73,282	4%
FRANCE	3,056	4,487	3,769	4,332	4,678	4,973	6,879	7,673	7,066	46,913	2%
SPAIN	3,796	5,800	5,687	4,920	4,456	4,670	4,433	4,691	4,618	43,071	2%
SLOVAKIA	111	328	252	248	5,187	9,258	10,687	8,375	4,994	39,440	2%
LATVIA	1,046	3,023	1,538	1,230	6,266	9,328	7,954	4,674	3,727	38,786	2%
ROMANIA	920	2,416	2,667	1,387	591	813	3,336	14,525	6,762	33,417	2%
GERMANY	1,621	2,695	2,547	2,877	3,147	3,839	4,605	4,534	3,823	29,688	1%
ITALY	1,672	2,544	2,507	2,763	2,927	3,692	4,222	4,715	4,426	29,468	1%
USA	1,222	2,645	2,736	3,010	3,195	3,811	4,079	3,841	3,504	28,043	1%
ENGLAND	805	2,397	2,692	2,382	2,375	3,620	4,296	4,918	4,400	27,885	1%
CHINA	1,468	5,748	4,839	3,762	3,471	1,756	1,418	1,519	1,685	25,666	1%
INDIA	394	1,522	1,591	1,422	1,887	3,407	5,580	4,778	4,332	24,913	1%
NIGERIA	1,890	3,813	5,417	3,795	1,973	2,168	1,623	1,610	1,545	23,834	1%
CZECH REPUBLIC	641	1,428	1,144	831	3,298	4,505	4,458	3,838	2,762	22,905	1%
HUNGARY	167	511	259	185	1,839	3,086	4,330	5,046	4,562	19,985	1%
BRAZIL	384	660	759	725	864	2,225	3,460	4,805	5,632	19,514	1%
AUSTRALIA	1,027	2,874	2,656	2,421	1,713	2,128	2,105	1,966	1,857	18,747	1%
NORTHERN IRELAND	870	1,785	1,471	1,798	1,712	2,244	2,907	2,491	2,405	17,683	1%
										Sum	90%

Source: (Welfare 2008)

Table 3-4 shows the trend in applications for new PPS numbers of the top 90 percent of countries of origin for the period from 19 June 2000 through 2008. The Irish represent about 35 percent of the total of all countries with the balance from outside the state. Although numbers from the EU10 may be going down in the most recent years, other countries show a substantial increase; note for example Brazil, France, Italy and Hungary. This is indicative of increasing diversity in the future.

The Republic of Ireland became a victim of its own success to some degree. The cost of doing business in Ireland had risen significantly, eroding competitiveness and reducing the attractiveness of new foreign investment (Enterprise Strategy Group 2004). Immigrants from Poland have reported the cost of living and the limitations of existing infrastructure to deal with the larger population, especially from a public mobility and transportation perspective, as disincentives to opportunities in Ireland (Farrell 2007). At the same time, other countries emulated Ireland’s incentives and low tax rates for multinational corporations. MNCs would become enticed to move to other countries who instituted such policies where the labor rates were still comparatively low. There is new competition from other countries, such as Norway, who have begun to take a proactive approach to recruitment of immigrant labor (Farrell 2007). Several of the capitals of the new member states have reinvented themselves since joining the EU. As a group, Warsaw, Bucharest, Vilnius and Tallinn are front-runners with average economic growth of more than 7 percent making them the fastest growing cities in Europe (Clark 2008). If the immigrants’ ties to Ireland are not well established, the attraction to return to their homeland may be strong in the face of a cooling Irish economy (Barrett 2008). This can be lessened if

public policy is focused on enabling them to establish social, cultural and economic roots in Ireland.

Opportunities in Ireland are still better than many of the immigrants' home countries, working or not. For example, the unemployment benefit in Ireland is more than €200 per week, which is more than many professional jobs pay in some Eastern European countries (Quinlan 2009). Consequently, many immigrants with university degrees work as cleaners, in factories or service in the food and beverage businesses (Hogan 2008). The Minister for Integration at the time, Conor Lenihan, stated that "we must address the challenge of becoming more inclusive" and avoiding the problem where people wind up working in jobs for which they are overqualified. (Carroll 2008). One of the main components of Irish integration policy is to facilitate the progression of highly qualified immigrants working in Irish society to find opportunities commensurate with their education, instead of leaving them to work in jobs for which they are over qualified (Cudden and O'Leary 2008).

IMMIGRATION AND CHANGES IN IRISH SOCIETY

As Swiss playwright, Max Frisch, is quoted as saying about the German *guest worker* experience when they recruited poor Italian and Turkish immigrants in the 1960s and 1970s to work in booming German industries, *We wanted workers and we got people instead* (Columbia 1996), the many new immigrants meant a substantial change in the demographic composition of Ireland. "Internationally, there is a long history of countries welcoming workers in times of labor shortages on the presumption that they would leave afterwards and finding that temporary immigration became permanent" (OECD 2008a) pg. 115.

There is a difference today compared to the 19th century when many people resorted to emigration to seek viable job opportunities and to escape from famine, poverty, discrimination and oppression in their home country. Part of it concerns the development and evolution of the welfare state (Clinch, Convery et al. 2002). Today uncontrolled immigration can lead to social tension and conflict. In economic downturns where we start to see redundancies across the board, Minister for Integration at the time, Conor Lenihan has warned that we have to guard against the potential for tension that can come from people projecting their anger on ethnic groups when they see their Irish friends and family members losing their jobs (Molony 2008). The Minister made clear that it is not something that is going to happen, but merely advised caution to guard against it. The resident population may feel that they bear a greater tax burden than the newcomers who receive benefits that they have not paid into.

In contrast to the *Celtic Tiger* years where there was a shortage in almost every labor sector, job protection for the indigenous population has now become a priority. The government does this through a means test and a work permit scheme where an

employer has to advertise any vacancy for four weeks with the national employment agency and three days with national media before offering a position to a foreign national. It is now turning to this regimen to make it harder for foreign workers to get jobs. But this only applies to people from outside of the European Economic Area (EEA) because within the EU workers have the right to freedom of movement without employment restrictions. Correspondingly, this impacts different immigrant groups depending on their country of origin.

The perception of unequal contributions versus benefits regarding the welfare system may lead to animosity and desire for protectionist policies that work against open immigration. Oliver Wang, director of Chinatown Promotion Services, said that Ireland is not like the United States or some other countries that encourage immigration and the economic contribution of immigrants. Immigrants are looked upon as temporary but necessary to fill jobs only when enough native-born aren't available or don't want to accept that kind of work. He said that Ireland is very protective and doesn't encourage those who want to come in and be successful (Wang 2008). Wang admitted that some nationalities may come to Ireland to take advantage of the social welfare system but he felt that the Chinese were received more favorably because of the perception that they work very hard. Helen Kang cited herself as an example. As owner of a Chinese Restaurant on Capel Street, she works 12-14 hours every day, 7 days a week. Although she has two children, she sent them to be cared for by her mother in China so that she could focus all of her time on her new business in Ireland during its formative years. Ultimately, she says, she will make a better future for her family this way (Kang 2008).

Conceivably, today's immigration can lead to discrimination and oppression in the immigrants' new country. In recognition of this possible outcome, the government of Ireland established the Office of the Minister for Integration in June 2007 and launched a policy statement in May 2008 to implement an intercultural approach to policy-making that would protect human rights and equality but also overcome inequalities that are experienced by the new immigrant groups (Hegarty 2008). As newcomers with common language and culture coalesce in certain neighborhoods due to social networking, a *white flight* may result in declining neighborhoods and overcrowded schools resulting in *de facto* racial segregation. This has been reported in Dublin in response to immigrants moving into neighborhoods where the native population has been selling to investors who then rent out residential units to the immigrants. These reports speculate that when these newcomers are primarily in the lower economic strata, the result is a downward spiral and segregation for the neighborhood (McInerney 2007). While the number of non-Irish in the workforce reached 15 percent, the number of children of non-Irish in primary schools is up to 10 percent (Molony 2008). Infants born in the country to immigrant parents had been automatically granted Irish citizenship prior to June 2004 when a citizenship referendum changed that entitlement, which had afforded automatic citizenship to anyone born in Ireland (OECD 2008a). A court decision the previous year removed the automatic right to permanent residency for non-nationals who were the parents of Irish-born children (Cudden and O'Leary 2008). Family reunification is one of the

most commonly stated reasons for international migration. And many countries scrutinize such applicants because of concerns over fraud and abuse of the system where the real motivation may be to gain access to welfare services (Clark 2008).

Ireland seems to have elicited a worthy response from migrant workers. Based on numbers from the 2006 Census, the official number of non-nationals grew from 221,921 in 2002 to 417,375 in 2006, a change from 5.8 percent to over 10 percent in the state and more than that in Dublin City (Cudden and O'Leary 2008). These numbers are generally believed to substantially under-represent the true count, which could be up to 15 percent of the population in the state (Mac Cormaic 2007). Some of the reasons for undercount among immigrants relate to: sharing accommodations; distrust of government authority; and limited capacity with English (Janota 2009). Other concerns for the representativeness of the data that have been expressed concern the accuracy of any demographic data that is drawn from the Quarterly National Household Survey (QNHS), which was only administered in English. It would skew in favor of those who are more literate and miss the low-skilled immigrants because of the language barrier. But a statistical analysis that compared descriptive statistics between the QNHS with the Irish Census 2006 concluded that the QNHS does report as accurate a profile of the immigrant populations, especially regarding educational attainment, as the census data (Barrett and Kelly 2008). It also confirmed that although the qualitative data may be accurate there was significant undercounting. In both surveys the extent of the undercount in different national groups could not be determined conclusively. The data included in Table 3 and Table 4 is from national census data in 1996 and 2006. Informed participants in focus groups for immigrant entrepreneurship indicated that the number for Poles, for example, where the official count reflects 63,276, was more like 100,000-200,000 (Bartosik 2009). Other estimates of Poles in Ireland also refer to 100,000, with 95 percent of them in Dublin (IrelandBBS.com 2008). The Irish Congress of Trade Unions (ICTU) estimates the number of Poles based on its observations as 200,000. Unofficial numbers for Chinese are 100,000 against the census count of 11,161 (O'Brien 2007). In a focus group for this research project a member of the Chinese business community expressed his opinion, which was based on local knowledge, that there were 50,000 Chinese in Ireland but he said that less were coming now (Suo 2008). Two-thirds of the new immigrants to Ireland arrived between 2004 and 2007. Many settled close to their port of entry resulting in the population of central Dublin in 2006 composed of nearly one-fourth of the 420,000 non-Irish in the state, primarily from accession states Poland, Latvia and Lithuania (Barrett 2008).

The immigrants that came to Ireland since 2004 from the ten states admitted to the EU at that time had different motivations. Those states were Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. These immigrants seem to be viewed principally as worker-commodities. For example, the Census office concludes that the *Polish came to Ireland to work while the Chinese came to study* (CSO 2008d). Only two percent of the Poles in Ireland over age 15

were in school or college in Ireland (CSO 2008d) while 43 percent of Chinese aged 15 or over were studying in Ireland (CSO 2008d).

The immigrants that came to settle in Ireland were not all lower-end workers. Many had college education but accepted employment in jobs that they were over-qualified for because it was still better than what they could get at home. Although it is not unusual for immigrants in OECD countries to work in jobs that they are over qualified for, at least when they enter the country initially, the mismatch in Ireland is relatively high (OECD 2008a). In some cases, this is due to foreign qualifications not being accepted in Ireland.

A simple definition of international migrant would be one who lives outside the country of their birth for a year or more (Clark 2008). This would include many migrants who travel to study, for tourism, or to work and experience another culture in depth for an extended period of time. Many young people in Ireland and from other developed countries go overseas for a year for just such an experience. A key distinction is to be made concerning the immigrants that came to Ireland in recent years. They came for economic opportunity and were already prepared to make a difference in their own lives and contribute to their new countries, its firms and its economy. They represent a *sleeping population* that can make a great deal of influence once given the opportunity to pursue entrepreneurship and approach self-actualization of their talent in their new home country. This will be discussed in more detail later in the context of the potential for immigrant entrepreneurship.

TABLE 3-5. LARGEST IMMIGRANT GROUPS IN IRELAND 2006

	Total	% of Total Population	% of Non-Irish Population	Unofficial Estimate
UK	112,548	2.70%	26.81%	200,000
Poland	63,276	1.52%	15.08%	
Lithuania	24,628	0.59%	5.87%	
Nigeria	16,300	0.39%	3.88%	
Latvia	13,319	0.32%	3.17%	
USA	12,475	0.30%	3.00%	100,000
China	11,161	0.27%	2.66%	
Germany	10,289	0.25%	2.45%	
Philippines	9,548	0.23%	2.30%	
France	9,046	0.22%	2.16%	
India	8,460	0.20%	2.00%	
Slovakia	8,111	0.19%	1.93%	
Romania	7,696	0.18%	1.83%	
Russia	4,495	0.11%	1.07%	

(CSO 2006)

TABLE 3-6. LARGEST IMMIGRANT GROUPS IN IRELAND 1996

	Total	% of Total Population	% of Non-Irish Population
UK	151,081	4.20%	71.25%
U.S.A.	15,619	0.43%	7.37%
Other EU	9,296	0.26%	4.38%
Asia	8,150	0.23%	3.84%
Germany	6,343	0.18%	2.99%
Africa	4,867	0.14%	2.30%
France	3,593	0.10%	1.69%
Other Europe	3,605	0.10%	1.70%
Other countries	9,503	0.26%	4.48%

(CSO 1996)

A comparison of Table 3-5 and Table 3-6 reveals the extent of change in the ethnic and cultural complexion of Ireland in just ten years, between 1996 and 2006. In 1996, over 78 percent of the non-Irish in Ireland were from the United Kingdom and the United States. They were English-speaking and mostly of Anglo-Saxon heritage. Practically 82 percent of the non-Irish who were resident in the state were from Europe. By 2006 the U.K. /U.S.A. component had been cut to fewer than 30 percent and the rest, in much greater numbers than before, were immigrants from countries with far different historical, cultural and linguistic traditions.

Canada, which promotes multiculturalism as one of its competitive strengths citing its highest per-capita immigration in the world, has had to deal with the issue of new languages in its ethnic mix. In Quebec City, native residents feel threatened by the country’s multiculturalism approach. The integration of new ethnic minorities is seen as a threat to the native cultural minority that wants to promote the continuation of the French language as the dominate ethnic sub-group (Delaney 2008).

For 150 years since the end of the great famine in Ireland of the 1840s, the story of population movement was emigration from the island in pursuit of opportunities around the world. This left the country with limited outward aspect. That is, less appreciation for the views and attitudes of others with different cultural heritage. The domestic population grew more homogenous compared to other countries where immigrants added various foreign cultural aspects to the home customs. The Irish demographics that constituted a large pool of literate English speakers had been attractive to multinational corporations and proved to be a significant factor in the *Celtic Tiger* economy. When the English speaking augmented these workers,

well-educated immigrants, especially from Poland in great numbers, the attraction became stronger. It is important to repeat the point that the new immigrants were not all lower-educated workers who came for lesser-qualified jobs despite the fact that many ended up where they wound up. Many also filled the highly qualified jobs in Information Technology (IT) and in the IFSC.

The increase in population and investment drove a property market that escalated rapidly only to result in oversupply when demand slackened. Now the situation is that the immigrants are in the state and the challenge is for Ireland to adopt a policy to take economic advantage of the new talent. Otherwise a protectionist policy may result in discrimination against those newly arrived and not realize the potential of the substantial opportunity that has evolved.

MULTICULTURALISM

To gather data on the increasing multi-culturalization of Ireland, a question on ethnicity was added to the census for the first time in 2006 (King-O'Riain 2007). But the nature of the questions that were included in the census may confuse conceptions of ethnicity, race and ancestry. In the broadest sense, the 19th century German sociologist, Max Weber, referred to *ethnicity* as one's own subjective belief in belonging to a group that shares a common descent because of similarities of physical type or customs that are passed down, shared, or result from history of colonization or migration (Cornell and Hartmann 1998). On the other hand, *race* is how human beings distinguish themselves based on socially defined physical characteristics. And *ancestry* relates to the place of one's birth and the place of birth of your parents. This has implications for citizenship rights and may impact property ownership as well. The questions on the Irish Census in 2006 mostly related to race but described these as *ethnic groups*: White, Irish Traveler, Black, Chinese, Mixed ethnic group. It does not offer much choice in cultural identity and excludes some that are increasingly important in geopolitical terms, e.g., Arabs. The country of origin issue took on new significance in 2004 when the EU was expanded granting EU citizens a right to free travel across borders.

In general, the non-Irish population is comprised of people in their 20s and 30s with significantly more men than women (CSO 2008d). As of the 2006 Census, more of this group were employed, approximately 80 percent, than even the Irish population, just over 50 percent (CSO 2008d). Although many were in construction (20.8%), manufacturing businesses (21.4%), wholesale and retail trade (17.0%) and hotel and restaurants (16.5%) also provided many jobs for the accession-states immigrants (CSO 2008d).

But the Irish workplace and Irish society is very different today. In just ten years or less it has become multicultural. This change has happened so rapidly that many

sectors of society have yet to incorporate the new multiculturalism in a new approach to doing business and serving the public.

FUTURE IMPLICATIONS FROM THE RECENT GROWTH IN IMMIGRATION IN IRELAND

There is little doubt that the spurt of immigration in Ireland that reversed a decades-long pattern of emigration has been a result of the rapid growth of the economy during the *Celtic Tiger* years. In recognition of the impact of new immigrants in Ireland, Dublin City Council set out an agreed vision that would send a strong message of its openness to minorities (Hegarty 2008).

“...integration of the new migrant population will be a key determinant of the future success and prosperity of the city”

They declared “integration of the new migrant population will be a key determinant of the future success and prosperity of the city” (Ibid, p.6). This section will briefly review the historical patterns and set out the reasons and justification for this consequence. In the context of current events wherein Ireland and all the world economies are experiencing substantial downturn in activity and growth, the policy questions that need to be addressed are:

- a. How to continue to grow the economy with innovative contributions from the new citizens, and;
- b. Due to lack of opportunities, what would be the end result if recent immigrants would be permitted or encouraged to return to their home countries or to pursue greater opportunities in other proactive communities?

When the economy experienced rapid growth, an increase in the supply of labor was essential in order to satisfy the demand. Naturally, firms first relied on the domestic population because there are additional costs associated with recruitment from distant places as well as possibly relocation support. From the 1980s through the mid 1990s, high unemployment had been characteristic of the Irish economy. Ireland had practically the worst unemployment problem in Europe over these years (Kirby 2002). As of 1987, there had been mass unemployment with falling employment numbers and a standard of living below the average in Europe (O'Connell 2000). Consequently, there was elasticity of supply in labor that could meet initial demand related to moderate growth from the cadres of unemployed workers.

Immigration of workers to fill jobs of the MNCs that were drawn to Ireland by favorable taxation policies, strong efforts to attract FDI and other initiatives not only turned the economy around but it turned the composition of society upside down. New immigrants made for a new multicultural society in Ireland.

As a result of the worldwide downturn in 2008, which followed on the onset of recession that began in the United States in 2007, the MNCs that included many American firms decided to back down or move their operations offshore. The labor

pool that was attracted to the new employment opportunities is faced with a challenging dilemma: whether to move on or to try to make it on their own.

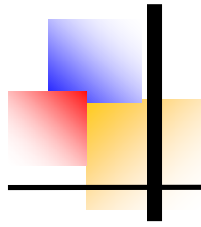
Several interesting characteristics of the Irish labor market contribute to a new dynamic. In small firms, Irish workers average €15.38 per hour compared to €18.01 for workers in the EU 15 states. But workers from the accession states in Ireland, the EU15-27, earn only €11.08 on average in Ireland (CSO 2008c, p.45). Employment of non-Irish nationals increased by 129 percent from 2003 to 2007 and 47 percent of them were working in firms of less than 50 workers (CSO 2008c). When it was a case of needing workers to fill jobs from outside of Ireland this differential was a draw from both sides, employers including domestic firms and MNCS and workers from outside the country. When a worker is subsequently made redundant, the impact of lower income from unemployment is good motivation for self-employment or entrepreneurship. The immigrants have an advantage in this market for two reasons. First as a result of under-employment relative to qualifications, an immigrant entrepreneur can look forward to a better income in his/her chosen profession as an entrepreneur than in low-wage employment. When they are made redundant they actually have the opportunity to improve their lot. Second, immigrants, especially where there is a language barrier, are more likely to work for other immigrant entrepreneurs if they have the opportunity due to common language and culture. Therefore the immigrants have a competitive advantage in hiring other low-wage immigrants.

For governments who are faced with a potential reduction in the population under these circumstances an additional challenge is the investment that they have made or initiated to cope with the once quickly expanding population. These include new roads, schools, water and sewer systems, mass transit improvements and other infrastructure investments that were required for the larger population (OECD 2008a). It also may have involved hiring public employees and expending the workforce in order to provide the services necessitated by the great numbers of new citizens and residents. It also may include salary and benefit increases that were implemented in recent years to make up for past years when increases in parity had to be deferred. The simple conclusion is that unless governments can cultivate economic opportunity to accompany social integration, their new populations may go away but the expenses committed to will continue. Excessive long-term capital debt accompanied by lower revenues will also negatively impact bond ratings, all with fewer taxpayers to pay the bills. A proactive approach to nurturing and developing opportunities among the new citizens becomes critically important.

This approach needs to extend to the economic and financial opportunity realm and not be limited to social issues and avoidance of racial tension to be most effective. Business start-ups generate economic prosperity for all and provide immigrants the opportunities to contribute to their own financial success as well as the community at large (Emerge 2007).

CHAPTER 4

APPROACHES TO GROW THE ECONOMY BY ENCOURAGING ENTREPRENEURSHIP



In a 2006 report, titled *Small Business is Big Business*, the Small Business Forum included in its recommendations to the Department of Enterprise, Trade and Employment that the government should formally adopt a National Entrepreneurship Policy (Forum 2006). In October 2007 Forfas published *Towards Developing an Entrepreneurship Policy for Ireland* that echoed the sentiment that Ireland needs an approach to the development and cultivation of entrepreneurship that is similar to the drive for foreign direct investment. One of the key recommendations was *harnessing the potential of women and immigrants* (Forfas 2007). At the time of the release of the report, then Minister for Enterprise, Trade and Employment, Micheál Martin, said that he was committed to implementing a National Entrepreneurship Policy. The Department released its *Third Progress Report on Implementation of the Recommendations of the Report of the Small Business Forum* on 10 December 2007, which included reference to a draft entrepreneurship Policy Statement that was submitted to the Department and referred to the expectation that a Policy Statement was *to be published in early 2008* (DETE 2007). As of the time of writing *Challenges and Promise for Immigrant Entrepreneurship in Dublin*, this new initiative has not yet been published or adopted.

The level of entrepreneurship in Ireland has been high compared to other OECD countries. It averages 2.7 percent in the OECD countries and an average of 2.3 percent in the EU (O'Toole 2009). According to the Global Entrepreneurship Monitor, in 2007 Ireland was second in the EU and fifth among OECD countries for entrepreneurial activities (Forfas 2008b). Ireland was third in the OECD with 4.2 percent of the adult population involved in new firm entrepreneurship (Fitzsimons and O'Gorman 2006). For new-firm creation, Ireland was ranked fourth within the EU 15 (Forfas 2008). The City and County Enterprise Boards have proposed a plan to create 6000 new businesses from 2009 – 2013 and have earmarked 1,000 of these opportunities to involve female and ethnic entrepreneurs (Allen 2009). This incentive financing would provide funding for all of the costs of operating a business and not just for grants to buy machinery or employ people as at present. This program is aimed at micro business with less than 10 employees and is in recognition of the fact that service businesses are very important to the economy and may not require investment in machinery as do manufacturing firms (Forfas 2007).

As recently as 2003, Ireland had the highest rate of new business start-ups in the EU (O'Gorman 2004). However, in the latest Global Entrepreneurship Monitor (GEM) annual survey, conducted since 1999 over the May-June period, the respondents surveyed in 2008 indicated a great deal of pessimism for entrepreneurship in

perceived opportunities with Ireland. This was one of the five highest declines in perceived opportunities (Bosma, Acs et al. 2009). This was before the global financial crisis that emerged in October 2008. Only 35 percent of non-entrepreneurially active adult respondents saw a *good opportunity to start a business within six months* and only 6 percent *expected to start a business in the next three years* (Bosma, Acs et al. 2009)

The advantages of starting a business in Ireland are the same for any entrepreneur, native or immigrant. They include a stable government, low-tax policy toward business and a pro-business culture. According to the World Bank, Ireland remains very competitive regarding policy to facilitate entrepreneurship. The overall regulatory levels and regulatory impediments to product market competition are lower than the OECD countries' average (NCC 2009). Ireland ranks 7th in the *ease of doing business* among 181 economies followed by the World Bank (World Bank 2009). Other factors assessed by the World Bank contributing to the favorable governmental and regulatory environment of starting a business in Ireland relate to the *ease of starting a business* where Ireland was ranked 5th of 178 economies in 2008, the number of regulatory procedures necessary for business start-ups, which was four, the 3rd fewest of the countries compared and the cost of starting an enterprise as a percentage of income per capita (0.3 percent) where Ireland was 3rd lowest (World Bank 2008).

However, Tomas Rimkus, who emigrated from Lithuania two years ago and is marketing manager of an international food and beverage importing concern in Dublin, said that the cost of starting a business according to the government data is only part of the picture. For example, although in Lithuania, he said, it is necessary to have a minimum of €3,500 on deposit in order to get approval for a new business from the Lithuanian government, which is not required in Ireland for natives or citizens from EEA countries, the local banks in Dublin required €5,000 - €10,000 to open a new business account (Rimkus 2009). The criteria imposed on prospective entrepreneurs from outside the EEA are substantially higher and out of sync with the World Bank and OECD comparative requirements. (See below on *Business Permissions*.)

Focus groups indicated that the low corporate tax structure, minimal bureaucracy and regulation compared to their previous home countries, transparent legal system and strong consumer culture gave the immigrant entrepreneurs a favorable impression of Ireland as a good place to start a business (Cooney and Flynn 2008).

These ease of starting business metrics have actually improved since 2004 when the World Bank reported the cost to start a business as a percentage of income per capita as 10.4 percent (World Bank 2004). At that time, Ireland also had the 4th shortest time in the EU in terms of number of days to start a business, which was 12 days. This was less than half the average number of days

amongst all OECD economies where the average number of procedures was 50 percent more than in Ireland and the cost in terms of percentage of income per capita was an average of 8.0 percent (World Bank 2004b). Another consideration for ease of starting a business includes ease of closing a concern, which was less than five months in 2004, the shortest insolvency process in the EU (World Bank 2004).

In the summer of 2008 focus groups indicated that the low corporate tax structure, minimal bureaucracy and regulation compared to their previous home countries, transparent legal system and strong consumer culture gave the immigrant entrepreneurs a favorable impression of Ireland as a good place to start a business (Cooney and Flynn 2008). *Building Ireland's Smart Economy* recognizes that one strength of the Irish economy includes high ratings on openness to foreign ideas and at the same time the need for more engagement with other countries represents a threat to the economy (Ireland 2008). One business owner from Lithuania told me that he hired a firm to secure all of the necessary licenses and accounts to start his business because he was concerned with the bureaucracy that in his home country makes it very difficult to start an enterprise. He had no problem in Dublin and was very pleased with the time and process. The Danish government recognized that this is a significant way that it could encourage entrepreneurship when it introduced legislation in 1998 that reduced the time required to register a company from 36 days in 1996 to 11 days in 1999.

Recommendations for the establishment of proactive policy include the enhancement of an entrepreneurship culture in Ireland, particularly among women and the immigrants community (Forum 2006).

WHY ECONOMIC DOWNTURNS ARE OPPORTUNITIES FOR BUSINESS STARTS

When times are tough, as in economic recession, entrepreneurial activity increases because people turn away from a view of employment as a safe and secure job based on the reality of redundancies and career decisions that are outside of the worker's control (O'Toole 2009). Even those who have been in employment for many years may feel the gut-wrenching doubt of the wisdom of devoting oneself to the good of the firm when they are made redundant. It is a good time for people to take a risk, especially if they are proven risk-takers. Fear of failure is a more pronounced deterrent to entrepreneurialism in Ireland among the native Irish than in the majority of OECD countries. Ireland is ranked 16 out of 25 countries analyzed (Forum 2006).

During this particular downturn, interest rates are at historic lows. So debt service coverage is lower than in the past for qualified borrowers and the cost of money for operating funds and investment in new business is reasonable and puts less pressure on operating margins than during high money-cost times. During recessions,

everyone is looking for business. Consequently, the cost of buying services can be substantially lower and the cost of purchasing goods can be more negotiable than at times when there are plenty of qualified buyers. When there are more people out of work, getting good help may be easier to find and employers can be more selective.

For prospective immigrant entrepreneurs, the downturn actually plays to their strengths. Education provides the preparation that facilitates opportunity when the right opening arises. Because the immigrants are generally better educated and under employed in current employment, being made redundant can actually result in prospects for better income through entrepreneurship and pursuit of activity that makes better utility of their educational qualifications. The percentage of the population with college education among men and women in Ireland is almost double comparing the foreign-born population with the native born, 41.1 percent vs. 22.7 percent and holds equally true for men and women (OECD 2008a). See Table 5.

A study from the 2000 U.S. Census data focusing on Brazilian immigrants found that high school graduates are more likely to own their own business and that a college education has a significantly greater effect than a high school education on the probability for self-employment among Brazilian immigrant entrepreneurs in Florida and California (Siqueira 2007). Another study of key founders of technology and engineering companies from 1995 to 2005 indicated a strong correlation between educational attainment and entrepreneurship (Wadhwa, Rissing et al. 2007). However, some have cautioned that any data regarding educational attainment that relies on a survey instrument that is only available in English will miss many low-skilled immigrants because of the language barrier, which leads to overrepresentation of higher educational attainment. Nevertheless, a study reported from Dublin confirmed the representativeness of samples drawn from both the census and the QNHS and affirmed the highly-educated nature of immigrants in Ireland (Barrett and Kelly 2008).

TABLE 4-1. EDUCATIONAL ATTAINMENT OF THE NATIVE-BORN AND FOREIGN-BORN POPULATIONS, PERCENTAGE OF THE 15+ POPULATION

		Native-born				Foreign-born				Totals		
		Men	Women	Total		Men	Women	Total		Men	Women	Total
Country	Education	(%)	(%)	(%)		(%)	(%)	(%)		(%)	(%)	(%)
Ireland	Primary	50.0	45.6	47.8		29.9	29.4	29.6		47.8	43.8	45.8
	Secondary	28.6	30.3	29.5		29.2	29.4	29.3		28.7	30.2	29.5
	Tertiary	21.4	24.1	22.7		40.9	41.2	41.1		23.5	25.9	24.7

Source: (OECD 2008d)

POTENTIAL OF IMMIGRANT ENTREPRENEURSHIP

Immigrants have also made great strides in technological advancement through science and technology that contribute to innovation and knowledge economies

To begin with, for people to venture on their own in a business enterprise they must not be afraid to accept risk. This doesn't mean that they are risky or gamblers but it implies that they are willing to rely on themselves for their economic outcomes instead of depending on others to make their future. In this context, immigrants who have left their home countries and their personal family networks that provide a comfort zone to try their luck in a new country with its different culture certainly fit the criteria of risk takers. If entrepreneurs are not risk takers by nature, at the least, they are not totally afraid of taking a chance on changing their circumstances. If they are immigrants to a new country the very fact that they have left their homeland in search of new opportunities demonstrates their willingness to take their chances and rely on themselves for the outcome.

For many reasons that will be reviewed herein, immigrants are more likely to become entrepreneurs than the native-born. They have been successful and have made significant contributions to their new countries as well as raising their own standards of living. Among other reasons such as wanting to be with family or to seek asylum from persecution, immigrants move because of the perceived economic benefits of moving. Good economic prospects, along with the presence of family members or substantial numbers of countrymen, have been described as pull factors that contribute to migration to successful economies (Clark 2008). Immigrants may be more confident in their own ability to make a change in their economic circumstances by relying on their own assessment of their talent and capacity (Levie 2007). This may explain why immigrants are more predisposed to entrepreneurial ventures than the native-born population.

Immigrants have also made great strides in technological advancement through science and technology that contribute to innovation and knowledge economies. According to one study in the United States 9.7 percent of immigrants own a business, compared with 9.5 percent of the native-born (Fairlie 2008). Another way to look at the impact of immigrant entrepreneurship in the U.S. reveals that immigrants constitute 12.2 percent of the U.S. workforces but 12.5 percent of U.S. business owners (Fairlie 2008). In other studies in the United States, immigrants were shown to be practically 30 percent more likely to start a new business than native-born persons. Immigrants constitute 16.7 percent of all new business owners nationwide (Wolfington 2006). In California, the number of new businesses started each month that are owned by immigrants amount to 34.2 percent of all start-ups. In New York, Florida and Texas immigrants account for nearly 30 percent of the new

businesses starting each month. Immigrant entrepreneurs now represent roughly 5 percent of all new business starts in the United States (Fairlie 2008).

In a U.S. study of engineering and technology companies started between 1995 and 2005, immigrant entrepreneurs were determined to be the founders of 25.3 percent of all such companies (Wadhwa, Saxenian et al. 2007). These firms had \$50 billion in sales in 2005 and created 450,000 jobs. Many Asian entrepreneurs in Silicon Valley were previously in graduate school there or working as engineers in large firms. As an outcome of their venturing out on their own they have created over 58,000 local jobs as of 1999 (McCormick 1999). In Washington DC it is the Indian immigrants who fuelled growth in high-tech entrepreneurs, which nearly doubled in the 1990s (Rubin 1999). They graduated from American universities and have been staying in the country to start their new entrepreneurial ventures in high value-added employment sectors that have resulted in high-technology clusters around Washington. High-tech employers in Silicon Valley had come to rely heavily on foreign students who eventually would work in local high-tech firms and some would start their own enterprises. Asian venture capital firms are helping Silicon Valley start-ups to expand into Asia and also helping Asian start-ups set up shop in the U.S. (Hiebert 2000). Another benefit of foreign students is even if they return home they are taking advantages of networking connections and opportunities for building links with American firms to spur technological innovation that results in economic expansion for high-tech firms in California (Wadhwa, Saxenian et al. 2007).

Reflecting on the success and challenges regarding the U.S. proactive recruitment programs for high-tech talent, U.S. President Barack Obama has said that the difficulties imposed by the Department of Homeland Security after 9-11 have negatively impacted U.S. colleges' recruitment of immigrant talent. As a consequence, high-tech and engineering firms have set up shops in India and China and now students are getting their education and employment overseas to the loss of the U.S. based economy (Obama 2007). One of the benefits of immigration can come from viewing local universities as *migrant magnets* that can draw young, highly skilled people who may stay in the area and enhance the local labor market (Nathan 2008).

Immigrant businesses make significant contributions across all sectors of the American economy. They own 21.1 percent of businesses in the arts, entertainment and recreation industry and also are found in other services (17.6 percent of total), transportation (16.9 percent), wholesale businesses (15.9 percent) and retail trade (15.5 percent). In sum, immigrant entrepreneurs now own 11.2 percent of all businesses with \$100,000 or more in sales and 10.8 percent of all businesses with employees (Fairlie 2008). Consequently, the cultivation of immigrant entrepreneurship has great potential to benefit not only the new citizens themselves, but also to contribute to growth of the economy and the creation of value-added employment across the board.

Polish Embassy Trade and Investment Section Councilor Jerzy Bartosik said that more than 20 percent of inquires that are coming in to the Trade and Investment Section are now about the possibility of opening a business in Ireland (Bartosik 2009). An argument in favor of immigrant workers, who are generally younger than the native workforce, is that, contrary to a drain on the social welfare system, they represent one of the few ways that the elderly population can be supported by currently working younger workers. Therefore they reduce dependency on ageing populations and help sustain the social safety net in the long run (Minns 2005).

A review of the nationality of residents in Ireland as of the 2006 Census, summarized in the adjoining Table 6a and Table 6b, indicates the potential for encouraging entrepreneurship among the new citizens. Comparing the percentage of the adult population that is of typical working age, 25-64, about half the Irish population is in this category (52.2 percent of total Irish and 52.4 percent of Irish-born). This percentage is far exceeded by immigrants of practically all the other nation in Ireland. This is consistent with the conclusion that Ireland depends on immigrants for its workforce.

Looking at only the age group that is typical for young entrepreneurs starting businesses, i.e., 25-44 years, the Irish population only amounts to 29.4 percent in this age group. Most of the new citizens from the EU member states amount to more than 50 percent in the 25-44 age group and the countries that are not in the EU are even higher as a group in this demographic category. There is evidence that business start-ups increase with age and strongly increase with education. The new immigrants to Ireland have higher educational attainment compared to the native Irish, in part due to self-selection by EU immigrants (Minns 2005). In a U.S. study of data, college graduates were shown to have a 0.11 percent higher rate of business creation per month than those with less than a high school education (Fairlie 2008). Immigrants are generally better educated and have more positive attitudes toward entrepreneurship as a path to realization of personal financial success (Levie 2007). Throughout OECD countries, immigrants are generally more qualified than native-born regarding educational attainment. Immigrants average 23.6 percent tertiary education versus 19.1 percent for native-born (OECD

More than 20 percent of inquires that are coming in to the Trade and Investment Section are now about the possibility of opening a business in Ireland

2008). Although educational attainment in Ireland has increased dramatically in the past two decades among the young, the older workers in the Irish labor force remain less qualified than the average of OECD workers and a large share of the native-born workers, 34 percent, have no more than secondary education (NCC 2009). This leads to a conclusion that in Ireland there is likely to be more potential for entrepreneurial start-ups among the immigrant communities than in the native population.



TABLE 4-2. NATIONALITY, AGE AND POTENTIAL FOR ENTREPRENEURSHIP

	Nationality	Total	25-44 years	45-64 years	65 years and over	% Prime working age 25-64	% Potential Entrepreneurship age 25-44
Total Irish		3,706,683	1,089,238	845,160	438,227	52.2%	29.4%
	Irish Born	3,661,560	1,075,721	837,752	434,878	52.3%	29.4%
Total Non Irish		419,733	219,281	57,181	15,084	65.9%	52.2%
EU Member States		275,775	137,788	44,921	12,545	66.3%	50.0%
	Austria	583	339	79	14	71.7%	58.1%
	Belgium	910	461	195	52	72.1%	50.7%
	Cyprus	60	31	11	3	70.0%	51.7%
	Czech Republic	5,159	3,171	320	20	67.7%	61.5%
	Denmark	729	420	129	28	75.3%	57.6%
	Estonia	2,272	1,135	169	6	57.4%	50.0%
	Finland	926	574	88	9	71.5%	62.0%
	France	9,046	5,455	774	113	68.9%	60.3%
	Germany	10,289	5,396	1,976	635	71.6%	52.4%
	Greece	412	267	57	8	78.6%	64.8%
	Hungary	3,440	2,330	216	22	74.0%	67.7%
	Italy	6,190	4,104	749	180	78.4%	66.3%
	Latvia	13,319	7,106	1,245	40	62.7%	53.4%
	Lithuania	24,628	12,987	2,064	71	61.1%	52.7%
	Luxembourg	26	5	8	2	50.0%	19.2%
	Malta	139	66	31	10	69.8%	47.5%
	Netherlands	3,990	1,786	1,089	281	72.1%	44.8%
	Poland	63,276	36,464	4,213	144	64.3%	57.6%
	Portugal	1,798	1,156	173	24	73.9%	64.3%
	Slovakia	8,111	4,751	450	27	64.1%	58.6%
	Slovenia	130	86	7	1	71.5%	66.2%
	Spain	6,052	4,478	264	58	78.4%	74.0%
	Sweden	1,742	957	163	36	64.3%	54.9%
	UK	112,548	44,263	30,451	10,761	66.4%	39.3%

Source: (CSO 2006)

In a survey of 1,108 ethnic entrepreneurs in Ireland in summer 2008, less than half (44%) indicated that they had no formal business management qualification. However, most (73%) indicated Prior Managerial experience (Cooney and Flynn 2008). The proportion between the disciplines in the social sciences, business and law census categories is unknown. If a substantial number of the educational attainment numbers are in business, it would seem that there is a great deal of potential for additional business start-ups by those with actual training in business management. This could be explored further as a potential for good effort-reward return. From analysis of the responses to the *Entrepreneurship Profile Survey* for immigrants in Dublin who either had already started a business of their own or were thinking about it, 32 percent indicated that they were college graduates and 43 percent had post-graduate education or some post-graduate courses. Only 17 percent indicated that their education was limited to high school (Pinkowski 2009). The age indicated by the respondents was typical of prospective entrepreneurs with 77 percent in the 27-43 age bracket. They were split 47 percent men and 51 percent women (2 percent preferred to not answer this question). Respondents were primarily from EU countries, 82 percent; 6 percent were African.

TABLE 4-3. NATIONALITY, AGE AND POTENTIAL FOR ENTREPRENEURSHIP CONT.

	Nationality	Total	25-44 years	45-64 years	65 years and over	% Prime working age 25-64	% Potential Entrepreneurship age 25-44
Rest of Europe		24,425	15,446	2,003	208	71.4%	63.2%
	Romania	7,696	5,068	424	24	71.4%	65.9%
	Russia	4,495	2,571	456	22	67.3%	57.2%
	Ukraine	3,122	2,245	254	10	80.0%	71.9%
	Other	9,112	5,562	869	152	70.6%	61.0%
Africa		35,326	20,937	1,980	147	64.9%	59.3%
	Nigeria	16,300	9,929	564	30	64.4%	60.9%
	South Africa	5,432	3,012	672	58	67.8%	55.4%
	Other	13,594	7,996	744	59	64.3%	58.8%
Asia		46,952	28,058	3,079	262	66.3%	59.8%
	China	11,161	5,745	415	74	55.2%	51.5%
	Philippines	9,548	6,481	1,131	24	79.7%	67.9%
	India	8,460	5,708	396	38	72.2%	67.5%
	Pakistan	4,998	2,772	264	28	60.7%	55.5%
	Malaysia	2,979	1,532	174	15	57.3%	51.4%
	Other	9,806	5,820	699	83	66.5%	59.4%
America		21,124	9,182	2,975	1,069	57.6%	43.5%
	USA	12,475	4,252	2,145	928	51.3%	34.1%
	Brazil	4,388	2,706	248	8	67.3%	61.7%
	Canada	2,343	1,093	380	109	62.9%	46.6%
	Other	1,918	1,131	202	24	69.5%	59.0%
Australia		4,033	2,418	422	78	70.4%	60.0%
New Zealand		1,756	1,194	202	35	79.5%	68.0%
Other nationalities		7,984	3,207	1,230	637	55.6%	40.2%
Multi Nationality		2,358	1,051	369	103	60.2%	44.6%
No Nationality		1,318	485	170	87	49.7%	36.8%
Not Stated		44,279	11,547	9,790	6,802	48.2%	26.1%
Total		4,172,013	1,320,551	912,301	460,200	53.5%	31.7%

Source: (CSO 2006)

A difference is important regarding immigrant entrepreneurship versus migrant labor patterns. The pattern of migrant farm workers is well established wherein due to seasonal, labor-intensive needs, especially in agriculture at harvest time, large quantities of workers move from crop to crop in response to opportunity for day wages. In many cases these crop-pickers are paid in cash with no questions asked about their immigration status. Many are known, or presumed, to have crossed international borders informally or illegally (Zarrugh 2007).

IMMIGRANT ENTREPRENEURS AND INNOVATION

American business expert, Peter Drucker, in *Innovation and Entrepreneurship* (Drucker 2007) warned of implications for doing business by ignoring emerging demographic patterns. Although population trends and movements had been acknowledged as important dynamics for business, they were presumed to occur over long time-spans and therefore of little immediate concern to day-to-day decisions for operating a firm. Drucker cautioned that to ignore population changes was a dangerous error and instead should be the first environmental factor to look at for rewarding entrepreneurial opportunities.

The recent dramatic change in the demographics of Ireland presents such an opportunity for entrepreneurship. The opportunity for substantial change resulting from demographic shifts is significant. Although immigration in the United States has a long history, the extent of accelerated immigration in California from Asia during the 1980s and 1990s had a dramatic impact on the development of a high-tech corridor in the San Francisco Bay area. The foreign born population in Silicon Valley doubled between 1980 and 1990 (Saxenian and Ebulbehran 1998).

Development efforts should not be focused on high-techs alone, or on export-oriented firms alone. Competitive advantage may also be gained by realizing that innovation can come in many forms and may be driven by the new immigrant entrepreneurs that may emerge from the recent population milieu. Broad entrepreneurial activity includes high-tech but also no-tech, low-tech and middle tech. For example service deliver intangible goods including information, advice and experience that has great utility in a global market. Services that are traded international including finance, insurance, computer related software services, research and development, advertising, marketing, accounting and consultancy contribute enormous value to the economy. Between 1980 and 2006 the global value of international trade in services increased seven-fold (Forfas 2008a). Innovative ventures create capital and contribute to a vibrant economy based on new ideas and different perspectives borne of place of origin that is just not within the frame of reference of the native-born. Ireland's stated ambition is to become a leader in innovation (Forfas 2008b). According to Drucker, it would be unlikely that any country could be innovative in high-tech without having an entrepreneurial economy.

It would be unlikely that any country could be innovative in high-tech without having an entrepreneurial economy.

Entrepreneurs create value in the economy by job creation, philanthropy and investment. Immigrants to a nation have an advantage in that they know better the immigrant community that they are part of and can have competitive advantage in new firm creation focused on such a market. They also can relate well to other

immigrants as a labor pool because they share experiences and common culture. Most successful immigrants rely heavily on ethnic resources while integrating into the mainstream (Saxenian 2002). Many immigrants in the U.S., especially Latinos, are establishing businesses in various southern states, initially where the migrant labor population has resulted in Latino settlements. Not all immigrant entrepreneurs begin their commercial life in a new country as migrant workers. Many travel internationally for third-level education and contribute to their new countries with ingenuity and creativity by applying the education that they acquire.

Entrepreneurs have the ability to convince others to believe in their vision and to execute their plans. Often it is the personal passion for what they are doing that gets entrepreneurs started and keeps them going. It also comes from expertise. People from other countries add their own perspectives on business or the market that adds unique perspective to commercial opportunities in their new land. A study in the United States by the Venture Capital Association indicated that 25 percent of publicly traded firms that were started with venture capital had one or more founders who were immigrants (Anderson 2007). And 46 percent of these immigrant business founders had come to the U.S.A. as international students. But they came to study; not with the express intent of establishing businesses (Wadhwa, Rissing et al. 2007). In a study of foreign-born founders of U.S. technology and engineering companies, only 1.6 percent indicated that their intention for entering the country was entrepreneurship (Wadhwa, Rissing et al. 2007).

Another significant path to immigrant entrepreneurship is proactive policy to recruit innovation initiatives, especially in the hi-tech arena. In Canada, a successful program to foster trans-Pacific exchange has resulted in Chinese and Indian immigrants linking businesses in the technology sector between western Canada, especially Vancouver and Calgary and counterparts in Asian cities (Froschauer and Wong 2006). The national government encourages immigration and innovation initiatives by specific employment and immigration policies that foster the relationships. Business and trade associations make it easier for multicultural exchanges to contribute to successful business starts by the immigration and rapid integration into the business network. Social networks contribute to integration and opportunities for new immigrant entrepreneurship or high-skilled employment. Silicon Valley in the U.S. is well known for its penetration of Asian immigrants and entrepreneurial work initiatives in the high-tech sectors (Saxenian 2002).

Another significant path to immigrant entrepreneurship is proactive policy to recruit innovation initiatives, especially in the hi-tech arena.

AnnaLee Saxenian's work in Silicon Valley has documented that immigrants are employed in high-tech sectors of the economy at greater rates than the general population (Saxenian and Ebulbehram 1998). A report by the U.S. Small Business Administration in November 2008 indicated that engineers from China and India now run approximately 25 percent of all technology

businesses started in Silicon Valley (Fairlie 2008). Contrary to political opposition to immigrants with claims that they depress wages and take jobs that belong to the indigenous workers, almost 33 percent of the entrepreneurs and high-tech workers in Silicon Valley are immigrants and rarely, if ever, are a drain on public funds (Becker 2000).

For many reasons including a strong will to survive and to overcome obstacles, barriers to traditional employment related to religious, cultural, or language barriers and their unique perception of business opportunities, immigrant entrepreneurs actually have better success rates in new ventures than native-born business starts (Wolfington 2006). In some cases, immigrants can achieve their goals in life and implement their plans and ideas that would just not be possible in their home countries due to culture, politics, infrastructure, or markets. Immigrants have an advantage in contributing to developing trade links with their home countries because of the special knowledge that they have, which they can apply to reduce transaction costs that might otherwise stand in the way of trade and investment (OECD 2008a). Since 1978 Canada has promoted global immigrations for skilled workers in high-tech and for entrepreneurs by allowing flexible citizenship. It has resulted in more than 300,000 new immigrants (Froschauer and Wong 2006). This involved a ranking of occupations and demand in Canadian labor markets where a point system allowed preference for workers who could fill needed positions such as computer programmers and analysts. The Canadian immigration policy extends to expedited processing and employment authorization for partners of recruited workers. But not all immigrants recruited under Canada's investor/entrepreneur program have resulted in investment in high-technology businesses. Many have followed business strategies that have resulted in service businesses just as other ethnic entrepreneurs (Jones 2004).

Any effort to promote business must take a sober approach to reality. In Ireland today, as in many other countries, small business is the mainstay of the economy. Over 97 percent of businesses in Ireland are small business and they employ 777,000 people, more than half of the total private sector employment excluding agriculture (Forum 2006). Small businesses also form the foundation of business support infrastructure to attract and retain foreign investment. In a report of small businesses in Ireland, Cooney and Flynn (Cooney and Flynn 2008) reported that 12.6 percent of foreign nationals in Ireland represent that they are sole or part owners in a business. In a 2007 report, 2,700 individuals were estimated to be starting a new business each month over the period between January 2004 and June 2007 throughout Ireland (Fitzsimons and O'Gorman 2008). The same report indicated that 9 percent of adults were owner-managers of businesses that had been established for more than 42 months and 8.2 percent of adults were early-stage entrepreneurs (Fitzsimons and O'Gorman 2008).

In the *Entrepreneurship Profile Survey* for immigrants in Dublin who either had already started a business of their own or who were thinking about it, 79 percent were either in business or thinking about starting a business in the near future, 82

percent indicated that they had five or less years experience in the field of the business that they were considering starting (Pinkowski 2009).

According to OECD numbers in 2007 there were 334,300 out of the total population 4,172,013 persons in Ireland who identified themselves as *self-employed*, which equates to 8.0 percent (CSO 2006; CSO 2008b; OECD 2008e). However, this may overstate the overall picture of self-employment. To get a better understanding of the extent of persons operating businesses as sole-proprietors, one must look at the occupations that usually involve one-person operations. Self-employment in agriculture, hunting, forestry and fishing is the typical business model in these fields and constitutes 77.8 percent of all employment in these occupations (OECD 2008e). So, if one takes away from the total, the number involved in agriculture, hunting, forestry and fishing, which is 91,000, the percentage of self-employed persons in all other fields of endeavor is only 5.8 percent. Immigrants are less likely to be farmers or own forest lands for logging as the business owner. Although they may seek employment on farms and on fishing boats as employees or crew members. Consequently, the estimate of 12.6 percent in self-employment or business ownership for immigrants during 2008 represents more than twice the incidence of self-employment in the country at the time of the 2006 census, i.e., 5.8 percent.

According to the Kauffman Foundation in Kansas City, Missouri, immigrants are starting businesses in the United States at a rate that is 30 percent more than native-born entrepreneurs (Wolfington 2006; Wadhwa, Saxenian et al. 2007). This number is confirmed by the 1996-2007 Consumer Population Survey and indicates that as of the 2000 U.S. Census immigrants constituted 16.7 percent of all new business owners generating \$67 billion of the \$577 billion total of U.S. business income, which is 11.6 percent of all business income in the U.S. (Fairlie 2008). More foreign-born entrepreneurs are embarking on new ventures compared to native-born residents of New York City (Bowles and Colton 2007). This extends across a range of economic sectors from food manufacturing to healthcare resulting in stimulating growth of these sectors, increasing employment and transforming underperforming communities into thriving ones. Employment growth for example was up to 34 percent in immigrant neighborhoods compared to 7 percent citywide. During the decade up to 2004, the number of firms grew by less than 10 percent across the entire city but increased by up to 55 percent in some predominantly immigrant neighborhoods. In every U.S. Census since 1880, immigrants in general were more likely to be self-employed compared to the native-born population (Bowles and Colton 2007). Restricting the comparison to a par on similar skill levels, immigrants are still more likely to be engaged in self-employment (Borjas 1986). Continuing to the present time in the United States, more foreign-born workers are engaged in self-employment compared to native-born workers. In New York this was 9.27 percent in 2000, reflecting a growth spurt of 53 percent over the 1990 census. The number of native born workers who were self-employed was only 7.71 percent, which was a decrease of 7 percent (Bowles and Colton 2007).

In the United Kingdom, ethnic minorities were responsible for approximately 10 percent of business start-ups in 1999 although they constituted around 6.4 percent of the population (Basu and Altinay 2002). In London, estimates in 1999 were that 19 percent of all businesses were owned by ethnic minorities and they accounted for 50 percent of all new business start-ups (Basu and Altinay 2002).

IMMIGRANTS' MOTIVES FOR STARTING AN ENTERPRISE

Although it may be taken for granted that immigrant entrepreneurship is a fast track for integration and wealth accumulation, research shows that early-stage businesses may not provide more income compared to employment. A comparison of immigrant entrepreneurs with employed immigrants in Sweden indicated that the entrepreneurs had substantially lower incomes than those employed over a 16 year period, including varying economies and stages of the business cycle (Hjerm 2004). A survey of Irish immigrants in business indicated that the average earnings were less than €50,000 per year (Cooney and Flynn 2008). In the U.S. immigrant-owned businesses make less on average (\$46,614) than native-owned businesses (\$50,643) (Fairlie 2008). Based on a 1997 survey of minority owned business enterprises, annual receipts for minority businesses in the United States indicate that 60 percent have receipts over \$10,000 but only 3 percent have annual receipts over one million dollars, compared to 5 percent for of total U.S. firms (Wellner 2001). Although none of these numbers seem to be a sufficient amount for a sustainable business, several considerations about entrepreneurship and business entrepreneurship in particular must be kept in mind. First, business owners do not think like employees. Their income is not limited to salary. In fact the optimum situation from their perspective would be to have no taxable income. They do this by expensing as much as possible through their business as business expenses instead of paying themselves higher salaries and paying the expenses out of personal funds. Second, many business owners that deal with cash do not accurately report all of their cash income and expenses. This becomes troublesome when they apply for bank credit because the business paper records do not accurately reflect the real success or profitability of their business. And third, €50,000 per year, more or less, is still more than many immigrants might be able to earn as employees in other peoples businesses. Satisfaction with the level of income attainable with micro-businesses speaks to the reasons and satisfactions for people starting their own business ventures.

From analysis of the responses to the *Entrepreneurship Profile Survey* for immigrants in Dublin who either had already started a business of their own or were thinking about it, 28 percent of respondents admitted to income from their business of less than €50,000, 10 percent indicated they earned more than €100,000, while 60 percent of respondents preferred to not provide an answer to this question (Pinkowski 2009).

The profit motive is not the only reason for business being. Sometimes, people start a business out of necessity as a result of being out of work, plant closings, or frustration in a current job, being overlooked in expected promotion, or redundancies decisions outside of their control. The opportunity to have control over your life and your work can be strong motivation. It is not just the ability to be saying what hours you will work but it also involves every step in the operation of a business. This might include environmental sensitivity, social responsibility and benefiting your own community in certain ways. For the immigrant community, another challenge may be over-qualification for the work available or the non-acceptance of academic or professional credentials. Immigrant entrepreneurs cannot only make their own opportunities but can direct attention to social cause of benefit to their cohorts that perhaps the indigenous population overlooks or is insensitive to.

An individual may see great opportunity in a new business but would not have control over his or her own destiny in someone else's employ. They may have access to information or special knowledge that they wish to exploit for advantage. Perhaps a person sees no opportunities in existing businesses for someone with his or her interests and skills or finds that their superiors take credit for their advances leaving them without a proper sense of accomplishment. A system of financial reward based on longevity or conformity does not sit well with driven people who have a high degree of confidence in their own abilities. Immigrants have unique knowledge about the market, consumer interests and competition in their home country and can identify opportunities based on this knowledge that engendered residents of their new country are not as capable of capitalizing on.

Corporate culture and conformity are often motivation for the creative classes to start independent firms when they are free to conduct their pursuits in whatever manner they determine is appropriate for them (Florida 2005). People who work for large organizations sometimes become frustrated in organizational bureaucracy and office politics. The desire to innovate and create new products unfettered by bureaucratic constraints is a strong motivation for entrepreneurship.

When you own your own business you also have the opportunity to build equity. You also own the means of production, which can develop into substantial value. You also have the opportunity to bring other family members into your firm and prepare for transition between generations. This control over your own economic future also benefits society. It is substantial opportunity for advanced economies to allow immigrants to contribute more added value to their new communities through job and wealth creation that results.

Entrepreneurship creates the opportunity for philanthropy. If you are financially successful you may choose to give away some of your wealth in the manner that you decide to help your community or favorite institutions. Other contributions that entrepreneurs make result from their creating value. New, innovative ideas have been known to change society. To have the opportunity to change peoples' lives through your work is personally rewarding and motivation for some entrepreneurs.

When it affords the opportunity to help your country-fellows it also helps immigrants to integration economically as well as socially.

Ego satisfaction may be another motivation for entrepreneurship that is more important than money. Business entrepreneurs have great opportunities to be visible in their community. Membership in Chambers of commerce, business awards, community boards and other corporate boards of directors serve the personal esteem and satisfaction motivations of many entrepreneurs.

Finally, there may be a spiritual component that drives certain ethnic or cultural groups. Martin Luther and Max Weber famously promoted the Protestant Work Ethic in terms of self-reliant individualism being its own reward (Weber 1904/1930). Such a culture promoted achievement, entrepreneurial vocations and hard work as fulfilling both secular as well as spiritual pursuits.

Entrepreneurship can stimulate economic growth, create job opportunities and change societies. In the developed world, successful small businesses are the primary engines of job creation, income growth and poverty reduction. Since 1995 the number of small firms in Ireland has ranked from 97 to 98 percent of total firms (Forum 2006). New and small firms, rather than of larger ones, are increasingly seen as the major providers of new jobs (Emerge 2007). Often this translates into strategic governmental support for entrepreneurship in order to contribute to economic development or it should. Encouraging immigrant entrepreneurship has additional advantages for an economy. A perception of opportunity has been the principal factor responsible for a climb in entrepreneurial activity in Ireland (Fitzsimons and O'Gorman 2006).

The point taken is that encouraging entrepreneurship should not be viewed as a state-sponsored get rich quick scheme. It is however about economic integration, appreciation for increasing multicultural society that pays dividends in lessened social welfare and inter-cultural strife. It is a way that new citizens contribute novel ideas and add to their new society and both benefit from the process. Creativity and innovation born from changing perspectives are important. And most important, it facilitates immigrants to get more involved in society and works against their desire to move on to other opportunities in their home country or seemingly more attractive alternatives.

This extends to transformation of neighborhoods and built spaces by immigrant groups. The *2009 European Growth and Jobs Indicator* now ranks Ireland second to last, down from fourth most competitive in 2008, in measures of national competitiveness such as economic growth, productivity and public finances (Smyth 2009). Finland and Poland were ranked number one and number two in both 2008 and 2009 and firms in Finland have been actively recruiting workers from Poland. The costs of running a business in Ireland have increased greatly over the last decade, rising faster than most other countries in the EU, fuelled in part by property prices ensuing from the building boom but including utilities and services as well. Between 2000 and 2008, Ireland experienced a 32 percent decline in real price

competitiveness (NCC 2009). In the period from 2001-2007 among EU countries, Poland, Spain, The Netherlands, France, Hungary and Finland all had GDP growth per capita greater than Ireland (NCC 2009).

Positive benefits of increasing immigration include: changes in the mix of human capital and labor supply including adding skill sets that might not be present or in short supply in the domestic labor market; increasing diversity that may lead to new markets or consumer goods along with associated economic activity, i.e., it results in more variation and more choices; and expansion in size of local markets and growth in productivity of the local economy, which can drive innovation and open new trade links (Nathan 2008). When the skills of different individuals are complementary but they have different perspectives in their approach and unique knowledge of the market based on prior experience and background, diversity translates into synergy and increased productivity (Alesina and La Ferrara 2005). Larger markets and larger economies also help with demographic balance in that it can add younger workers to pay for social service benefits for aging or retired workers. These positive effects and implications may reverse urban decline.

IMMIGRANT ENTREPRENEURSHIP CAN TRANSFORM URBAN AREAS

During the 1980s and 1990s in Los Angeles, many immigrants moved into formerly obsolete commercial-strip centers and adapted the urban form to create new spaces that reflect cultural patterns of the new social organizations that have incorporated cultural diversity including Latinos, Chinese and Vietnamese immigrants (Holloway 1996; Loukaitou-Sideris 2002). New arrivals are revitalizing neighborhoods in many jurisdictions such as the Chinese immigrants in New York that purchased a small, run-down grocery store in 1981 and evolved into a five-store chain of Asian food products that has brought new prosperity around their locations in Queens, in New Jersey, Maryland and Virginia over two decades (Ipsen 2000). If it's not the Asians, it's the Hispanics, or even the Guyanese in New York.

“The areas where immigrants settle have the potential to develop new local diversity which can revitalize them and support urban regeneration.”

In Dublin, Chinese businesses, along with Korean, Polish and others have transformed a once proud street, Capel Street, which had been in steady decline into a new vibrant commercial hub. As recently as 1993, Capel Street had been described as an “obsolete area” and “something of a commercial backwater” that was “not sufficiently attractive to property developers to attract attention” (Pearson 2000). But the immigrant entrepreneurs saw it differently and they did it largely with their own investments and sweat-equity resulting in many new entrepreneurial businesses that generate economic activity

and taxable income for the city. And the immigrants make these regenerated communities their home too contributing to the social fabric of the area. On Capel Street, the Asian immigrants occupy half of the residential units on the floors above the shops (Suo 2008).

According to the OECD, urban regeneration is a key challenge and identified opportunity for cities (OECD 2006). They conclude that underperforming cities may constitute the next best hope for major improvements in a city's competitiveness and cities should include strategies for achieving this in their plans. This philosophy has now been incorporated into state policy (Dept. of the Environment 2007). In guidelines for development plans, they note that cultural diversity and entrepreneurs from other countries give cities a competitive advantage and can significantly contribute to urban regeneration. It is the innovative approaches that immigrants bring with them and the links with their home countries that are valuable as innovative approaches to development and urban regeneration. They state: "The areas where immigrants settle have the potential to develop new local diversity which can revitalize them and support urban regeneration" (Dept. of the Environment 2007)

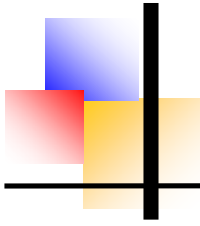
Today's *ethnic enclaves* (Walsh and Mottiar 2008), or *landscapes of difference* (Loukaitou-Sideris 2002) are different from yesterday's *ghettos*. In the 19th century ghettos, new immigrants coalesced in homogeneous enclaves that represented closed worlds where in many cases they could not escape because of the maintenance of and dependence on their previous language and traditions. The outside majority population shunned these neighborhoods. Contemporary ethnic city spaces are not homogenous but mixed as to various new immigrants and the remaining native-born residents in the districts. But many people live in other areas of the city also and commute to the ethnic strips that transcend national lines that bring together different groups who interact around commerce (Loukaitou-Sideris 2002). They may be predominantly Mexican, Chinese, Vietnamese as in Los Angeles or Chinese, Polish and African as in parts of Dublin, but they are no longer closed districts where people have the view that outsiders are not welcome and residents may never leave. They are true urban spaces that rely on diversity and opportunity to facilitate integration instead of segregation that are melding appreciation for older cultures with indigenous culture resulting in revitalization and economic development in a new multi-cultural form.

They are true urban spaces that rely on diversity and opportunity to facilitate integration instead of segregation that are melding appreciation for older cultures with indigenous culture resulting in revitalization and economic development in a new multi-cultural form.

Capel Street is certainly not the only example in Dublin. It is largely immigrant entrepreneurs who are operating businesses and opening new storefronts on Talbot

Street and contributing to redevelopment of the commercial area from Mary Street to Henry Street and North to Parnell Street. As many as 70 percent of the business on Parnell Street are ethnic businesses including predominantly Chinese but also African, Korean and Polish (Walsh and Mottiar 2008). Low costs of entry for street-cart entrepreneurs are helped by common acceptance in immigrant communities and ethnic enclaves. Many traders who have grown into conventional businesses start out in the casual sector. This is common in the Liberties area of Dublin and on Moore Street, which has had street traders continuously since the 19th century (Pearson 2000).

Consequently, immigrant entrepreneurs have a great deal to offer the city in terms of economic development and rejuvenation if they are encouraged to strike out on their own simply because they frequently taken on challenges that are written off by native born business people and operating in areas of commerce or geographical space that are just deemed to be not potentially profitable by the mainstream. In fact, ethnic clustering does not have to be a leaderless process. Immigrant property entrepreneurs can also influence locational decisions of co-ethnics that can make an area more desirable and ameliorate some of the challenges and perceived difficulties of immigration and opportunities to start new businesses. Jane Jacobs called attention to immigrants and diversity in cities as a means of powering innovation and the growth of cities (Jacobs 1961). Since the 1970s a great deal of Los Angeles real estate has been purchased by Korean and Chinese entrepreneurs who began buying property for development, which they later sold to other immigrants in order to create housing or commercial opportunities (Light 2002). In Dublin, a Chinese entrepreneur began acquiring long-term leases of a significant number of buildings on Parnell Street in 2002, which he began to sub-lease to businesses from his own ethnic community (Walsh and Mottiar 2008). These initiatives resulted in changed neighborhoods and new opportunities from immigrant businesses that were spurred from within the community itself.



CHAPTER 5 CHALLENGES FOR IMMIGRANT ENTREPRENEURS

The Small Business Forum of Ireland enumerated issues that were particularly acute for growing businesses, the small business sector and start-ups in particular (Forum 2006). Based on their report, immigrant entrepreneurs face the following challenges, and more, for successful new venture creation:

- Difficulty in accessing finance.
- Weak management capability.
- Lack of innovation.
- Under-exploitation of Information Technology.
- Burdensome administrative regulations.
- Rising local authority charges.
- Poor access to information and advice.
- Inadequate infrastructure.
- Lack of a systematic approach to entrepreneurship.

In a study of immigrant groups in Britain, France, the United States, Germany and the Netherlands, Roger Waldinger identified seven common challenges that immigrant groups face regarding ethnic entrepreneurship (Waldinger, Aldrich et al. 1990). These are:

- How they acquire information that they need to establish a business and survive.
- How to acquire capital necessary to fund the business.
- Where to get the training and acquire the skills necessary to run a small business enterprise.
- How to recruit and manage an honest, competent and affordable workforce.
- How to manage customer and supplier relationships especially with different language or business practice models.
- How to survive serious competition in the new environment.
- How to protect themselves and co-ethnics from political attacks.

“Treating ethnic entrepreneurs the same is not equal treatment because they have different issues and challenges that should be addressed by public policy in order to truly address equal opportunity”

These remain important and significant challenges for immigrant entrepreneurship. Some of the issues are explored in more depth below.

BANKS

There is a need to encourage banks to create new programs to encourage immigrant entrepreneurs to place their money on deposit with the banks and encourage traditional banking business tools such as use of checks and credit cards. In general, the banks don't offer an open door to immigrant business start-ups and put limitations of financing (Rehman 2008). There is a need to increase or create opportunities for micro lending. Banks for example, will not issue a credit or even a debit card to an immigrant unless they have had an account with their bank for 12 months, even if the money on deposit with the bank is grossly in excess of any charge limit. Unless cash-only businesses are to be encouraged, which is certainly contrary to the interests of the bank, the simple utility of a Visa credit card should be readily available. Sometime this results in many business owners operating on a cash basis out of necessity. In China, for example, cash-business is the norm. It is a cultural practice there that the immigrants are repeating in their new country (Suo 2008). It also results in many of them not paying taxes and not obtaining proper business permits. Most of the money that they make is sent home to family in their home country either to support them or to pay them back for the costs of coming to Ireland (Wang 2008). Many borrow money to establish themselves in a new country and need to pay back their families (Suo 2008). If there are any concerns with credit worthiness it is simply a matter of applying a credit limit or using the debit card approach, both of which are readily accepted in the global world of banking, outside of Ireland. Another aspect that should be addressed is the policy of the banks to require greater capitalization to open a business bank account than the government requires in order to establish a business (Rimkus 2009).

REGULATORY

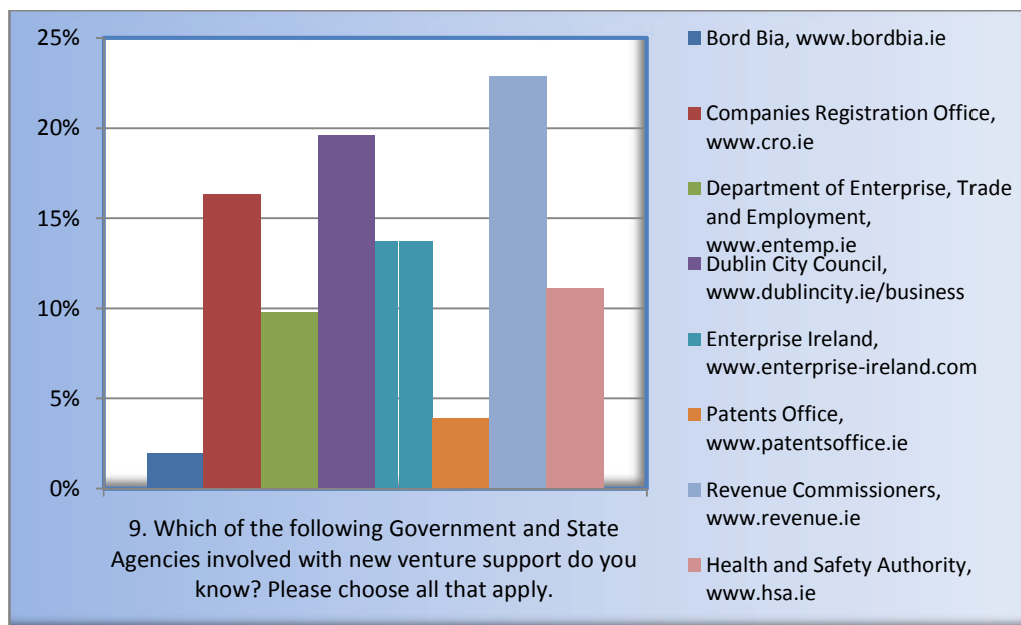
Zoning laws and building codes may be different and not intuitive for immigrants. There is a need to increase efforts at education...

Regulators need to realize that zoning laws and building codes may be different and not intuitive for immigrants. There is a need to increase efforts at education and to replace punitive outcomes in favor of encouraging compliance with enforcement efforts. Sometimes a lack of education in established practices and familiarity with sometimes overly bureaucratic paperwork and legal documentation works against the immigrant start-ups. The challenges for immigrant entrepreneurs compared to most native-born entrepreneurs include lack of familiarity with how business is traditionally done in the country, lack of awareness of local regulations and legal requirements, limited experience with traditional financial tools and procedures and often no documented credit history. Not to mention the obvious that for many

competency with the language may usually be an initial or continuing constraint (Bowles and Colton 2007). Immigrant entrepreneurs may more readily attract other immigrant workers because of the comfort level that exists between worker and manager where they share a common language and customs or social connections (Levie 2007). The phenomenon of *immigrant enclaves*, i.e. places where residents share the same national background or languages, has been positively correlated with the greater incidence of self-employment of immigrants compared to native-born, which surpasses 15 percent for some national groups in the U.S. (Borjas 1986).

There are other general issues such as knowing where to go to get information, compliance with business regulations, tax reporting responsibilities and general lack of trust of government issues in some communities. Consequently, many immigrants are attracted to ethnic enclaves where they rely on information sharing among their co-nationals by virtue of *ethnic solidarity* (Walsh and Mottiar 2008). They also rely on such relationships for trading networks where extension of credit is easier and less formal. Because of this, many immigrants will start a business with appeal to their own community and don't look beyond it to the general population, which limits the size that they can grow because of the small scope of the sub-market. The food marketing manager from Lithuania, Tomas Rimkus said that although 90 percent of his customers are Lithuanian or Polish, he has been selling to Irish-owned stores by hiring an Irish salesman to approach them (Rimkus 2009). He also indicated that without an Irish colleague he finds that Irish store owners do not pay on time and collection is more difficult.

FIGURE 5-1. GOVERNMENT SUPPORT AGENCIES REACHING IMMIGRANT ENTREPRENEURS



Source: (Pinkowski 2009)

LANGUAGE

This in part relates to language proficiency as most if not all regulations are strictly in English. They should be available in multiple native languages. Chinese immigrants have reported the ability to speak the language, which they have learned in Ireland, but they are not competent, by their reckoning, to read the English language. Consequently they generally do not look for or refer to documents and materials that are written in English.

Jian Wei Zhang, owner of Golden Beach Supermarket on Parnell Street, said that many Chinese students come to Ireland to learn English with no prior English skills. He said that although they learn to speak and can do business with English speakers they still find it difficult to read English (Zhang 2008). Some have referred to anecdotal evidence that some English language schools effectively operate as a front for the sale of visas to non-EEA nationals who obtain student visa instead of going through the work permit system (Ruhs 2005). Zhang said that it would be better if basic information was available in languages other than English so many immigrants in this situation can learn about services available and take advantage of more training.

Due in part to language or cultural barriers, even if immigrant entrepreneurs had owned businesses in their home country they may find it hard to participate in established business organizations in the new country (Wolfington 2006). Hafeez Rehman, a Pakistani who started Ayska's Spice House after coming to the conclusion that driving a pizza delivery vehicle was not his future said that language is a big challenge because it usually means that all ethnics are looked at in the same way in public perception, i.e., negatively (Rehman 2008). He said that this is also contributed to by the influence of the media who generally don't report on success stories such as his business that has grown to a seven-employee operation in retail and wholesale trade. Instead they rely on negative stories when they portray immigrant communities. U.S. Census data between 1980 and 1990 reflect that English language proficiency is increasing in relevance as a determinant for self-employed immigrant earnings in the U.S. (Davila and Mora 2004).

Many immigrant businesses in New York City also fail after a short time as compared to non-immigrant start-ups (Bowles and Colton 2007). This results from the high costs of real estate, possibly overzealous code compliance agents, increased competition due to low cost of entry and basically unsustainable business models in particular related to constrained market size. A 1994 study in the United States indicated that highly educated immigrants and those who were affluent prior to starting their business venture were associated with successful new ventures. In this regard the study found differences across ethnic groups whereas Korean immigrants were more likely to be highly educated and invested heavily in their start-ups but

immigrant business owners from Africa generated more sales and improved profitability despite lower initial investments in their businesses (Bates 1994).

Other ethnic communities seem to do particularly well in business start-ups either because of family connections, wealth, or commitment to entrepreneurship. The East Indian community in the U.S. has been described as the richest foreign-born group in the country. By the mid '90s they had been reported as owning 40 percent of the motels in the country. In the U.K., Indians own 60 percent of independent retail shops (Bates 1994).

Although education, experience and capital for business formation are desirable and contribute to chances of success, this is not always possible and is not the case for all immigrant groups. Rates of entrepreneurship in Ireland are highest among those with third level (11.6 percent) and fourth level education (8.2 percent) (Fitzsimons and O'Gorman 2008). Even less-well educated immigrants are successful in business and contribute to the economy. They are providing returns to the country as consumers and taxpayers. But a reasonable question is: is it a precondition for success? To bridge the gap for immigrant entrepreneurs less financially accomplished or financially excluded from traditional capital sources, a higher proportion of immigrants turn to micro-loans (Cranfield 2006). The median planned investment in a business for most entrepreneurs in Ireland is €30,000 and three out of four entrepreneurs expect to start with less than €100,000 (Fitzsimons and O'Gorman 2008).

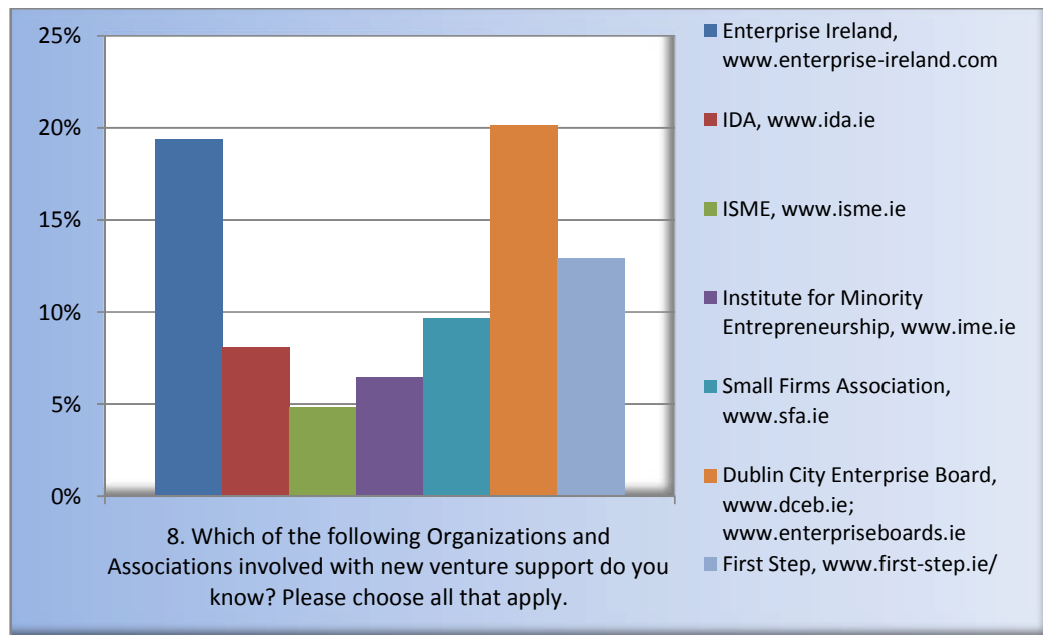
According to Cooney and Flynn (2008) the distinctive challenges that immigrant entrepreneurs face in Dublin include:

- Lack of business connections in their new environment.
- Indeterminable credit history.
- Lack of sufficient collateral for borrowing.
- Weak business plan documents.
- Little or inadequate prior business experience.
- A degree of distrust exhibited by lenders either for the individual applicant or for the ethnic minority in general.

It would appear that new business start-ups by immigrant entrepreneurs do not rely much on support agencies because they do not know where to find them. The same goes for research to support a business plan. If you don't know where to go for information, you can't use it. Material available in a language that they cannot read makes it nearly the same as not having the material prepared in the first place. The Department of the Environment Guideline for Planning Authorities recommends an assessment for special needs regarding translation of issue papers (Dept. of the Environment 2007, p. 56). The availability of volunteer translators in ten languages that are listed in the *Guide to Enterprise in Dublin City* that was jointly produced by Dublin City Council and the Dublin City Enterprise Board should be a ready reference in all government offices to enable immigrant entrepreneurs help in navigating the system in their native language if necessary (DECB 2009).

In the *Entrepreneurship Profile Survey* most respondents did not have any familiarity with existing enterprise support agencies. The only networking organization that they have heard of to any extent was the Dublin Chamber of Commerce, 45 percent, with only about 10 percent of respondents having known any other organization. Practically none of them had heard of any of the business research sites including the Dublin Business Library (11 percent), the Kompass business registry (11 percent), the Website www.startingabusinessinireland.com (11 percent) and the Central Statistics Office (20 percent) (Pinkowski 2009).

FIGURE 5-2. ENTERPRISE SUPPORT ORGANIZATIONS REACHING IMMIGRANT ENTREPRENEURS



Source: (Pinkowski 2009)

GENERAL ACCEPTANCE BY THE COMMUNITY AT LARGE

Acceptance to openness to immigration is a key factor in innovation and economic growth (Zachary 2000). The national government in Building Ireland’s Smart Economy has included an action plan to make Ireland a hub of innovation in Europe to include entrepreneurs from overseas (Ireland 2008). Immigration and integration policies need to take into account the diversity of people and celebrate differences as contributing factors to a flourishing economy lest the city is perceived, or in-fact experienced, as a hostile place for differences of any kind including ethnic origin, sexual orientation, color, age, or gender (GLEN 2009). Immigrants seek welcoming communities with a positive attitude toward diversity. They need to feel included economically, socially and politically. It is up to communities to recognize these motivations and encourage and support diversity and participation across all sectors,

including the newcomers (Clark 2008). Although immigration policy is decided at the national level, it is often the cities and the local level that have to deal with the practical consequences of failed or weak integration practices because strong economies, in particular, attract migrants from all over the world (Spencer 2008). This is not to overlook the issues of integration and acceptance of differences from disparate groups from within a country that also can have significant implications for domestic strife and economic progress. According to Issah Huseini, national coordinator of the New Communities Partnership, there is greater acceptance of the new citizens in Dublin than elsewhere in the country. According to Huseini, “in Dublin there is some openness but outside of the capitol there is complete denial that there has been a change” (Huseini 2009). He said that this contributes to the immigrants focusing on business with their own communities because if they tried to market just to the mainstream as immigrant entrepreneurs, the indigenous people would not patronize the business. Huseini cited an example of a business couple operating a restaurant where the wife was Irish and the immigrant husband had to take a lower profile as a kitchen porter rather than acknowledge that he was also one of the owners.

Acceptance to openness to immigration is a key factor in innovation and economic growth. Immigration and integration policies need to take into account the diversity of people and celebrate differences as contributing factors to a flourishing economy.

Adeola Ogunsina, who left his employment with Shell Oil Corporation to embark on a service station franchise that grew to a four-station operation, said that he found general distrust of Nigerians in seeking financing (Ogunsina 2008). He said that it was even difficult to get trade credit due to the distrust of immigrants in general. He had to give suppliers a personal guarantee to receive products on normal trade payment terms.

LIMITATIONS OF IMMIGRANT ENTREPRENEURSHIP

Immigrant entrepreneurs and minority-owned business have remained more limited in their appeal to mass markets. Yet Bowles (2007) lists many businesses that have become household names that were started by immigrant entrepreneurs including, e.g., Warner Brothers, Goldman Sachs, Anheuser Busch, Goya Foods, Fortunoff, Max Factor and Sbarro. Only small numbers of ethnic restaurants open additional locations or develop into restaurant chains. Few businesses focused on ethnic products have attempted to follow the migration pattern of their sub-market into other jurisdictions in preference to a pattern of remaining local (Bowles and Colton 2007).

The challenges facing immigrant entrepreneurs include possibly new attitudes of racial prejudice and segregation (Mac Cormaic 2008). According to a report from the National Consultative Committee on Racism and Interculturalism (NCCRI), a challenge related to issues concerning housing and schools is the natural tendency to cluster where they have friends who are also newcomers, or where their native language is spoken. The report concludes that this can lead to segregation unless social integration is included as a key aim of housing policy (Watt 2008).

A survey of ethnic entrepreneurs reported that the majority of respondents had not experienced any instances of discrimination and it did not impact their business operations to any appreciable degree

Unfamiliarity with traditions of business in Ireland and gaining trust with Irish customers and suppliers has been reported as significant challenges (Cooney and Flynn 2008). In personal remarks during a focus group, Tomas Rimkus, a Lithuania national who has been in Dublin for two years said that he notices a certain politeness but lack of acceptance when making proposals to Irish business for his line of imported food products (Rimkus 2009). He has put on Irish sales

persons and the difference in success in marketing to Irish customers by the Irish sales people is dramatic when compared to Lithuanian marketers to the same Irish customers. Yet a survey of ethnic entrepreneurs reported that the majority of respondents had not experienced any instances of discrimination and it did not impact their business operations to any appreciable degree (Cooney and Flynn 2008).

STUDENT WORKERS AND PERMANENT RESIDENCY STATUS

With the decline in the economy, Billy Kelleher TD, Minister for Trade and Commerce, said that he has an obligation to protect Irish workers and those from the European Economic Area (EEA) (McInerney 2009). But OECD research and empirical literature has determined that immigration generally has little influence on unemployment and wages of local workers (OECD 2008a). Immigrants from the EEA have had unlimited access to the Irish labor market since 1992. Most non-EEA nationals who came to work in Ireland were subject to the work permit system and until 2003 this was employer led as to recruitment and application for work permits, with the associated payments to the government (Minns 2005). Work permits are very restrictive as to alternative employment and duration or permissible stay. They are limited to one year and the permit holders are not entitled to social welfare, medical, or education benefits.

International students from non-EEA countries are admitted to the country for education and some have been staying on to start micro businesses. Between 220

and 2004 the number of non-EEA students almost doubled from 11, 000 to over 20,000 (Ruhs 2005). They have not been encouraged, supported, or in many cases made welcome in such entrepreneurial initiatives. Since April 2007, tertiary students are allowed to stay in Ireland to find employment, but only for six months (OECD 2008a). It does not address the possibility and positive outcomes that could accrue from encouraging entrepreneurship among higher education graduates. Non-EEA student visas are limited to working no more than 20 hours per week, which many student entrepreneurs ignore. However, student visas allowing 20 hours of employment is more generous than many other countries that are receiving immigrants (Minns 2005). Unlike other EU countries, someone must be in the state for ten years before they can apply for permission to remain without conditions, which will be determined on a case-by-case basis (Cranfield 2006). In other countries it is a five-year period and an accepted right. There is transparency in the process that makes clear the conditions for acceptability, which is missing in Ireland.

A key finding of a report that studied immigrant business founders in the United States indicated that although more than half of the foreign-born founders of technology and engineering businesses came to the United States initially to study at universities; very few came with the sole purpose of starting a company (Wadhwa, Rissing et al. 2007). Only 1.6 percent immigrated to the United States with the sole purpose of entrepreneurship. And they typically did not establish their companies until they had been working and residing in the U.S. for an average of 13 years.

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Education provides the preparation that needs incubation until some precipitating event or circumstance become manifest. This includes, for example, being made redundant. Potential entrepreneurs surface and take the initiative when the right opportunity presents itself, which they can capitalize on because of their prior preparation (Krueger and Brazeal 1994). Consequently short term horizons regarding student visas or investor visas would not seem to allow for maturation of the outcomes that can come from the evolution of students to high-tech entrepreneurs.

In recognition of the growing significance of the international education market, the government of Ireland established the International Education Board Ireland to facilitate and develop the state as an international education center. They cite Ireland's share of this market today as small compared to its competitors, €5.6 billion in the U.K., €2.99 billion in Australia and €1.1 billion in New Zealand (IEBI 2006). This is only the economic impact of tuition and fees. The economic development potential of cultivating high-tech innovative immigrant entrepreneurs from the higher education market is unlimited. The UK and India have established linkages before leading to partnerships in innovation, science and technology but are

being encouraged to appeal to policymakers at this time to address conditions that would make cross-border partnerships more conducive (Poirson 2009).

The ties with universities, especially where they include some of the highest ranking institutions in the world is an opportunity that should be exploited for greater potential. The government of Ireland has said that it seeks a position as a location of choice in the international education market (Ireland 2008). Dublin Institute of Technology has several programs focused on entrepreneurship. The Hothouse Venture Program targets high-potential start-ups with a one-year program designed

More proactive efforts to work with the state and the higher education institutions to allow graduates to stay in the country to develop business ideas would pay excellent returns.

to help potential entrepreneurs develop entrepreneurial skills and practical business knowledge. The success of the program is measured by the number of companies supported, 145, the number of jobs created in those companies, nearly 1,000, and the extent of investment and grant support garnered by the start-ups, which was over €45 million (Cradden 2009). University College Dublin (UCD) has attracted over \$200 million in investments over ten years through its Nova UCD, its Innovation and Technology Transfer Centre (O'Toole 2009). This program is also focused on knowledge-intensive start-ups, the life sciences and technology-based firms that commercialize research ideas developed at the university. In March 2009, Trinity

College and Dublin City University announced a joint effort to create an innovation corridor between the two schools that would focus on innovation as an equal core part of their mission alongside research and education. They have an objective of creating at least 300 new companies out of this initiative by 2019.

More proactive efforts to work with the state and the higher education institutions to allow graduates to stay in the country to develop business ideas would pay excellent returns. The development of high technology start-ups in the U.S. has been a substantial benefactor of such as policy there. But there are also many other businesses that students can start because of their creativity and energy, which should be given a chance to develop in Ireland. In part it repays a return on investment in education resources that otherwise goes to benefit other countries where the students return to or move to in order to pursue opportunities.

BUSINESS PERMISSIONS

For citizens of countries outside the EEA, Business Permission must be sought and granted from the Department of Justice, Equality & Law Reform. Only about 100 permissions are granted in any year (Cranfield 2006). Actually, data from the Department of Finance only show 97 permits issues in 2004, with none in 2005, 2006 and 2007 (OECD 2008a). And the failure rate for applications for business permission reaches 85 percent (ICCI 2009). This business permission is not required if you are

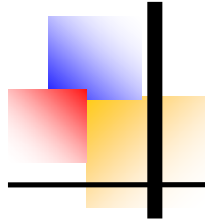
resident in the state for at least five years or married to an Irish citizen. The permission requires an initial investment of €300,000 and is only valid for one year. It is questionable how many people would consider such an investment with no assurance of continuation beyond one year. It is also not evident that these investor immigrants have made a substantial contribution to either inward direct investment or trade flows in general (Minns 2005). The process of requiring business permission for non EEA citizens would better serve the economic development interests of the country if it were related to the likely viability of the business and assessed on that basis (Emerge 2007).

JOB CREATION REQUIREMENT

Perhaps the requirement that is hardest to understand about this policy, especially in light of the high failure rate of the applications and very low number granted, is the motivation for the particulars of the policy. It requires a number of employees in the start-up stage that exceeds the employment model of half of the country of Ireland. "Most Irish start-ups are one-person operations" (Forum 2006, p.54). Of the 233,000 businesses in Ireland, 131,000 have but one employee (Forum 2006). That is, 56.2 percent of Irish businesses would not qualify for the business permission if they had to apply for it, which requires employment of two EEA nationals besides the business owner (Emerge 2007). The nascent immigrant entrepreneurs and prospective entrepreneurs included in the *Entrepreneurship Profile Survey* also bear this out. If they are already established in business (34 percent are and 46 percent are thinking about it), for 26 percent it has been for less than five years, 36 percent employ only one or two persons besides themselves (Pinkowski 2009). Another fact regarding immigrant owned small business is that frequently family members are the employees and may not be paid a salary.

CAPITAL REQUIREMENT

The amount of capital required, for government permission to operate a business by a person from outside the EEA is also perplexing as to the basis of such a monetary requirement. This stipulation calls for an investment of €300,000, which is far in excess of what a typical small business entrepreneur starts in business with. A 2005 Small and Medium Enterprise Survey indicated that small businesses have difficulty raising a sum even less than €100,000 for start-up capital and growth (Forum 2006). A bank officer whose bank has opened over 300 accounts for new immigrant owned businesses in the last year said that the typical limit for lending in this market is €50,000 (Li 2009). Most entrepreneurs only look for debt finance in the range of €25,000 (Forum 2006) and few start out with a capital investment of €300,000.



CHAPTER 6

STEPS A LOCAL GOVERNMENT CAN TAKE TO REALIZE THE PROMISE

What can cities do to improve the acceptance and appreciation for diversity and immigrants? One aspect of local government that relates to this question is the realization that municipal administration is usually one of the larger *businesses* in the community. In some cities, the municipality is the largest single employer (Spencer 2008).

The city can go beyond promoting non-discrimination and equal opportunity policy and play a critical role in acceptance and integration by actively recruiting members of the immigrant communities into public administration.

The city can go beyond promoting non-discrimination and equal opportunity policy and play a critical role in acceptance and integration by actively recruiting members of the immigrant communities into public administration. The benefits to be gained from a culturally diverse workforce to serve a diverse population are well established and discussed elsewhere herein (Waldo 1948). This needs to go beyond the specialists who are assigned to deal with immigrant or integration issues or compliance with anti-discrimination issues and include immigrant workers who contribute to raising standards in the provision of mainstream services to the community at large, including native groups and new citizens.

Some European cities have experienced hostile public reaction to providing services for immigrants and there has been resistance among some staff themselves because they do not appreciate the necessity for diversity policies and proactive inclusiveness (Spencer 2008). Advances in recruiting can be achieved without itself being discriminatory by targeting job advertising in the immigrants' own languages and communities. Posting announcements in the media and source material that immigrants reference on a regular basis would be a major step forward. Traditional media do not reach the new citizen communities. See the results of a survey of *Prospective Immigrant Entrepreneurs* elsewhere herein for identification of what those media sources are in Dublin. Application forms and training materials can also incorporate sensitivity to foreign languages used by the new citizens. Cities in Australia and Portugal have begun using mobile phone technology to provide real-time translation services to public administrators in the field (OECD 2008a).

Another thing that cities can do is to capitalize on their size as a consumer of goods and services within the community. Cities including Copenhagen, Stuttgart and Wolverhampton, in the English Midlands, have been using equality and diversity principles in tenders and contracts when outsourcing municipal services (Bosswick,

Lüken-Klaßen et al. 2007). Preference policies can involve point scoring in evaluating competitive proposals, which is an established technique for giving preference to disadvantaged groups, given otherwise equal qualifications. Governments also use minority set-asides to achieve integration and equality of opportunity goals.

These suggestions have related to demonstrating in policy and practice greater appreciation for diversity and incorporating such a philosophy in day-to-day operations. However, the greatest gain can come from promoting and facilitating immigrant entrepreneurship. Recommendations in this regard from New York City (Bowles and Colton 2007) include the following:

- Integrate immigrant entrepreneurs into the overall economic development strategy;
- Create a new framework to provide business support services to immigrant communities because existing pathways are not adequately reaching immigrant entrepreneurs;
- Accept the fact that many immigrants, due to their cultural background or previous homeland experience, will not seek the assistance from government-run centers and trust of the organizations will have a lot to do with taking the first step. This can be overcome by increased partnering with local organizations that have already established their credibility within the immigrant communities;
- Add resources to help immigrants think outside of their own communities for export and growth by creating agencies focused on immigrant business in the mainstream;
- Create additional support on the micro-financing level as immigrant entrepreneurs may start out smaller than typical businesses and access to seed capital is particularly hard because of a lack of a local documented track record, possible lender distrust, unfamiliarity of rules and business customs and language barriers;
- Create ethnic focused business neighborhoods and citywide ethnic cultural events, with dedicated marketing campaigns to spread the appreciation for differences in a multicultural milieu.

The National Competitiveness Council cautions that social exclusion undermines competitiveness and cities need to realize that diversity should be nurtured to make the most of opportunities to reach wider markets (NCC 2009). They point out that Dublin is Ireland's only city of international scale and cities are competing for citizens, workers and investment. The economic performance of cities impacts the quality of life of

Advances in recruiting can be achieved without itself being discriminatory by targeting job advertising in the immigrants' own languages and communities.

Integrate immigrant entrepreneurs into the overall economic development strategy.

people living and working in them. Local governments directly influence economic growth and enterprise development and diversity and creativity, including immigrant entrepreneurs, provide a richer cultural experience for citizens and visitors alike (NCC 2009).

The contribution that community leaders can make to the preparation/opportunity circumstances is to be visible and consistent in support for entrepreneurship activities. They should support the perception that entrepreneurship is both desirable and feasible (Krueger and Brazeal 1994). This includes visible support for existing entrepreneurs that highlight their successful contributions to the economy. The nascent entrepreneurs will get the message and take the initiative on their own once they are convinced that the timing and preparation is right in a community that is receptive.

REPRESENTATIVE BUREAUCRACY

(Waldo 1948). Essentially this dogma challenges any viewpoint of public administration that assumes a value-free, non-partisan approach. It establishes the position that to make government more efficient and more effective one must address different needs differently. That is not the same as unequal treatment, and certainly is not the *separate but equal* model, but it encompasses an approach of equal treatment through accommodation to different needs, capacities, or native understanding. The theory suggests that public organizations perform better if their workforces actually reflect the demographics of the constituent populations (Andrews, Boyne et al. 2005). This includes employing people in public administration that can relate to disparate groups in society because they are part of those constituencies themselves and have better and more relevant experiences with which they can relate to such sub-groups.

*Representative
bureaucracy has been
an established policy
in public
administration for
more than forty years.*

Across the EU, few non-nationals are employed in public administration, only 1.9 percent in the EU15, the prior cohort of EU states before expansion. Among all immigrants the number is 4.5 percent for foreign-born workers (Spencer 2008). This compares with 14.1 percent of foreign-born workers employed in manufacturing, 10.8% in construction and 9.2% in hotels and restaurants. The smallest number of immigrants found jobs working in public administration (only 0.2 percent). Yet 25 percent of Polish males, for example, were qualified at third level qualification in social sciences, business and law, the highest number by college level education for the Poles in Ireland (CSO 2008d). This is also true for Lithuanians, where this discipline nearly equaled engineering degrees with approximately 900 persons qualified (CSO 2008d). The same is true for Latvians where 70 percent had upper level degrees mainly in social sciences, business and law

(CSO 2008d). Outside of the EU15-25 cohort, the Nigerians also reflect substantial qualifications in social sciences, business and law (31 percent of those with a third level qualification (CSO 2008d). Since 2000, employment in the public sector in Ireland has increased by 40 percent, in part necessitated by the high levels of inward migration with its expansion of the population (NCC 2009).

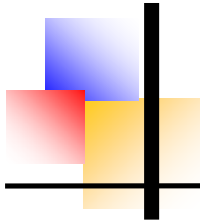
In order to benchmark progress in integration of the bureaucracy, it will be necessary to begin to collect data on employees' ethnic backgrounds or their national origins. Many cities have begun to measure the ethnic composition of municipal staff and to assess its impact on policies and services. Policy initiatives would be less effective unless managers are held accountable internally for building a diverse team and successfully providing services across the spectrum of a diverse community (Spencer 2008). This has not been accompanied by increased diversity in many branches of the public service as yet. Dublin City Council is operating under a policy where it is restricted from even asking employees their ethnic or national origin due to a concern that this may be interpreted as a form of discrimination (Cudden and O'Leary 2008). This seems to be a questionable position given that the Irish Census expressed the will of the government when it added such questions in 2006 to begin to collect data on ethnicity for the purpose of tracking demographic changes in Irish society. The National Competitiveness Council has called for a new integrated approach to government departments that would address social inclusion in order to serve national competitiveness and to address long-term needs of the citizenry (NCC 2009). As Cooney points out, treating ethnic entrepreneurs the same is not equal treatment because they have different issues and challenges that should be addressed by public policy in order to truly address equal opportunity (Cooney and Flynn 2008). A policy of *one size fits all* fails to take into account significant aspects of the local situation that can address institutional patterns related to characteristics unique to the immigrants themselves and which otherwise may contribute to vulnerability (Bosswick, Lüken-Klaßen et al. 2007).

There is a need to recruit immigrants into support agencies to provide information to immigrants on services that are available as well as questions related to potential entrepreneurship ventures. A participant in a focus group in 2005 stated the benefits to be gained on both sides from adding immigrant trainers: *the level of confidence would be high – you would feel a sense of belonging, not so them and us* in a way that at present leads to identifying or labeling people as being different (Cranfield 2006).

A simple and humorous demonstration of the need for diversity in the workforce and disadvantages associated with the lack of inclusiveness is the case of Ireland's most notorious reckless driver, Prawo Jazdy (Mac Cormaic 2009). It seems that this name appeared on more than 50 entries in police logs before June 2007 for varying offences including speeding, reckless driving and parking violations. Despite his extensive police record, he was never brought to justice because he could not be apprehended for a court appearance. Ultimately the mystery was solved when someone consulted the Polish-English dictionary and discovered that *Prawo Jazdy* is

Polish for *driving license*. Officers, unable to read Polish, wrote down the prominent words on the driving license, mistaking them for the offender's first and surname. Such simple and understandable human errors can be avoided by greater cultural inclusion in staffing. An Garda Síochána, the Irish police authority, has been making inroads in recruiting new citizens to help them address community policing on the local level with some unexpected outcomes. The top recruit in the 2009 graduating class was Ofelia Hough, a woman from Romania who incidentally speaks five languages (Healy 2009).

Issah Huseini, national coordinator of the New Communities Partnership, indicated that from his perspective the biggest challenge in Dublin is the attitude of the people in charge (Huseini 2009). He said that he fields many complaints from new citizens who say they are hit with a wall when it comes to going to access information. It may be the accent, the name, or even the personal attitude of the employee representatives, but people from the new citizen communities are put off, resulting in there essentially being no help to them from public institutions. His suggestions to correct this oversight include cultural awareness training in the city. He also said that a little empathy regarding the challenges that the immigrants are facing in their new land would go a long way. An understanding that this is a new permanent home for many of them would contribute to an improvement concerning the willingness of the bureaucrats to help their new citizen brethren. There is a perception, Huseini said, that the immigrants are only capable of minor business enterprise instead of bigger projects, which pigeonholes immigrants to second-tier status.

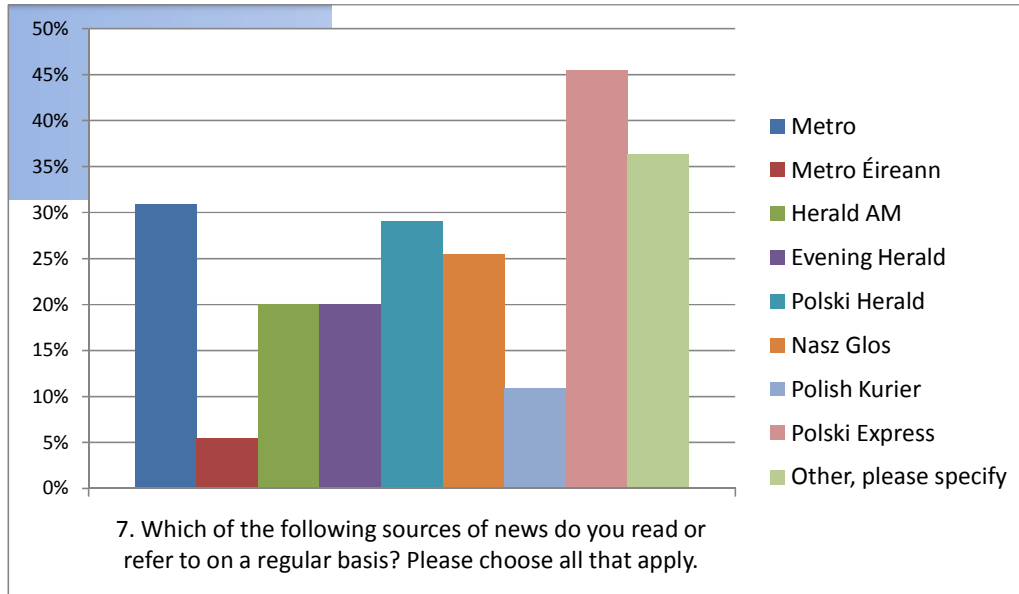


CHAPTER 7 MARKETING, PROMOTION AND NETWORKING

Consistently through the focus groups in Dublin, a recurring theme was that immigrants who are prospective entrepreneurs do not know to whom to turn for information and services. A survey of over 1,100 ethnic businesses indicated that the participation rate with six training providers was extremely low, from 8 percent to 25 percent (Cooney and Flynn 2008). The most common reason for this in this survey was *lack of awareness*. Although *no time* and *cost too high* were also selected as reasons for not availing of training. As is the case many times, people may assume certain things and not look into it because of these assumptions, which may not be accurate nor a reliable indication because many programs are no cost or very low cost. There are even training programs that target immigrant communities. But more than two-thirds of respondents did not know about them. For example, the aim of the Emerge program is to support ethnic minority entrepreneurs. This support is available before a business is established through start-up and following in terms of training, instruction and mentorship. Only 50 ethnic minority businesses were provided support from Emerge last year and the organization believes that there is far more opportunities to provide support to the ethnic minority entrepreneurs (Allen 2009).

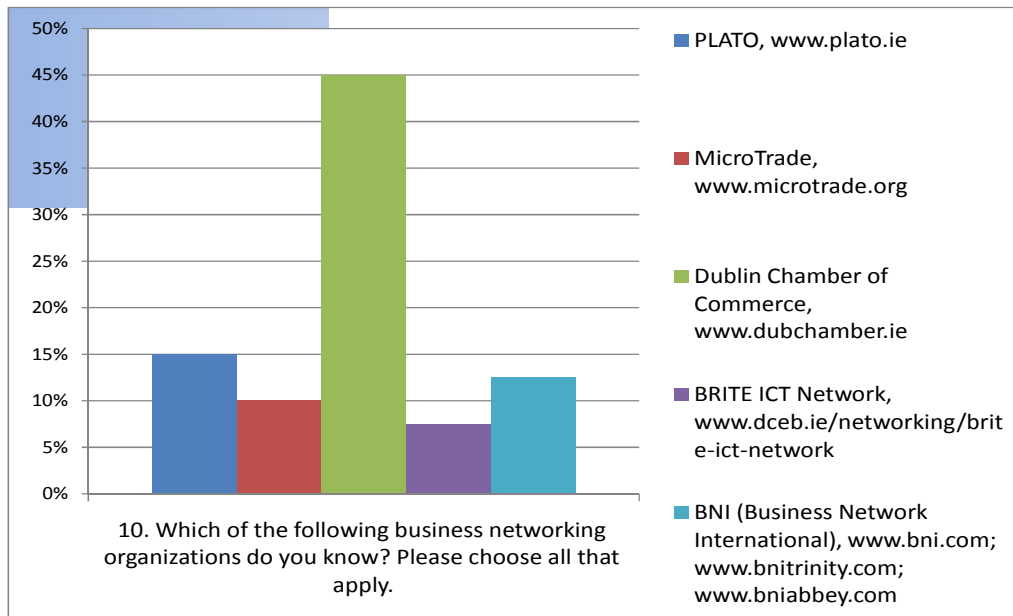
Although practically a quarter of the respondent cohort indicated that they principally rely on ethnic media for their information, overall they had very little personal involvement with traditional business networking organizations in Ireland. Most did not know about these or how to join them. The *Entrepreneurship Profile Survey* identifies the most common media that immigrant respondents said they refer to on a regular basis. For most, it is their native language media or the no-cost dailies that they selected. Small numbers of several of the mainstream newspapers were included in the open ended category – *other*.

FIGURE 7-1. MEDIA USEFUL FOR REACHING IMMIGRANT ENTREPRENEURS



Source: (Pinkowski 2009)

FIGURE 7-2. NETWORKING ORGANIZATIONS KNOWN TO IMMIGRANT ENTREPRENEURS



Source: (Pinkowski 2009)

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