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Ethnic Entrepreneurship in Zürich, Switzerland



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Foreword

European cities, in particular major cities with strong economies, attract immigrants from all over the world. As a result, urban populations have become increasingly heterogeneous. The multi-ethnic, multicultural and multi-religious structures of urban society are on the one hand, an opportunity for cities; on the other hand, heterogeneity challenges a city's ability to maintain peaceful and productive relations among the different segments of its population. For this reason, cities have a genuine interest in successful local integration practices.

In order to address this interest, the Congress of Local and Regional Authorities of the Council of Europe (CoE), the City of Stuttgart and the European Foundation for the Improvement of Living and Working Conditions ('Eurofound') formed the European network of 'Cities for Local Integration Policies' (CLIP). This network, launched in 2006, brings together about thirty European cities in a joint learning process. Through the structured sharing of experiences, the network aims to enable local authorities as well as national and European policymakers to learn from each other and, thus, pursue more effective integration policies for migrants at a regional, national and European level. The learning process is facilitated by researchers from six academic research centres.¹

To gather the necessary information for the common learning process, the CLIP team applies a mixed-methods approach; the data is collected through a standardised common reporting scheme that has been filled in by city officials, statistical data, as well as qualitative semi-standardised interviews with local experts. Based on this information, the research teams produce a case study on each city – as with this report on ethnic entrepreneurship in Zürich.

The researchers at the efms of the University of Bamberg are responsible for this report on Zürich.² Together with the contact persons from the municipality of Zürich, Christof Meier and Michael Bischof, an enormous effort has been undertaken to collect the data for this report. Many officials from the municipality, local entrepreneurs and social partner representatives as well as local experts in Zürich were interviewed during the city visit in April 2010. I would like to thank all those who have cooperated in providing information and comments, and the city of Zürich for contributing the funds for this case study which could not be covered by EU funds.

Wolfgang Bosswick
Bamberg, June 30, 2009

¹ The Institute for Migration and Ethnic Studies (IMES) in Amsterdam, the European forum for migration studies (efms) in Bamberg, the Centre for Migration Policy Research (CMPR) in Swansea, the Forum of International and European Research on Immigration (FIERI) in Turin, the Institute for Urban and Regional Research (ISR) in Vienna and the Institute of International Studies (IIS) in Wrocław.

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1. Introduction

Many advanced economies, particularly the larger cities, acquired a more cosmopolitan outlook in the closing decades of the twentieth century and the opening decades of the twenty-first.³ This is reflected in an ever-broadening product range, which now not only includes items such as Nokia cell phones, McDonald's hamburgers and Nike sneakers, but also Turkish *döner kebab*, Greek food or Russian import-export businesses. In addition, various enterprises such as craft enterprises, insurance companies and law firms are run by migrants.

The appearance of ethnic entrepreneurs and 'exotic' products in shops reveals the deepening links between economies. These two highly visible aspects of globalisation – the international mobility of capital and labour – are often directly related to each other as migrants themselves introduce their products to far-off places. They start businesses in their countries of settlement and become 'self-employed', 'migrant entrepreneurs' or 'ethnic entrepreneurs'.

Although increasing numbers of ethnic entrepreneurs have set up shops, they have long remained "unsung heroes" (BusinessWeek Online 2000). In socio-economic terms, for a long time migrants were largely viewed as workers and not entrepreneurs, and were predominantly depicted as suppliers of cheap, low-skilled labour in advanced economies. Recently, there has been more attention placed towards migrants who start their own businesses. This attention is well-founded in the increasing importance of ethnic entrepreneurship for local economies. By starting their own businesses, migrant entrepreneurs are active agents shaping their own destinies as well as revitalising economic sectors: they create their own jobs as well as jobs and apprenticeships for others, pay taxes and contribute to local economies, provide goods and services (some of which are not very likely to be offered by indigenous entrepreneurs) and contribute different forms of social capital to the local community.

The general aim of this CLIP study is to explore the development of ethnic entrepreneurship and to review the role of policy interventions in that process. It is motivated by the desire of municipal, national and European governments and third sector institutions to create an environment conducive to setting up and developing small and medium-sized enterprises (SMEs) in general and ethnic businesses in particular.

Here, we phrase the objectives into the following basic research questions: What are the characteristics of the urban economy, and, more specifically, what has been the development of the SME sector? What kind of profiles of ethnic entrepreneurship can be identified? What policies, rules and regulations govern the SME sector in general and the ethnic SME sector in particular? These three basic research questions are addressed in chapters three, four and five. First, we provide a short description of the city and its population.

³ This section draws on the concept paper of this CLIP module, see Rath 2009.

2. Zürich's population

Zürich is the capital city in the Canton of Zürich, in Northern Switzerland. At the end of 2009, the city had a population of 382,906 inhabitants (Zürich 2010a). Thus, it is the largest city in Switzerland. An additional 130 communities make up the agglomeration of Zürich, which recorded 1,132,237 residents at the end of 2007 (Zürich 2009a, 412). From 2001 to 2009 the city's population increased by 5.8 percent. The annual population growth peaked in 2007 and 2008, then decreased slightly in 2009 (Zürich 2009b).

In 2008, the gross domestic product of the canton Zürich was estimated as being approx. € 70 billion, accounting for approx. 20% of Switzerland's total gross domestic product of € 347 billion in the same year (BFS 2010). Its per capita net product as a share of the GDP is one of the highest in Europe. Zurich is one of the world's leading financial centres; numerous banks, industrial enterprises and insurance companies have their head offices in the canton of Zurich. Every ninth job in Switzerland and eighty-two of the 208 banking institutes in Switzerland are in Zürich. 85.1 percent of the total sum of money in Swiss banks is in a bank in Zürich (Zürich 2008b). 34,037 enterprises have been registered in the city of Zürich, accounting for 38.8% of the canton's enterprises, whilst the registered capital in the city's enterprises amounts to 80.3% of the total canton figure.

363,900 persons worked in the city of Zürich in the fourth quarter of 2009 (Zürich 2010b). 157,009 persons lived and worked in Zürich in 2000 (Zürich 2009b), while at that time 215,000 commuted to the city (Zürich 2009a). Of all the employees, 66.9 percent have been employed fulltime in the 4th quarter of 2008, while 33.1 percent work in part-time jobs, on average 49.3% full time equivalents (FTE). 9.5 percent are employed in the second sector, such as industry or trade; 90.5 percent work in the third sector (service). (Zürich 2010b) As of December 2009, the unemployment rate amounted to 4.7%, compared to 2.7% in December 2008 (Zürich 2009a).

In December 2008, the registered residents seeking employment amounted to 2.9% of the total Zürich population of productive age (15-64 years); foreign citizens, with 4.10%, are more affected than Swiss citizens (2.39%) in relation to the respective share in the total population of productive age (15-64 years). The higher proportion of non-Swiss residents seeking employment has been stronger for male residents (1.9 compared to the Swiss males' figure) than for female residents (1.5). (own calculation, based on Zürich 2010c)

2.1. Zürich's migrant population and its characteristics

From 1900 until World War I Zürich's foreigner population - mostly persons from Germany and Italy - increased steadily and reached almost thirty-five percent. After the war, though, and from then until the fifties, it decreased to under ten percent of the entire population. In the fifties the foreign population began to increase again.

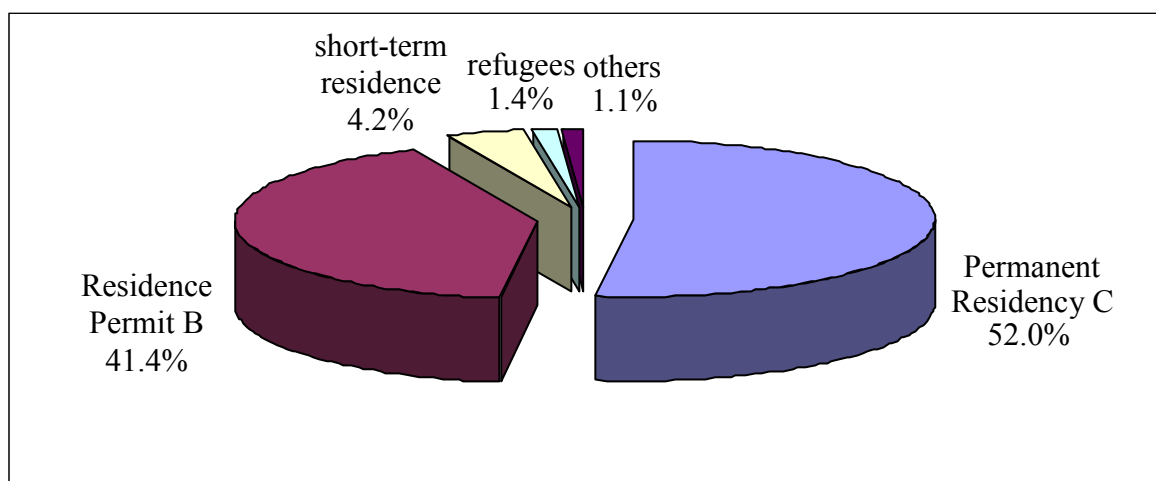
Zürich's immigration history starting in the fifties contains the same patterns found in Switzerland's immigration history as a whole. Its first immigrants were guestworkers from

Italy. These guestworkers were followed by workers from Spain, Portugal and Yugoslavia and the guestworkers' families. Then came war refugees and especially highly skilled workers.

During the last decade, the inflow of foreign residents to Zürich changed considerably: In the 1990's, the main cause of immigration to Zürich was reunification of families. However, in the last decade most of the immigration was related to employment; the "new immigration"⁴ is to a large extent composed of highly qualified EU or EFTA member state citizens who enjoy freedom of movement.

In Zürich there are currently (Q1 2010) 117,235 foreign residents (53,905 women and 63,330 men) (Zürich 2010d) coming from 166 different countries (Zürich 2008b). In 2010 there was a slight decrease in the foreign population (-1.5 percent compared to Q1 2009). Currently foreigners make up thirty-one percent of the total population of Zürich. 60,925 foreign residents are permanent residents of Zürich and have Permanent Residency C⁵. 48,475 have Residence Permit B, allowing EU citizens to stay in Zürich for up to five years (non-EU usually one year). There are also 1,684 refugees, 4,880 foreigners with a short-term residence permit, and an additional 1,271 foreigners, who do not fall under these categories.⁶

Figure 1: Foreigners in Zürich according to Residence Permission



Source: compiled by efms based on data of Zürich 2010d

In regard to the specific location of residents in Zürich, the proportion of non-Swiss citizens in District 4 is the highest in Zürich with 41.6 percent. The smallest proportions of foreigners live

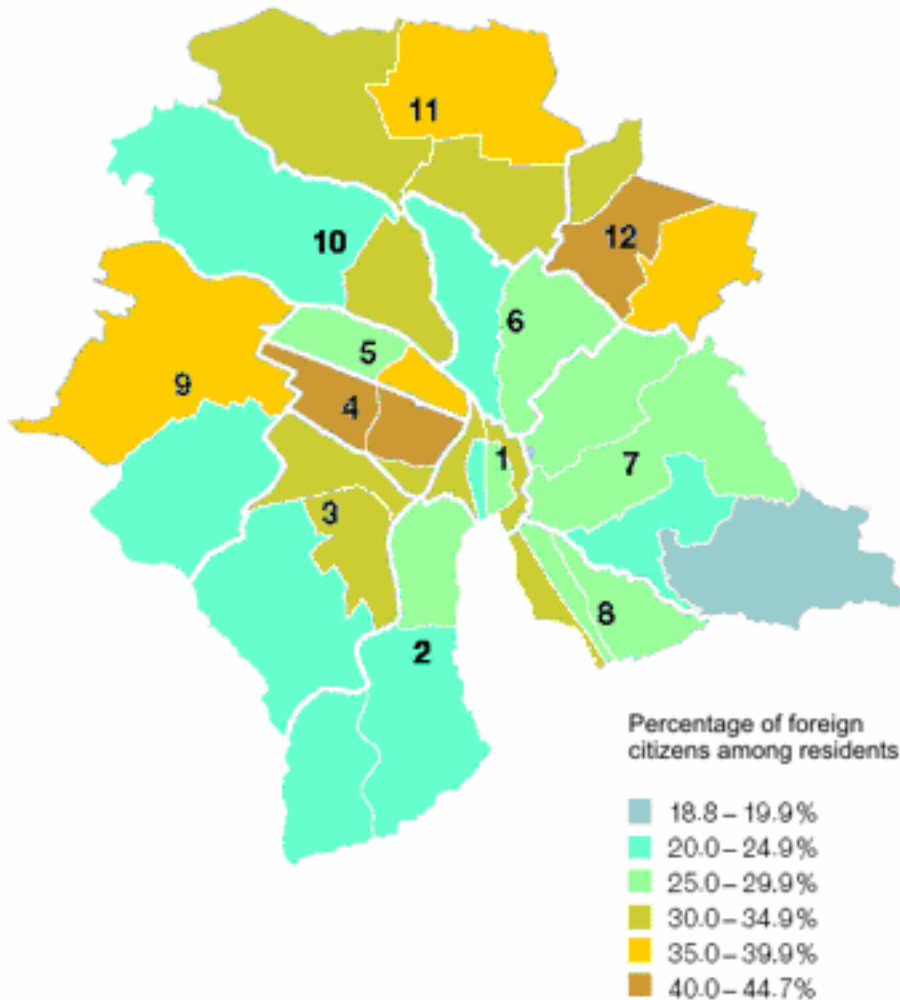
⁴ See 2008 study on "new immigration" to Zürich (Zürich 2008e), www.stadt-zuerich.ch/content/prd/de/index/statistik/publikationsdatenbank/Analysen/A_008_2008.html.

⁵ After five years, a residence permit can be turned into Permanent Residency C. Like the Residency Permit B, this allows for unrestricted job market access. Permits are granted by national and Canton authorities without involvement of the municipalities.

⁶ Asylum seekers, border crossers who stay only for a week(s), persons associated with foreign embassies; (Zürich 2010d)

in District 7 (24.3 percent). The majority of foreigners live in a very densely populated district, District 11. In that district there are 22,053 foreign residents. This number represents 18.7 percent of the entire foreign population of the city (Zürich 2009d).

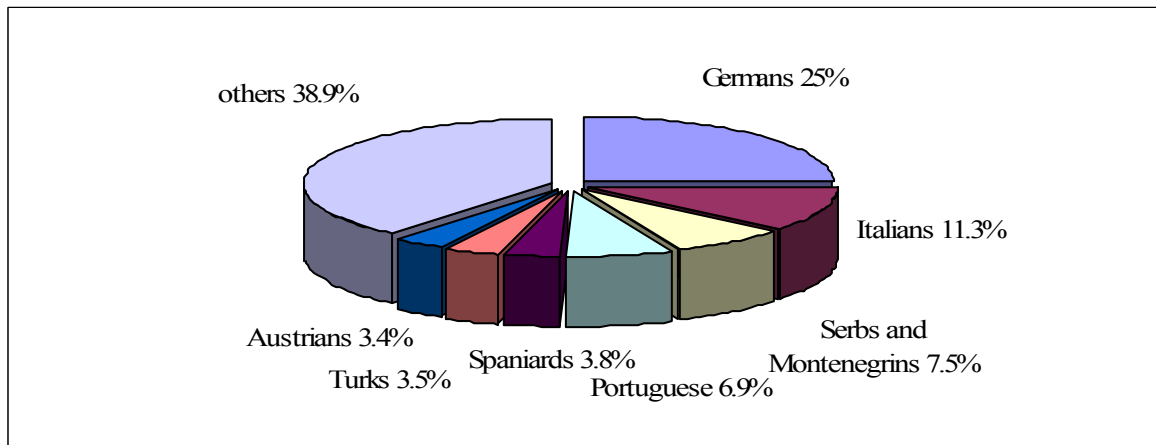
Figure 2: Foreign residents in Zürich's city districts 2007



Source: Zürich 2009c

The German population in Zürich is the largest of the foreign groups; 28,986 Germans live in Zürich. It is therefore more than twice as large as the population of Italians (13,303), which still remains the second largest group, despite its steady decrease over the last ten years. The population of persons from Serbia and Montenegro (8,753) has also decreased within this period of time and is still decreasing (Zürich 2010d). One has to consider, however, the number of naturalisations among these Zürich residents with migration background (4,858 in 2009, among them residents stemming from Serbia and Montenegro ranking first).

Figure 3: Foreigners in Zürich by country of origin (Q1 2010)



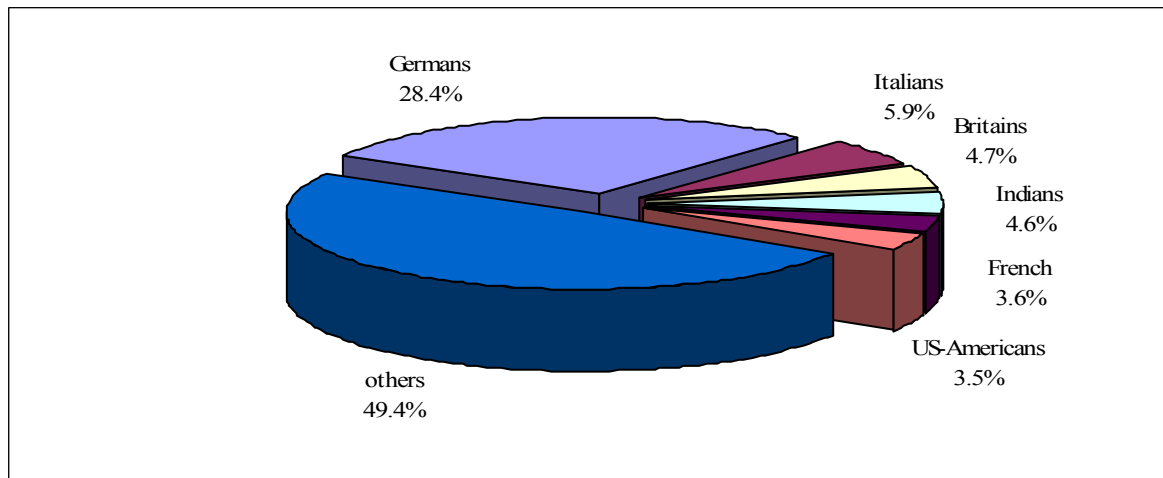
Source: compiled by efms based on data of Stadt Zürich, 2010d

Of migrants, who do not remain in Zürich, the Spanish tend to stay the longest (fourteen years). They are followed by Italians, who stay approximately eleven years. Persons from Greece, Macedonia, Croatia, Serbia and Montenegro leave after five years, on average. Germans only stay for two years, and Indians less than one year. This pattern is largely determined by the history of immigration to Zürich. Migrants from countries home to the first guest workers tend to stay the longest. The next wave of guest workers and workers from non-European countries with highly qualified jobs do not usually stay quite as long (Zürich 2008a). This is, however, also due to the considerable number of short term labour migrants (*Kurzaufhalter*) from these countries, and the numbers refer to departing migrants only and do not include the duration of stay of those who remain in Zürich.

There is currently a negative balance for immigrants from Italy, Austria, Germany, Serbia and Montenegro, Turkey, Spain, other EU countries and China, all of which are countries whose waves of immigration occurred more than ten years ago (Zürich 2010d); these figures, however, cover both, naturalisations as well as emigrating nationals. Nevertheless, 5,222 foreign nationals moved from Zürich abroad from Q2 2009 until Q1 2010, an increase of the annual figure by 4.3% compared to the previous period (Zürich 2010d). In the same time there has been an increase in the population of British, French, US-American and Indian residents of Zürich. This increase is due to the influx of new immigrants. In addition to the increase of immigrants from these specific countries, there has also been an increase in the number of women. (Zürich 2010d)

In 2010 Germans made up the largest group of foreigners moving to Zürich, as 28.4 percent of foreigners moving to Zürich were German. Germans were followed by Italians (5.9 percent), British (4.7 percent), Indians (4.6 percent), French (3.6 percent), US-Americans (3.5 percent), Serbians/Montenegrins and Portuguese, both with 3.1 percent (Zürich 2010d). Germans were not only the largest group coming to Zürich, they were also, with 29.2 percent, the largest group of foreigners leaving Zürich in 2010. They were followed by Italians (6.3 percent), Serbians/Montenegrins (4.7 percent), Indians (4.0 percent), Portuguese (3.3 percent) and British and Austrians (3.2 percent each) (Zürich 2010d).

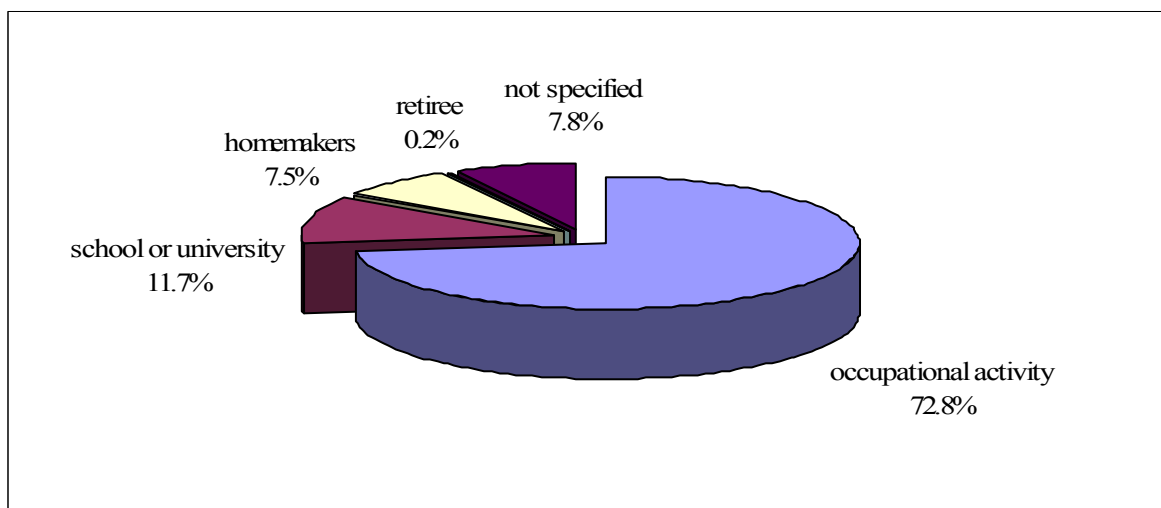
Figure 4: Foreigners moving to Zürich in 2010 by Nationality



Source: compiled by efms on data of Stadt Zürich, 2010d

Of foreigners coming to Zürich between 2005 and 2007, 44,600 reported occupational activity, 7,200 said they attended a school or university and 4,600 classified themselves as homemakers. 99 persons were retired, and 4,800 did not report their activity. The level of educational standards has risen continually since 2002. Currently, the level of those coming to Zürich is higher than the level of those who leave. Of the persons who reported an occupational activity, around twenty percent have an academic career, sixteen percent are artists, nine percent work in a commercial business and eight percent work in the hotel or restaurant industry. (Zürich 2008a)

Figure 5: Foreigners moving to Zürich 2005-2007 by activity



Source: compiled by efms on data of Stadt Zürich, 2009a

Persons from Germany, France, Great Britain, the USA, Netherlands, Sweden, Greece, Canada and Australia tend to have highly ranked professions; Indians are often short term residents employed as programming specialists. Persons from Ukraine, Belarus, the Dominican Republic, Bulgaria, Thailand, Russia and Brazil work jobs requiring lower formal training specifications,

partly women working in the sex industry with its particularly high fluctuation (Zürich 2008a). Although the average qualification level is relatively high, a large proportion of the new comers work jobs that require no or little qualifications. For example, Indians have the highest rates in top positions, however, thirty-six percent of Indians work jobs that only require vocational training or less as well. (Zürich 2008a)

In 2009, 4,858 Zürich residents became naturalised Swiss citizens, an increase of 47% compared to the 2008 figure of 3,304. Ranked in descending number of naturalisations, these Zürich residents were mostly from Serbia/Montenegro, Germany, Sri Lanka, and Italy. (Zürich 2010e)

3. Zürich's urban economy

The subsequent sections examine the characteristics of Zürich's urban economy: the first presents its historical development and recent trends; the second outlines the local workforce, the third the development of small and medium enterprises (SMEs).

3.1. Historical development of the urban economy and recent trends

Zürich became an industrial centre in the early 19th century. In the context of the traditional textile manufacturing in Zürich, machine building industries grew during the first half of the 19th century, also due to the restrictions of importing machinery from England under Napoleon's „blocus continental“ from 1806 to 1814. The liberal representative constitution of 1831 promoted industry, trade and transport. In 1847, the first inner-Swiss train line from Zürich to Baden and the subsequent growth of the Swiss railroad network led to a rapid expansion of the local industry as well as to a massive demand for foreign labour from neighbouring countries, in particular from Italy. In 1833, the University of Zürich was founded as an institution of the Canton, while in 1855 the Federal Institute of Technology (ETH), a polytechnic university, completed the higher education institutions in Zürich. The rapid industrialisation led to migration into the cities from rural areas as well as from foreign countries, and to rapid population growth, particularly in the suburbs of Zürich. 19 surrounding municipalities were incorporated in 1893 and 1934. A prominent suburb, the Aussersihl (today District 4), had more than 30,000 inhabitants in 1893, 33% percent of them foreigners (seasonal workers not included) (Zürich 2006, 15). The population of Aussersihl outnumbered the city of Zürich at that time, when the community asked the city of Zürich to be incorporated into the city due to a difficult economic situation. After the incorporation, the new Zürich freight terminal was constructed in Aussersihl which attracted further foreign labour. Riots involving marginalised Italian workers in Aussersihl during 1896 made this neighbourhood prominent in contemporary press headlines.

The demand for capital for railroad investments and the rapid industrial growth together with the goal to avoid foreign capital made Zürich a major banking centre already in the mid-19th century: In 1856, a large bank was founded in Zürich, the Schweizerische Kreditanstalt (now Credit Suisse). The industrial growth drew more banks to Zurich, including the Eidgenössische Bank (EIBA) transferring its headquarters to Zürich from Bern in 1892, as other major banks

moved their headquarters to Zürich during the following years. Already by the end of the 19th century, a large number of domestic and foreign banks were concentrated in Zürich.

The dominant sector of the Zürich economy – the service sector (banks and insurance, communications, television and tourism) – is increasing until today, also in relation to the other sectors. However, about 11% of all enterprises are still in the second sector (craft and industrial enterprises, and 13% of all employees in the second sector belong to SME's. Nevertheless, the number of employed persons in some branches in this sector continues to decrease, in particular in machine engineering as well as electrical and precision engineering. Construction, publishing and print enterprises are today the most relevant branches of the second sector.

The share of the economically active persons among all Zürich residents in 2008 was high: with 59.2%, the city ranks at the top level of all European metropolises (Zürich 2009d, 21).

Table 1: Employed persons in Zürich 2008 by sector/branch and foreign citizenship

Employed persons in Zürich 2008	Total 2008	Growth since 2005	Foreigners 2008	Growth since 2005	Share of foreigners
Total	359 720	9.1%	90 812	17.1%	25.2%
2nd Sector	30 887	-1.4%	9 958	-3.9%	32.2%
Construction: preparation, installations	9 914	-6.4%	3 237	-17.0%	32.7%
Building construction	4 224	1.9%	2 194	1.7%	51.9%
Print	2 993	-4.3%	398	-12.7%	13.3%
Metal products	1 705	-0.1%	351	10.4%	20.6%
Underground construction	1 672	4.3%	1 022	-4.3%	61.1%
Machine engineering	1 668	21.8%	402	30.1%	24.1%
Production of various goods	999	10.6%	170	26.9%	17.0%
Production of food	973	-21.7%	410	-31.3%	42.1%
Other	6 739		1 774		26.3%
3rd Sector	328 833	10.2%	80 854	20.3%	24.6%
Financial services	43 609	17.2%	6 711	45.4%	15.4%
Education and training	29 365	2.8%	8 518	23.0%	29.0%
Retail business	23 784	10.6%	5 937	20.4%	25.0%
Health services	23 295	-4.3%	6 200	-10.9%	26.6%
Gastronomy	18 602	15.5%	9 016	10.8%	48.5%
Whole sale	13 538	-4.9%	2 956	5.0%	21.8%
Public administration, defence, social security	12 977	4.9%	643	4.4%	5.0%
Building management, gardening	12 202	32.3%	8 944	23.1%	73.3%
Legal and tax consultant	11 891	17.2%	1 654	63.9%	13.9%
Architecture, technical consulting&analysis	11 778	26.4%	2 555	83.3%	21.7%
Insurance (excluding social security)	11 124	-7.9%	2 189	0.4%	19.7%
Management consultancy	10 602	23.8%	2 275	52.1%	21.5%
IT services	10 211	32.5%	2 890	81.4%	28.3%
Social services (without sheltering/elderly homes)	7 782	25.3%	1 029	36.7%	13.2%
Ground transportation	7 744	3.2%	1 429	2.3%	18.5%
Services related to financing&insurance business	7 733	7.7%	1 518	38.5%	19.6%
Shelters, elderly homes	7 255	47.3%	2 308	44.0%	31.8%
Telecommunication	5 519	3.4%	1 166	9.1%	21.1%
Hotels and guesthouses	4 677	20.9%	2 568	21.2%	54.9%
Other personal services	3 527	9.4%	1 193	10.7%	33.8%
Other	24 956		4 948		19.8%

Source: compiled by efms on data of Stadt Zürich, 2010c

The sector and branch distribution shows the dominance of the third sector, in particular financial and insurance services which still grew after 2005. The share of white collar foreign employees is high in these branches as well as in other service branches which require a highly qualified work force (Education, health, consulting, IT, telecommunications). The blue collar foreign employees concentrate in classical branches such as construction, food production, gastronomy, building management and gardening, hotels and guesthouses and other personal services. In the context of the “new immigration”, the employment of highly qualified foreigners in the third sectors grew disproportional, while the classical employments of labour migrants in the second sector shrank.

3.2. The local workforce

About two thirds of the local work force in Zürich is employed full time. There are no significant differences in the employment distribution among Swiss nationals and foreigners. Part-time employment is in the 3rd sector (services) four times more often found than in the second sector.

Table 2: Employed persons in Zürich 2008 by full/part time, gender and citizenship

Employed persons			
Total	359 720	100,0%	
Full time	241 960	67,3%	
Female	78 602	21,9%	
Male	163 358	45,4%	
Swiss nationality	180 547	50,2%	100,0%
Female	59 100	16,4%	32,7%
Male	121 447	33,8%	67,3%
Foreigners	61 413	17,1%	100,0%
Female	19 502	5,4%	31,8%
Male	41 911	11,7%	68,2%
Part time	117 760	32,7%	
Female	80 999	22,5%	
Male	36 761	10,2%	
Swiss nationality	88 361	24,6%	100,0%
Female	61 027	17,0%	69,1%
Male	27 334	7,6%	30,9%
Foreigners	29 399	8,2%	100,0%
Female	19 972	5,6%	67,9%
Male	9 427	2,6%	32,1%
2nd Sector	30 887	8,6%	
Full time	27 032	7,5%	
Part time 50–89%	2 535	0,7%	
Part time < 50%	1 320	0,4%	
3rd Sector	328 833	91,4%	
Full time	214 928	59,7%	
Part time 50–89%	65 575	18,2%	
Part time < 50%	48 330	13,4%	
Full-time equivalents			
Total	300 445	100,0%	
2nd sector	29 041	9,7%	
3rd sector	271 403	90,3%	

Source: compiled by efms on data of Stadt Zürich, 2010c

The number of residents in Zürich seeking employment is comparatively low. The unemployment rate is very low as well: in December 2008, it was 2.7%. At the end of 2009, it increased and amounted to 4.1% in August 2010.

Table 3: Residents in Zürich 2008 seeking employment

Total	8 170	
	Swiss	Foreign
Total	4 249	3 921
15–29 yrs	1 044	971
30–49 yrs	2 188	2 329
> 50 yrs	1 017	621

Source: compiled by efms on data of Stadt Zürich, 2010c

An interesting analysis is feasible based on the national poll on economic active persons in Switzerland (SAKE). There have been no data available for the city of Zürich, so the figures given in table 4 below refer to the greater Zürich region. The distribution of economically active persons among the positions shows a typical pattern for the total population: women are underrepresented in the top and middle management and are clearly overrepresented in positions without supervising functions. However, women with a foreign nationality are frequently much more economically active than Swiss women. There are more women with a foreign citizenship among the total active work force than foreign men, and up to more than two thirds of the total women in the top and middle management have a foreign citizenship. However, they are also overrepresented in lower employment compared to their Swiss counterparts.

Table 4: Economically active persons in the greater Zürich region 2009 by position and gender

Position	Total				Foreigners			
	Male		Female		Male	Share	Female	Share
Entrepreneur	60 857	14.5%	39 069	11.0%	8 932	14.7%	5 572	14.3%
Family member in business	3 903	0.9%	6 321	1.8%	-	0.0%	1 113	17.6%
Employed in top management	65 924	15.7%	33 648	9.5%	17 079	25.9%	23 292	69.2%
Employed in middle management	91 351	21.7%	47 297	13.3%	23 403	25.6%	33 523	70.9%
Employed without supervising function	179 000	42.5%	215 460	60.7%	61 953	34.6%	112 895	52.4%
Apprenticeship	19 815	4.7%	19 815	5.6%	3 619	18.3%	5 333	26.9%
Total	420 850	100%	355 005	100%	115 522	27.4%	190 661	53.7%

Source: compiled by efms on data of SAKE, 2010

3.3. Positions of economic active foreigners

The SAKE statistics also give some indications of the development in the share of foreigners among the economically active population in the greater Zürich region. When comparing the absolute figures of persons in the various positions between 2004 and 2009, there is a significant increase of male employees in the middle management during this period, whilst the increase of female employees in these positions does not seem to exceed the general growth. When looking to the respective figures of foreigners in these positions, it becomes clear that the number of foreigners in top and middle management positions grew considerably, both men and women at

a comparable percentage. This picture is consistent with the characteristics of the “new immigration” of a highly qualified foreign work force attracted by the expanding financial sector and other service sectors requiring advanced qualifications. Interestingly enough, however, there has been a strong increase of female entrepreneurs compared to their number in 2004. It seems that the structure of the Zürich region’s economy provides opportunities for women which are predominately taken up by women with a foreign citizenship. Whether the development in entrepreneurship refers primarily to SME’s cannot be answered from the available data.

Table 5: Economically active persons in the greater Zürich region 2009 by position and gender, change relative to the 2004 absolute figures

Change 2004-2009	Total		Foreign	
	Male	Female	Male	Female
Entrepreneur	-2,1%	14,9%	2,7%	51,5%
Family member in business	20,8%	-7,9%	-	-
Employed in top management	9,1%	5,3%	14,2%	4,0%
Employed in middle management	32,1%	10,8%	26,2%	23,1%
Employed without supervising function	9,7%	9,7%	26,0%	14,8%
Apprenticeship	4,2%	-9,0%	16,4%	-19,1%
Total	11,6%	8,8%	21,5%	15,2%

Source: compiled by efms on data of SAKE, 2010

When discussing the representation of residents with a foreign citizenship and their distribution in the total work force, one has to bear in mind that these figures do not consider the second generation (*secondos & secondas*) with a Swiss nationality. Data from the interviews during the field visit in Zürich indicate that a significant share of the young second generation of migrants is quite active in founding their own businesses, in particular in the IT sector, lifestyle business (coiffeur, design, trend shops) and gastronomy.

4. Profiles of ethnic entrepreneurship

The following sections deal with ethnic entrepreneurs in Zürich. Section 4.1 presents an overview of the development of ethnic entrepreneurship in the city. The subsequent sections outline markets and competition of ethnic businesses (4.2), ownership structures, workforce and labour relations in ethnic enterprises (4.3), reasons for entrepreneurship careers (4.4) as well as problems and barriers ethnic entrepreneurs face (4.5).

4.1. Development of ethnic entrepreneurship and recent trends

Before presenting the development of ethnic entrepreneurship, a definition should be given. In the CLIP project, we “simply define an entrepreneur as a person in effective control of a commercial undertaking for more than one client over a significant period of time” (Rath 2009: 7). As ‘ethnic entrepreneurs’, the CLIP project considers entrepreneurial persons who were born abroad as well as the second and third generation of immigrants (cf. Rath 2009: 10). In Zürich, a pragmatic approach for defining ‘ethnic entrepreneurs’ is applied; it includes ‘entrepreneurs with a migration background’ (i.e. an entrepreneur who has migrated to the country or is descendent

of a migrant), but encompasses also entrepreneurs who explicitly target ethnic groups as their customers or specialise in goods for such groups, dimensions which are primarily considered by the Anglo-Saxon discussion on ethnic entrepreneurship. If Zürich residents belong to the second generation of migrants (who usually hold Swiss citizenship), they are called *Secondos* or *Secondas*, or, if they do not have a Swiss citizenship, as an ‘entrepreneur with a foreign nationality’. The latter term is more common with regard to official data, since only the nationality of the entrepreneur is registered, if at all.

Micro, small and medium enterprises play a significant role in providing employment in Zürich. According to an analysis of the SAKE 2008 data sets for Zürich by the statistical office of the city, about 83% of all companies fall in the micro range (<10 persons) and 13% in the small range (<50). Micro enterprises account for 19% of all economically active persons in Zürich, while small and medium enterprises account for 24% and 28%, respectively.

Micro enterprises (<10 persons) employing most persons are in the following sectors (figures are FTE’s):

- Retail sales (without car/truck sales): approx. 7,100
- Gastronomy: approx. 4,175
- Architecture, engineering offices, analysis (chem./techn./physic.): approx. 3,080
- Health related services: approx. 2,900
- Law and tax consulting, audits: approx. 2,250
- Construction: approx. 2,050

Small enterprises (10 - <50 persons):

- Gastronomy: approx. 7,500
- Retail sales: approx. 6,450
- Financial services: approx. 4,650
- Construction: approx. 4,250
- Architecture, engineering offices, analysis (chem./techn./physic.): approx. 3,830

Medium Enterprises (50 - <250 persons):

- Financial services: approx. 19,500
- Construction: approx. 5,350
- Public administration, defence, social security: approx. 5,250
- Education and training: approx. 4,350
- Retail sales: approx. 4,150
- Whole sale: approx. 3,680

SME’s are relevant for both white collar jobs as well as in blue collar jobs. In Zürich, the migrant population is employed in both types. According to the information gathered during the field visits, “new immigrants” as well as highly qualifies *Secondos* are well represented in these white collar occupations, whilst the typical sectors of migrant labour in SME’s, such as retail sales, gastronomy and construction are relevant as well.

Table 6: Entrepreneurs in Zürich 2008 by sector/nationality related to the total labour force

Entrepreneurs

by sector, SAKE 2008

	Total	2nd sector	3rd sector	Total	2nd sector	3rd sector
	Share (%)			Number		
Total	100%	13.1%	82.1%	216 249	28 397	177 575
Entrepreneurs	100%	11.6%	88.4%	27 489	3 191	24 298
	Share of entrepreneurs			12.7%	11.2%	13.7%

Share of entrepreneurs

by nationality, SAKE 2008

	Total	Swiss	Foreign	Total	Swiss	Foreign
	Share (%)			Number		
Total	100%	67.8%	32.2%	216 249	146 566	69 683
Entrepreneurs	100%	83.1%	16.9%	27 489	22 850	4 638
	Share of entrepreneurs			12.7%	15.6%	6.7%

Source: compiled by the statistical office of the city of Zürich on data of SAKE, 2010

Entrepreneurs and self-employed people in Zürich formed 12.7% of the total 2008 labour force (including apprenticeships, family members working in a family business and unemployed persons). The figure in the 3rd sector (services) is slightly higher than that in the 2nd sector.

Migrant entrepreneurs with non-Swiss nationality are considerably underrepresented in the 3rd sector, and clearly overrepresented in the 2nd sector. One can assume that to a large extent, highly qualified foreigners are working as employees in Swiss firms, while entrepreneurs with a migration background are predominantly active in the typical SME branches (retail sales, gastronomy and construction). The figures given, however, could only be broken down according to Swiss/non-Swiss nationality, since information on migration background is not available and a break-down by nationality has been not possible due to the small number of cases. For the same reason, there are no statistics available on the distribution of ethnic entrepreneurs across the various branches of the second and third sector. Some information in this respect, however, can be found in the following chapter on ethnic business in the Langstrassenquartier; information from expert interviews support the general trends observed in the study quoted below.

4.2. Market and competition of ethnic businesses

Ethnic business in Zürich encompasses SME's in less visible sectors such as construction, handcraft, building management, gardening, consultancy and whole sales, as well as in visible sectors such as shops, take-aways and restaurants, travel agencies, and phone shops. For the

latter, the city of Zürich conducted a field study in 2007 in two city districts: the Langstrassenquartier (District 4, belonging to Aussersihl), and the Seefeldquartier (District 8). Both districts have a considerable share of small shops and gastronomy, but are quite different in social structure and target clients. Whilst the Langstrassenquartier is a traditional immigration neighbourhood in a labour class setting (41.9% foreign residents) with shops in the low-cost segment, the Seefeldquartier is an internationally orientated shopping and sightseeing area for customers with a higher spending capacity. The study screened all shops, gastronomy and service stores at the ground floor, collecting data on the ethnicity of the tenant and the type of goods and services, thus applying a pragmatic definition of ethnic entrepreneurship. Less visible ethnic businesses could not be considered for practical reasons.

Table 7: Share of various branches of ethnic business

Branch	Both	Langstrasse	Seefeld
Restaurants, Bars	33.9%	31.9%	43.2%
Take-Aways	14.3%	14.0%	15.7%
Food and drink stores	13.9%	15.3%	7.8%
Personal grooming	12.9%	15.7%	0.0%
Travel agencies	5.0%	5.3%	3.9%
Varios retails	3.9%	3.9%	3.9%
Books, musik, movies	3.2%	3.5%	2.0%
Telecommunication	3.2%	3.9%	0.0%
Furniture, carpets, furnishing	2.5%	1.3%	7.8%
Clothes, textiles	2.2%	1.3%	5.9%
Night Clubs	2.2%	2.6%	0.0%
Culture (cinema, theatre, museum)	1.4%	0.0%	3.9%
Watches, jewelery	1.4%	0.4%	5.9%
Galleries	0.7%	0.9%	0.0%
Total	100.0%	100.0%	100.0%

Source: Zürich 2008c

The study revealed that in the Langstrassenquartier, 29% of all screened businesses were identified as ethnic businesses; in the Seefeldquartier, the number was 13%. An analysis of ethnic businesses in the Langstrassenquartier by nationality compared to the share of residents with the same nationality in the district reveals that some nationalities are not present in ethnic business whilst others are overrepresented: Former Yugoslavian residents (13% of the district population) have minimal visible business locations (0.4%), as well as Portuguese residents (8.0% of the population versus 0.8% of the business locations). However, Italian (12.4% pop., 18.9% business), Subsaharan African (3.1% pop., 12.1% business), Latin American (9.4% pop., 22.5% business), Turkish (4.4% pop., 10.1% business), Indian (4.7% pop., 8.0% business) and Thai residents (2.6% pop., 7.6% business) are overrepresented (Zürich 2008c).

Figure 6: Ethnic business in the Langstrassenquartier by nationality

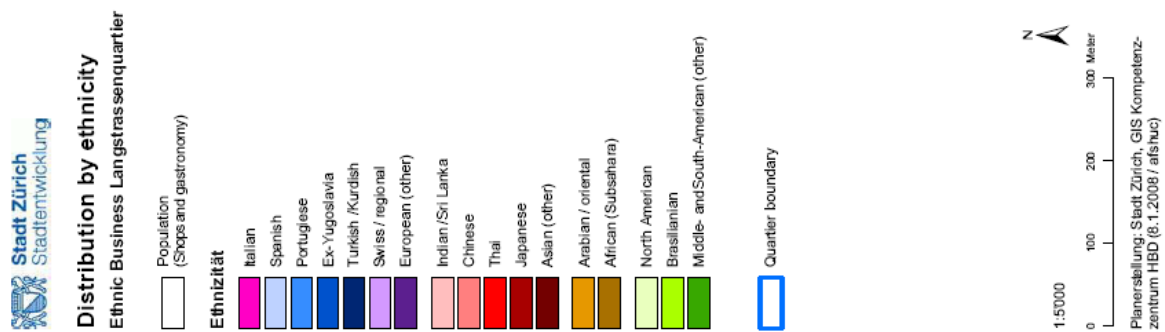
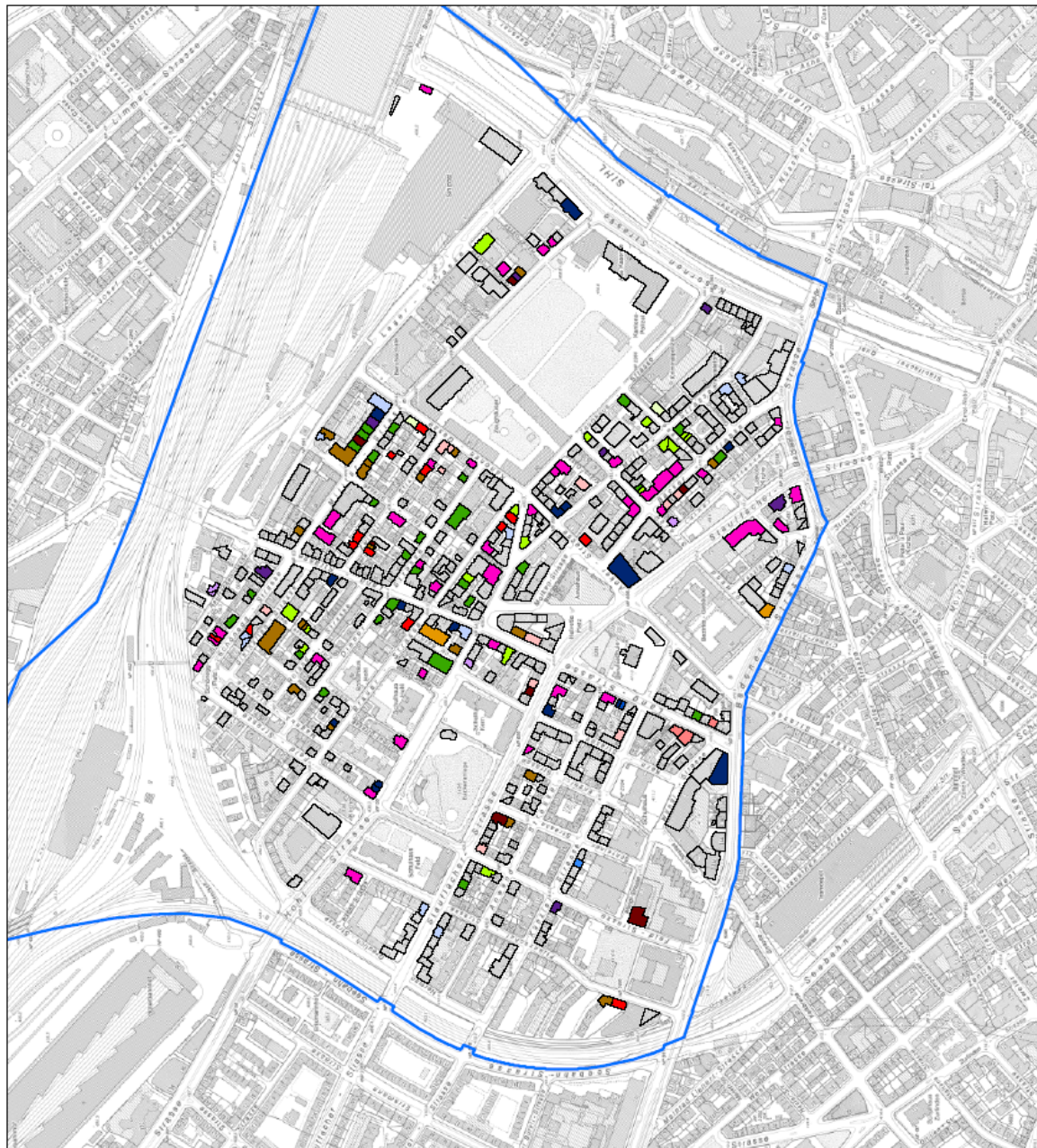
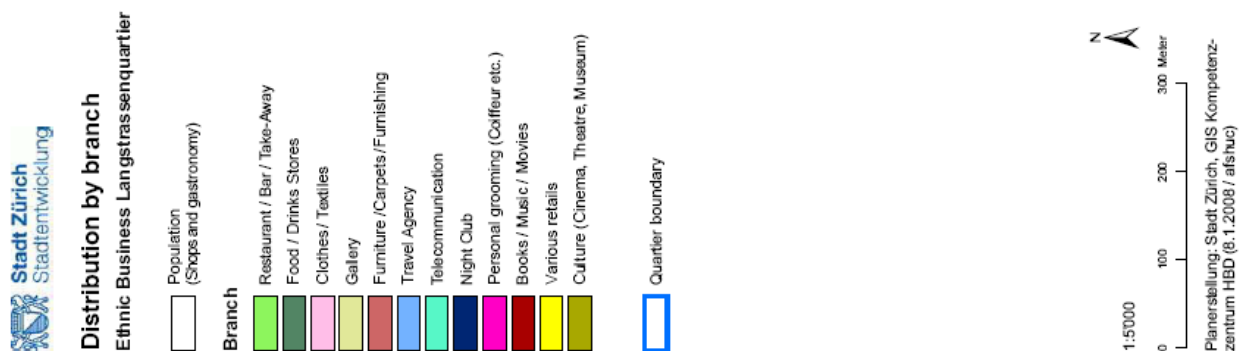
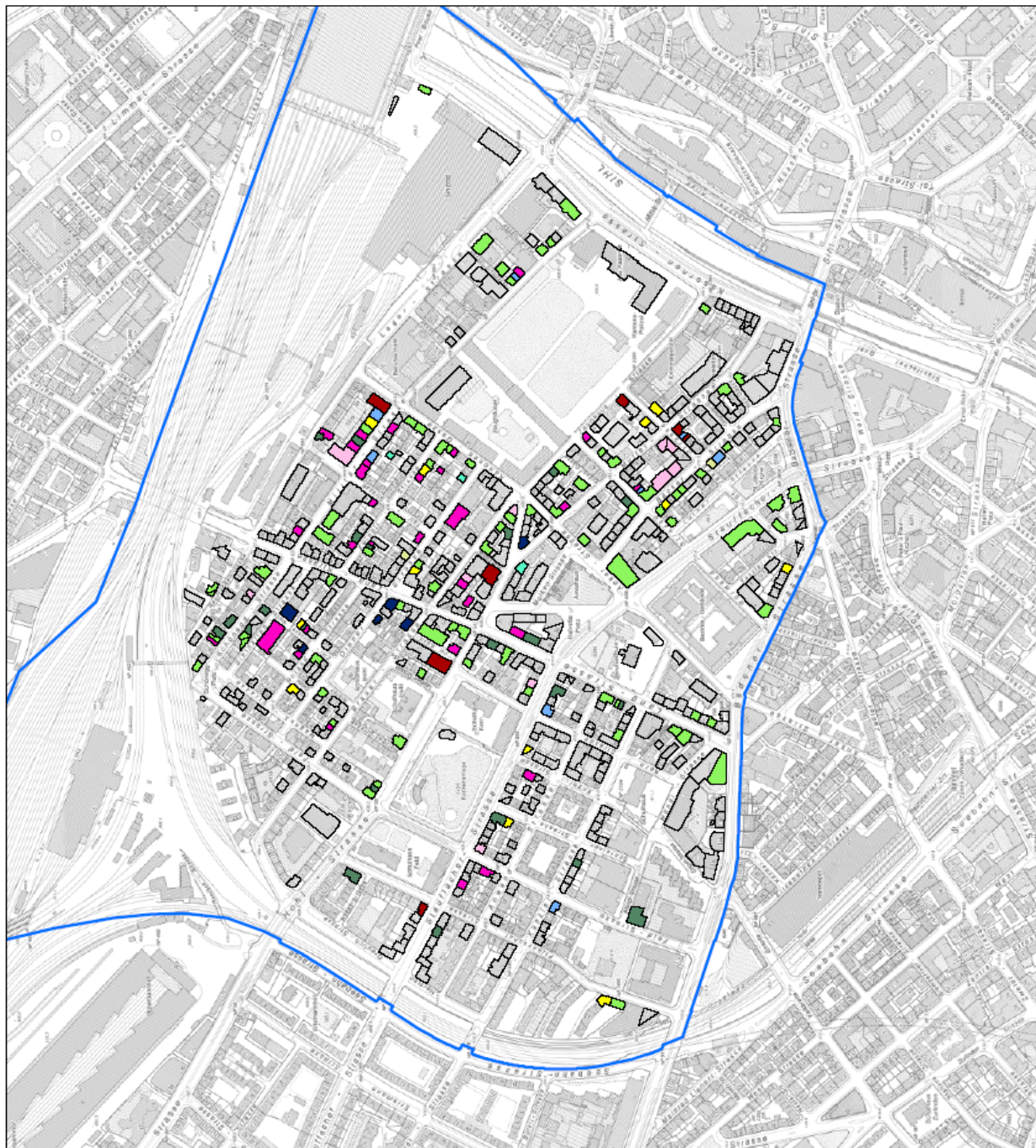


Figure 7: Ethnic business in the Langstrassenquartier by branch



A reason for the high representation of Subsaharan African, Latin American and Asian business in the Langstrassenquartier might be that they attract compatriots from other parts of the city to the multicultural neighbourhood, thus providing relevant services for people outside of the neighbourhood population. The high representation of Italian businesses is typical as well for other city districts; entrepreneurship seems to be a frequent option for Italians in Zürich.

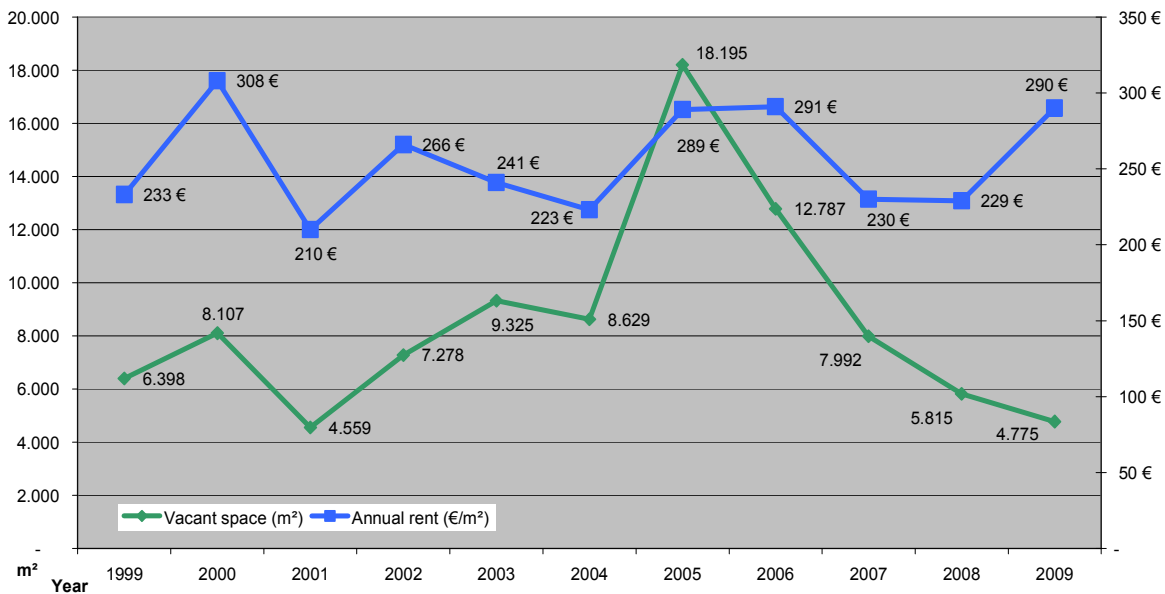
Ethnic businesses in the Langstrassenquartier constitute the majority of all businesses in several branches: take-away, food and drink stores, travel agencies and telecommunication shops are branches in the district in which the clear majority of all businesses can be considered ethnic businesses.

An interview partner in Zürich (an ethnic entrepreneur himself) estimated that up to 70% of the handicraft small business entrepreneurs in Zürich are migrants of the first or second generation. Often, they had long been employed as workers in these small handicraft businesses and took over the firm when the Swiss owner retired. He stated that the market in this sector is dominated by entrepreneurs with a migration background. Since ethnic entrepreneurs usually are well connected with a network of fellow migrants, there is a significant concentration of certain ethnicities in some branches of small and middle enterprises of ethnic entrepreneurs. For example, the construction industry is dominated by Italians, whilst they tend to subcontract self-employed workers from Kosovo accepting lower wages; in this branch, British and Austrian entrepreneurs are also active. Turkish entrepreneurs are particularly prevalent in restaurant and take-away businesses, sub-Saharan Africans are common in small export-import businesses and telephone shops often combined with travel agencies, Bangladeshis tend to be active in textile import and export, and Lebanese dominate the used car and truck business.

In some branches, Italian and Spanish *secondos* (2nd generation) are present in IT services at all levels. Well-educated *secondos* of various family origins are also very active in the design branch, in life-style businesses (furnishing, clothing) and in personal services (i.e. hair dresser).

Any data on the added value generated by ethnic businesses in Zürich, or data on size, numbers of employed persons, turnover and sustainability are not available. However, with regard to the market conditions for renting business premises, the vacancies and rents changed considerably during the last decade in Zürich, particularly for small shops at street level.

Figure 8: Shop premises in Zürich 1999-2009 (Vacancy & annual rent, n=17 in 2009)



Source: compiled by efms on data of Stadt Zürich, 2010f

Rent per square meter for vacant shop premises varied between €2,200 per year and €102 per year in 2009, depending on the location and quality of the premises. In Zürich as a whole, the ownership type of vacant premises has been primarily private companies, then private persons, followed by pension funds and other ownership structures; public ownership is the least common ownership type (Zürich 2010f). Since this ranking is based on the total square meter figure, one can reasonably assume that corporate ownership is primarily related to larger premises while a large share of small shops are owned by individual persons as landlords. This corresponds to the information from expert interviews that the ownership of small shops and restaurants in the Landstrassenquartier is dominated by landlords, many of them not living in the neighbourhood and interested primarily in the revenues, without regard for the impact on the neighbourhood as a whole. This has been stated as a difficult factor for improving the quality of living in this neighbourhood, since the high rent contributed to frequent tenant changes and favoured tenants from the sex business who could afford higher rents, while at the same time, the building themselves tended to degrade due to poor maintenance.

In district 4 where many shops held by ethnic entrepreneurs are located, the annual rent of newly offered premises in 2009 (n=2) ranged from €220 to €590 per square meter with an average of €290. The rent average among all offered premises in Zürich has been at the same level in 2009, and vacancies in district 4 have been comparatively low. This can be taken as an indicator that district 4 is an attractive shop location, probably due to its central location and dynamics, and in this regard is not considered as a disadvantaged neighbourhood.

4.3. Ownership structures, workforce and labour relations in ethnic businesses

There are no data available on the ownership structure of ethnic businesses in Zürich. Information from local experts provided during the field visit, however, suggest that most ethnic businesses in Zürich are owned by persons who have worked in the branch for an extended period of time as an employee and/or have some support from their social network, often within their own ethnic community. Spouses with Swiss citizenship, often born in Switzerland, play an important role since they can support the project with their cultural, legal and language knowledge. The high number of female entrepreneurs with foreign citizenship seems to be partly due to the common practice of registering the business in the wife's name.

However, new trends in ownership structures of ethnic entrepreneurs can be found in Zürich. For example, the “New Point” Kebap chain (<http://new-points.ch/>) founded at the beginning of the 1990's by a Turkish entrepreneur, developed later into a franchise concept in which several “New Point” Kebap restaurants have been founded by Turkish or Italian entrepreneurs in Zürich. The franchise rights have been sold recently to a Zürich investor of Turkish origin.

Another successful ethnic entrepreneur, the “Happy Beck” bakery (<http://www.happybeck.ch/>) in the Langstrassenquartier expanded to a chain with four shops in Zürich as well. It is owned by a corporation with the majority of the shares owned by the family of the original Turkish entrepreneur. Until 2009, the majority of the shares had to be held by Swiss nationals who belonged to the social network of the entrepreneur for legal reasons.

At least in the founding phase, family members play an important role for providing a work force for the enterprise. In some cases, this is not only due to saving wages and social security costs, but also necessary to meet legal requirements. With “Happy Beck”, for example, the business concept of running a 24/7 bakery shop faced legal restrictions which prohibit the assignment of retail sales employees during night hours (23h-6h). Only business owners are allowed to run the shop during these hours, so family members holding shares played a crucial role for the success of this business concept.

In some branches, the work force for an ethnic enterprise is partly recruited via subcontracting. In particular in the construction business, lots are often subcontracted by Italian entrepreneurs to self-employed entrepreneurs, typically of Kosovo origin. Cleaning firms are often run by subcontracted self-employed entrepreneurs as well, who are often in fact dependent contractors, thus operating in a grey area of social insurance and employment law evasion.

The employment of apprenticeships and trainees is not common among ethnic entrepreneurs in Zürich. Firstly, the employment of trainees requires a master craftsmen certification and is supervised by the authorities. Such certification can be acquired after 5 years of professional work in the respective craft by a passing an examination; preparation courses for the examination are offered by the Cantonal Office for Vocational Training (*Berufsbildungsamt*). Entrepreneurs of a branch may form training associations, requiring only one certificated master in the association and entitling all entrepreneurs of the association to employ trainees for a

vocational training. However, this option is seldom used. Reasons seem to be some reluctance of being subject to the related controls as well as the related administrative overhead. In addition, many ethnic entrepreneurs do not seem to be aware of this option, and the city of Zürich as well as other actors involved do not promote vocational training by ethnic entrepreneurs. However, the foreigners' council of Zürich created an interesting project (*Migration=Chance*) to tackle this important problem (see chapter 5.3).

The reasons for entrepreneurial careers are manifold. A typical motivation is that employees with a migration background consider themselves as being exploited by their employers. Since they work for an extended period of time in a certain branch, they have a fair chance to found their own business. However, only a small fraction of employed workers risk such endeavours. Among these few are often migrants with previous business experience, often stemming from families with an entrepreneurial tradition. This is particularly true for migrants with an Italian background where entrepreneurship is more common than among other groups. A further group with particular motives seems to be well qualified refugees who find only low-level jobs for unskilled workers, and who consequently create an own business as soon as feasible (i.e. restaurants or retail sales).

A typical example is the founder of the “Happy Beck” chain. He grew up in Switzerland as a child of a first generation migrant. The parents moved back to Turkey, running a large confectionery in Ankara during the ‘80s. After taking over the business from his parents for a decade, he moved back to Switzerland at the end of 1993 and worked in a Migros bakery as an employed baker. In 1999, he achieved the master craftsman certificate and founded his own business.

A motivation less significant seems to be unemployment, and according to several experts interviewed, the success rate among these cases is very low.

In particular among well educated *secondos* who despite of their good education often face difficulties to get a good employment, there are initiatives to set up a business in new branches where opportunities are seen. This relates primarily to IT services, design and life style businesses.

4.4. Problems and barriers

Core problems for ethnic entrepreneurs named by experts from this group are:

- *Language problems:* In particular with regard to dealing with the bureaucracy and the related paperwork, entrepreneurs with a migration background face serious problems even if they have a good command of the language for daily communication. Ethnic entrepreneurs with an Swiss spouse usually have a comparative advantage in this regard as well as *secondos* who were born in Switzerland.
- *Book-keeping:* Proper book-keeping is a common problem of ethnic entrepreneurs in the initial phase of their businesses. Most ethnic entrepreneurs contract a Swiss tax accountant who takes care of the book-keeping and the related tax and social security

issues. These tax accountants often provide general counselling beyond their responsibilities as well with the aim of expanding their acquisition potential via the entrepreneur's social network.

- *Legalisation of an informal business:* The creation of a business by an ethnic entrepreneur is usually a process that requires an extended period of time: A typical development would be after working as an employee in the same branch and identifying opportunities and potential clients for his/her own business, self-employed activities begin gradually and on an informal basis. As soon as an additional work force beyond family members is required for the business, labour law and social security regulations cannot be further bypassed, and the enterprise has to be professionalized. Usually, a Swiss tax accountant or a local insurance agent counsels the entrepreneur during this process as part of their acquisition strategy.
- *Acquisition of clients:* A general problem faced by all new-coming entrepreneurs is the misjudgement of their potential market; the problems related to client acquisition and competing actors as well as the necessary resources for entering the market are often underestimated. Entrepreneurs with a migration background often face additional problems related to prejudices of potential clients and a lack of marketing competence related to the limited extent of their local networks and language skills. Ethnic entrepreneurs with a newly started business work often for an extended period of time as subcontractor for established firms. This is the case in particular in the construction sector. Such a period as a subcontractor, however, contributes as well to the transfer of professional knowledge, since the main contractor is responsible for proper implementation of the subcontracted lots and advises the subcontractor.
- *Financing:* Start-up credit in the range of 5-7% interest p.a. are provided by the Kantonalbank Zürich, but are difficult to acquire for ethnic entrepreneurs due to the lack of their own capital, an well-thought-out business plan and securities for the loan. According to the expert interviews, usually private credit within the migrant community network are acquired at considerably higher rates, but sometimes consumer credits at 7-15% interest is used for smaller loans. A regular bank of the migrant community the entrepreneur belongs to does not provide business credit; they tend to focus on remittances management and on real estate investment in the country of origin. Micro-credits for start-ups do not seem to be a feasible model since a typical capital demand of €35,000 to €75,000 for a start-up business exceeds the frame of micro-credits. Some local experts consider micro-credits as a borrowing trap. However, according to local experts, financing of a start-up business seems to be a less relevant barrier for ethnic entrepreneurs since usually private credits can be acquired through the extended family and the community network of the entrepreneur.

Ethnic entrepreneurs seem to be widely ignored by the established local Swiss trade and crafts associations in Zürich. Thus, parallel to the traditional Swiss associations, the

established local ethnic entrepreneurs formed ethnic trade and crafts organisations which are usually well-organised and provide services to the entrepreneurs of the community:

- *Organising joint ventures for large-scale contracts:* To enable the usually smaller firms of ethnic entrepreneurs to bid for large projects, the association organises joint ventures sharing the bid according to the available resources.
- *Loan securities and bank guarantees:* The association organises the provision of loan securities and replacements for bank guarantees often required by the contracting bodies.
- *Advertisement, marketing and public relation activities:* The associations organise joint PR activities and press contacts and offers counselling to its members for marketing and advertisement initiatives.
- *Cultural activities and representation:* The associations organise and support events and campaigns which represent the local ethnic community as a whole towards the receiving society financially.

These ethnic associations maintain good relations with the traditional Swiss entrepreneurs' associations and the Chambers of Commerce. For some communities, these roles are supported by the national trade mission of the country of origin (Spain, Serbian, Greek and Turkish trade missions), or by religious organisations, as in the case of the Ahmadiyya community.

A new development among entrepreneurs with a migration background is that some of the ethnic trade and crafts associations started to discuss a creation of own pension funds. In the framework of the Swiss social security system, entrepreneurs' associations collect within a sector/branch the funds for the pension system as a subsidiary institution to the national pension system. This is regulated by the framework of a general labour contract for a specific sector, which becomes binding for the branch by parliamentary decision. By acquiring the license to participate in administering the pension system of a branch, an ethnic trade and crafts association can expect to increase its political weight and capacity to represent the interests of their community. However, there is no reliable information about the development of this intention available yet.

5. Policies, rules and regulations

This chapter starts with an overview of national rules and regulations controlling the formal access to entrepreneurship (5.1) and the violation of these rules and regulations, i.e. illegal practices (5.2). The following sections concentrate on the city's strategy concerning ethnic entrepreneurship (5.3) and on local activities, programmes, projects and networks (5.4).

5.1. Rules and regulations

General rules and regulations

Regulations that apply to entrepreneurship of residents with a migration background in Zürich are related to the type of residence permit. Most restrictions apply to holders of a provisional admission, which, in Zürich are mostly migrants from Kosovo or various African countries. Any entrepreneurship or self-employment is not permitted for this group. Migrants from these countries are usually expected to send some of their income back to their families in their country of origin, and illegal self-employment is the only way to earn enough to do so. Marriage with a Swiss spouse is often the only pathway for a legalisation of such entrepreneurship.

Third-country nationals (non-EU/EFTA) may receive a B-Permit (authorisation to take up residence, *Aufenthaltsbewilligung*). For third-country nationals, such authorisation is issued initially for one year; income-generating work (employment, self-employment through entrepreneurship beyond mere investment) is subject to a quota which is set annually under the regulations of article 20 of the foreigners law (*Bundesgesetz über die Ausländerinnen und Ausländer, AuG*), which applies primarily to third-country nationals. A B-Permit is usually extended on a yearly basis as long as there are no impeding factors present (delinquency, welfare dependency, poor labour market conditions), apart from some few exceptions subject to the discretion of the foreigner authorities. EU and EFTA nationals benefit from the freedom of movement regulations of the EU which have been in place since June 1, 2002, after the 1999 freedom of movement agreement with the EU. Since June 1, 2007, the previous quota for EU/EFTA citizens does not apply anymore. EU/EFTA citizens receive a B-Permit valid for five years if they can prove a non-temporary labour contract lasting at least 365 days. The B-Permit is extended for another five years period; in case of unemployment of more than a year, the extension is granted for one year only, unless the foreigner can prove sufficient funds for living and health insurance is given. Temporary arrangements providing for some additional restrictions apply by law only to EU-8 and EU-2 citizens.

With regard to entrepreneurship, B-Permit holders are subject to certain restrictions which usually are applied in a pragmatic manner for EU/EFTA citizens. Whilst the founding of a company in Switzerland is generally permitted, any income-generating activities in one's own business requires an authorisation. Such authorisation is granted upon request for a specific branch and differs from a work permit for employees. Land acquisition for commercial or speculative purposes is not allowed, and the purchase of real estate is only permitted for one's own use or renovation and sale.

Beyond an authorisation of a business, there are no further regulations which impede the access of foreign nationals with B-Permits to entrepreneurship. Only a few professional activities are subject to a specific permit, such as medical or pharmaceutical activities. In practice, the related communication and paperwork with the authorities create a certain obstacle, since all communication has to be made in German, and any translation has to be provided by the applicant. In addition, the recognition of professional certificates of third-country nationals is

sometimes difficult or not possible. However, if a person's professional certifications are recognised by another EU country, they are valid in Switzerland as well (i.e. a medical doctor from Cuba recognised by Spanish authorities).

A B-Permit holder may apply for a settlement permit (C-Permit, *Niederlassungserlaubnis*) after 12 years (EU/EFTA nationals 5 years). This permit grants the same rights Swiss citizens enjoy with the exception of the active and passive voting right. Second generation migrants (*secondos/secondas*) usually hold a C-Permit or have a double citizenship (Swiss and family origin).

Although the various legal residence statuses are regulated by national law, the implementation, in particular any further related regulations, is controlled at the Canton level. Some Cantons delegate it to the former foreigners' police of the local municipalities (municipal migration authorities, *Migrationsamt*). However, this is not the case in the Zürich Canton.

Sectoral and spatial rules and regulations

There are a few sectoral restrictions for foreign entrepreneurs in Zürich. Any business in the sex industry requires a permit and is usually restricted to certain spatial zones. Since 2000, for several handicraft professions, regulations that were previously on a local or Canton level are now controlled by the national government. Plumbers working on installations connected to the fresh water network, high-power current electricians, gas pipe fitters, and any security services (except prisons which cannot be run by private companies) may be practised only after an examination. This examination is implemented by local schools or federations commissioned by the cantonal vocational training offices which test the equivalence of the respective qualifications gathered in the country of origin. Entrepreneurs without such certification have to contract a certified handicraft master for the final inspection and approval of their crafts. In particular, the activities of SMEs in the construction sector (which is dominated by ethnic entrepreneurs in Zürich) are screened by joint commissions of the construction labour union, the entrepreneurs' association and municipal site inspection authorities (tripartisan commissions), who may punish violations against safety or labour regulations, or report to the factory inspectorate (*Gewerbepolizei*). In all sectors, however, occasional problems in a newly founded business with an ethnic entrepreneur related to safety, fire protection, environment, sanitary or hygienic regulations are usually solved informally by counselling from the officers in charge.

In certain cantons other than Zürich, for starting a gastronomy business, an innkeeper examination has to be absolved. Until 1998, there were additional restrictions for gastronomy in place in Zürich: Running a restaurant or bar required a license which was issued only if the demand for the restaurant or bar could be proved. In practice, new enterprises in the gastronomy sector could be opened only in already existing locations, and the existing license was a major factor for the paying-off to the previous tenant. Major modifications of the location resulted in voiding the license. These restrictive policies had been supported by the Zürich gastronomy organisation but fell in 1998.

There are no specific spatial regulations which may affect ethnic entrepreneurs. The city has no influence on the decision of a landlord which tenant and business type is accepted for renting the property. Only with regard to newly created shops, there is a regulation that the ground floor level has to have a minimal height exceeding regular level heights if shop premises are planned. This may prevent the conversion from ground level housing space to shop premises.

A relevant restriction had been the requirement that the majority of the board of directors of a company or a limited company had to have Swiss citizenship (Article 708 OR). Since most SMEs, and even many micro enterprises, in Switzerland are registered as companies, this regulation required in practice the cooperation with Swiss front men who in some cases made their living by formally running several businesses of ethnic entrepreneurs. In 2004, this regulation was abolished. Since then, only one representative of the company has to have residence in Switzerland.

Specific risks and problems of ethnic entrepreneurs in Zürich

There are several regulations in Swiss law which are relevant for entrepreneurs in general, but often affect ethnic entrepreneurs due to their sometimes lacking or incorrect understanding of these regulations, and the perception of normality versus exception related to work is sometimes culturally differing from the Swiss habits. There are very few counselling institutions in Switzerland which provide the related information to start-up entrepreneurs. The transition from an employment or unemployment status to self-employment and ethnic entrepreneurship is particularly critical. In the Swiss understanding, entrepreneurship is considered as a voluntary self-fulfillment, the entrepreneur carrying all risks of the endeavour. Thus, there are no social security provisions for entrepreneurs, and they are excluded from the regular social security system for employees, requiring private insurance for any social security. However, there are several regulations which apply to employees or unemployed persons receiving benefits which may create problems in a transition to entrepreneurship or after a failed endeavour:

- National labour legislation provides for a maximum of 50-55 working hours per week. Every employer is required to comply with this regulation. In case of multiple part time jobs and /or activities as an entrepreneur parallel to an occupation, the work contract can be cancelled by the employer after two warnings if the maximum working hours per week has been exceeded. An ethnic entrepreneur building up a start-up business has to comply with this maximum working hours for persons employed in the business as well.
- Unemployed persons receiving benefits from public unemployment insurance may apply for funds for planning their own businesses. For a maximum of 90 days, the unemployed person may receive the regular daily rate without being obliged to seek employment; sanctions related to failure to seek employment actively are lifted during this period. There are some indications that local labour offices used to advise unemployed migrants to start their own businesses in order to avoid paying unemployment benefits. In the canton of Zürich, however, this practice does not exist. A typical problem in relation to such support is that with the first day of an entrepreneurial activity – in particular the first



acquisition activity – the provision of unemployment benefits is voided, and any payments after the reported date of starting entrepreneurial activities is reclaimed by the authorities. Ethnic entrepreneurs are often surprised by the cancellation of these transition payments and reimbursement claims during this critical phase, in particular if they have not been fully aware of the consequences of any acquisition activities (i.e. a newspaper ad) which are usually reported to the authorities by a competitor.

- In preparation of an entrepreneurship, multiple part-time employments or fake self-employment in the related branch are common. In Switzerland, any employer is obliged to fully cover the statutory accident insurance of an employee who is employed for more than 8hrs per week. Below this limit, work accidents (including travelling to the work place, but excluding any accidents during off time) are covered by the obligatory health insurance, so accident insurance is often taken for granted by employees. In case of multiple employments or fake self-employments, the multiple jobs combined may easily exceed 8hrs per week, resulting in a complete lack of insurance in case of a work accident. This has ruinous consequences not only due to the medical treatment costs, but in particular with regard to the costs of living in case of invalidity. In these cases, there is no accident annuity, and medical treatment is provided on a minimal level only.
- In case of bankruptcy after a prolonged period of entrepreneurship, there is no claim for unemployment benefits. If the maximum period of unemployment benefits in a previous unemployment period has not been exhausted yet, an entrepreneur can reclaim the remaining claim. If this is not given, it results in an instant dependency on public welfare benefits. Holders of a B-Permit without a family are consequently likely to get their status cancelled and be evicted.

5.2. Local strategy

The strategy of the city of Zürich with regard to ethnic entrepreneurship is embedded in its overall policy regarding entrepreneurship. In this regard, the city of Zürich applies a strict policy not to support single businesses; any developmental support is directed to the general provision of resources for certain areas and the improvement of conditions governing location for specific sectors. For these policies, the migration background of an entrepreneur is irrelevant. The only exception has been one of the few neighbourhood-related programmes that has been particularly relevant for ethnic entrepreneurs: the programme *Langsstrassenkredit*, which provided a fund of CHF 2 million (€ 1,472,000) for selected business projects in district 4 (see chapter 5.3).

Supporting SME businesses is not considered as an option in the scope of integration policies, although there are some goals formulated by Zürich's integration policy agenda which relate more or less to ethnic entrepreneurship (Zürich 2008d, 35).

Gainful occupation: Identification of specific resources of migrants and their effective use. This goal relates to specific support measures for ethnic entrepreneurs, in particular for those migrants who cannot use their professional skills in dependent employment due to the lack of recognition of their professional qualifications achieved in their country of origin. Proposed measures encompass:

- Mentoring projects in the field of start-up businesses and business management, involving successful ethnic entrepreneurs as mentors;
- Increased cooperation within the local economy, in particular also involving family businesses of ethnic entrepreneurs;
- Pilot projects for low-threshold start-up centres and support measures for start-up firms should consider the needs of ethnic entrepreneurs and adopt their services respectively, for example consulting services for clients with a migration background;
- Provision of counselling services on legal issues for entrepreneurs, creation of competence and service centres for entrepreneurs with migration background beyond their start-up phase;
- Promoting access to business loans by mediation with banks and business angels, provision of micro-credits, consulting services regarding business loans and preventing rip-off loans;
- Promotion of vocational training by ethnic businesses: encouraging ethnic entrepreneurs to offer vocational training to young people with migration background; promotion of training associations among small ethnic businesses which do not have sufficient resources for offering vocational training; consideration of quality management and prevention of segregation effects in this field;
- Promotion of entrepreneurship of women with migration background;

- Opening up of vocational and professional training services by considering ethnic entrepreneurs in advertisement, participation conditions and relaxing the language proficiency requirements, adapting the course unit contents to the needs of ethnic entrepreneurs;
- Promotion of self-organisation of ethnic entrepreneurs and their inclusion into existing business associations;

Public relations: The city council and administration should promote a joint urban awareness of the relevance and the benefits of a plural urban society. This goal relates as well to ethnic entrepreneurs as a relevant part of the urban society. The municipal administration should consider the issues and needs of entrepreneurs with migration background, and should communicate it as a relevant aspect of the city's diversity, promoting Zürich as an attractive business location. Proposed measures include:

- Targeted media and public relations activities on the neighbourhood/district level on the issues: communication of rules and mutual expectations, processes of successful integration, specific themes in the field of integration policies and measures;
- Location marketing activities for neighbourhoods or streets with a high share of ethnic businesses, promotion of ethnic businesses in disadvantaged neighbourhoods to improve the local structure and image;
- Promoting successful ethnic entrepreneurs as community role models by mentoring programmes and public relations activities, while considering potential negative effects in certain branches by distorting competition conditions and hampering innovation;

In Zürich, the office in charge of integration policies and measures is assigned to the Department for Urban Development which encompasses among its four offices also an office on economic development. This combination could be a good provision for dealing with ethnic entrepreneurship in the context of integration of migrants.

An interesting measure has been the commissioning of a concept paper on ethnic business in Zürich and its role for the promotion of integration (Zürich 2008d), and a study on ethnic entrepreneurship of two Zürich city districts in 2008 (Zürich 2008c). The first study discussed explicitly the issue of ethnic entrepreneurship as a relevant sector of the municipal integration policy approach, and the second study provided detailed empirical data on ethnic entrepreneurship in two neighbourhoods. Both studies contributed to promoting ethnic entrepreneurship as a relevant topic of the local integration policy agenda. However, the first study concludes that this area has yet to be developed, and that ethnic business could be relevant for the Department of Urban development with its office for economic development as a cross-cutting issue as well.

The local business associations seem to be dominated by the established business structures and their needs. Although they do not exclude any ethnic entrepreneurs, they seem to remain indifferent to their role for the local economy without any proactive initiatives to reach out to ethnic entrepreneurs. This is particularly true for services which consider the specific needs of this group.

Both, the business associations and the unions are members in the tripartite commissions in various branches that have been installed by national law to prevent any dumping in wages and social provisions which might emerge due to the accession to the EU/EFTA freedom of movement regulations in June 1st, 2004. These tripartite commissions are composed on a canton level of the social partners (representatives of the employers' associations, the unions and the authorities), and complement the *Paritätische Kommissionen* (bipartite commissions) of the various branches formed by representatives of the employers' associations and the unions. Both commissions supervise the implementation of tariffs which became obligatory to a specific branch by decision of the parliament (*Gesamtarbeitsvertrag*), and implement inspections of the working conditions and safety measures on the ground carrying certain investigative rights. In case of non-cooperation of the investigated entrepreneur, they escalate the issue by reporting to the authorities and filing civil action suits. Different to the traditional bipartite commissions, the tripartite commissions target businesses of foreign entrepreneurs explicitly. Due to this blurring of the service and consulting tasks on the one hand, and enforcement activities on the other, the traditional business associations as well as the unions tend to be perceived by ethnic entrepreneurs as not being supportive institutions for their purposes, and even as involved in protective practices for established competitors.

The unions are well represented in some branches on the workers' side. In particular in the construction business, there is a high degree of union membership among the workers, and the unions seem to take an ambivalent stand toward migrants. On the one side, they are actively taking up interests of migrant workers, on the other side, they are cooperating in the tripartite commissions in a context of traditionally good relations with the employers' associations.

For both reasons discussed above – lack of services relevant for their specific needs and deeply rooted habits in the structure of the receiving society of these traditional social partners' institutions–, ethnic entrepreneurs in Zürich founded their own associations which usually cooperate with the national trade mission of their countries of origin, and are organised along nationality. As discussed in chapter 4.4, these associations of ethnic entrepreneurs in some cases now aim at forming their own pension funds in the framework of the social security system, directly competing with the established Swiss branch institutions.

5.3. Local activities

There are several measures and projects in Zürich which have some relevance for the local business. Most of these measures target small entrepreneurs and start-up businesses in general, but there are also some few which explicitly or indirectly focus on ethnic entrepreneurship.

5.3.1. Zürich Special Department for Entrepreneurs (Fachstelle für Selbständigerwerbende, Amt für Wirtschaft und Arbeit)

For 12 years, a special department of the local labour administration for start-up activities has been active in Zürich as an institution of the canton. A predecessor of this department had been installed and funded by the city of Zürich. Since business promotion and labour administration is not a responsibility of the city, and in the context of the labour market reforms of the 90s, the responsibility for labour administration had been assigned to the cantons, and the institution had been transferred to the canton of Zürich.

The special department is a part of the canton's administration for unemployment benefits. It counsels unemployed persons who plan to start their own businesses with regard to general issues; there is no individual counselling related to a specific branch or project. The department provides counselling for approx. 1,200 cases per year. Up to 15% of the clients planning a start-up are still employed and not receiving unemployment benefits. The department coaches the clients with regard to their resources, business plan and the relevant regulations. It supports clients in preparing for the examination for the recognition of their professional qualifications acquired in a foreign country, offers 10-15 hrs of training sessions with external marketing specialists and professional book-keepers or tax consultants, and refers to funding options for a start-up business. Although these activities are aiming at potential entrepreneurs in general, the majority of the clients have a migration background.

The specialist department takes a neutral position with regard to the start-up project, but checks critically the conditions for the project with the client, in particular with regard to the necessary financial resources. According to the experts from the department, the monthly resources required for living, insurance, pension funds and the business build-up are often heavily underestimated. According to their experiences, about 35% of the well qualified start-up entrepreneurs fail, even in cases of excellent business ideas. Among entrepreneurs with a migration background, there seem to be fewer failures, presumably due to a higher readiness to endure hardships during the founding phase.

The specialist department consults and administers the regulations for unemployment benefits during a start-up planning phase (up to 90 daily rates) as well. It also counsels with regard to the out-payment of the accumulated pension funds which is theoretically possible for entrepreneurs under certain conditions. Since the processing of the out-payment request requires up to one year, it usually comes too late for the initial phase when capital is urgently needed. However, such out-payments are occasionally the basis for private credit. Since this option bears considerable risks, the specialist department warns against out-payment of pension funds if the entrepreneur does not plan to leave Switzerland permanently.

5.3.2. Neighbourhood project *Langstrassenkredit*

This programme has been part of a major project for the improvement of the Langstrassenquartier (*Langstrasse PLUS*). The project had been active since 2001. The neighbourhood has been plagued by degradation, social problems and the strong impact of the

prostitution and sex industry, and street drug trade. The general programme aimed at improving the structure of the neighbourhood by renovating houses, attracting local businesses and shops and advancing the image of the neighbourhood in district 4 which had been very negative during the 80s and 90s.

The project *Langstrassenkredit* had the aim of supporting local business in the neighbourhood, thus improving the local structure. The project idea had been raised by a grassroots initiative which proposed in August 2003 to provide a fund of 20 million CHF (14,720,000 €) for improving the housing and business situation in the disadvantaged neighbourhood. The city council of Zürich rejected this initiative, but voted with a clear majority for a smaller fund of 2 million CHF provided by the city for the purpose of the initiative, creating the *Langstrassenkredit* programme for a period of 5 years. The fund provided for small credits which have been partly paid a *fond perdu* without repayment obligation. The criteria for the provision of the fund had been that the proposed measure contributes to the neighbourhood structure, and that it creates local work places. The maximum funding has been CHF 40,000 (€29,440) per project. Each funding decision was made by a review panel. The programme was successful in the case of several problematic real estate locations in the neighbourhood - both degraded housing areas as well as business locations which had been occupied by red light premises. It was a remarkable exception to the cities general policy not to provide support to individual entrepreneurs, as several ethnic entrepreneurs had been supported in setting up their shop by this programme. The *Langstrassenkredit* programme has been terminated and partly replaced by the micro-credit programme *Go! – Ziel Selbständig* which is a general programme not limited to a specific neighbourhood.

5.3.3. Micro-credit programme *Go! Ziel Selbständig*

During the last phase of the *Langstrassenkredit* programme, initiatives for a continuation of the approach beyond the narrow neighbourhood scope have been raised by members of the city parliament and local activists. A registered non-profit association has been founded and a concept for a micro credit programme for small start-up businesses has been developed. The city parliament voted for a guarantee to cover the administrative activities, limited to a maximum amount. The new project started in mid 2009. After some negotiations, the local bank *Zürcher Kantonalbank* agreed to join the project and to administer the loans. The bank allocated CHF 250,000 (€184,000) to a coverage fund which covers all loan defaults. This coverage fund allows for a total funding volume up to CHF 750,000.

The project offers frequent information events and a free first counselling session for residents who plan to found a start-up business; further consulting is charged at a rate of CHF 80 (€59) per hour. In this consultation process, a budget and a credit application is developed jointly with the applicant – and there are considerably eased requirements for the business plan. The credit sum can be in the range of CHF 5,000 – 40,000 (€3,700 – 29,500), with the majority of the projects ranging from CHF 20,000 - 30,000 (€14,700 – 22,000). There are no securities required, but

applicants who are registered in a national credit defaulter registry or who want to discharge a consumer credit are excluded. The interest rate (6.5% p.a.) is low compared to regular consumer credits. The project office prepares the complete credit application with the applicant and submits it to the participating bank which processes the credit.

The core of the project idea is to provide an integrated counselling provision along with a micro credit option since projects of such a small size are not eligible for regular business credits due to the overhead involved (usually 100,000 CHF minimum credit sum). The project office accompanies the start-up entrepreneur during the initial phase and provides collateral consulting by a mentor working in an honorary capacity who is assigned to the project.

By September 2010, seventeen credit applications have been processed and paid out, only two of them rendering problems in servicing the loan. Six credits have been paid to entrepreneurs who received unemployment benefits. About 40% of the 411 requests until September 2010 were raised by interested persons with migration background, and several applications have been processed for ethnic entrepreneurs.

5.3.4. Startzentrum Zürich

A typical problem for start-up firms is finding affordable rooms for their business. In Zürich, available business space for renting is scarce, and the rent is high. The Startzentrum Zürich offers office space at affordable rates for young start-up entrepreneurs in its premises in the Binzstrasse 18, in addition to a broad scope of services and counselling. The Startzentrum Zürich is a registered cooperative, composed of two local banks, two foundations, three business associations, ten major firms, the city of Zürich and the Department for Economics of the canton of Zürich as registered members of the cooperative. It was founded in 1999, and counsels about 300 start-up businesses per year, reporting a success rate of approx. 90%.

The Startzentrum Zürich focuses on start-ups in the IT sector, financial services, various life-style businesses and aims at young and highly qualified entrepreneurs as clients. It cooperates with the Federal Institute of Technology (*ETH Zürich*) in providing training courses for start-up entrepreneurs. Although there are also some second generation migrants (*secondos/secondas*) with high qualification among its clients, the centre and its services is not relevant for ethnic businesses beyond its specific target group of highly qualified second generation migrants.

5.3.5. Migration=Chance

A serious problem for the residents with a migration background in Zürich is the high unemployment rate of young people. Young people with a migration background face a difficult situation in finding vocational training and employment. The unemployment of young people between 15 and 24 rose in 2009 by more than 10%, and among this group, those with a migration background are affected in particular for a variety of reasons.

The Zürich foreigners' council which had been installed by the city parliament in 2006 decided in 2009 to tackle this problem with a pilot project called *Migration=Chance*. The project aims at mobilising small businesses of ethnic entrepreneurs (2 – 15 employees) for creating vocational

training slots for young adults with a migration background. Ethnic entrepreneurs in Zürich are generally interested in providing vocational training, but lack the knowledge and experience in acquiring the necessary permissions to create vocational training sites and in implementing the training. The project aims in its pilot phase of nine months at testing its approach and raising funds for its continuation. It offers counselling of ethnic entrepreneurs on the regulations for vocational training, language courses both for ethnic entrepreneurs as well as for young trainees, a mentoring structure for supporting ethnic entrepreneurs in their interaction with the public institutions (vocational schools, Cantonal Office for Vocational Training), and supports ethnic entrepreneurs by providing funds for their participation in courses for vocational training sites and language courses.

Since many ethnic entrepreneurs or their executive staff lack the professional qualification required for offering vocational training, or have a qualification in a different branch than their current one, they need to pass courses for vocational trainers. The project supports selected ethnic entrepreneurs by financing these courses. It also organises the creation of vocational training associations among several small businesses of ethnic entrepreneurs, sharing staff with the certificates required for providing vocational training. During the pilot phase, an inventory of interested ethnic entrepreneurs is set up, the necessary resources for supporting these small businesses in setting up vocational training lots is evaluated, and typical problems are identified. Until September 2010, 12 vocational training slots for young adults with migration background could be realized, a major success for this programme created by migrants themselves which can be considered as a best practice.

5.3.6. Vert.igo

The centre vert.igo founded in 1996 is an institution in the neighbourhood of Grüna, a disadvantaged suburb of Zürich located between highways, the Limmat river and industrial areas. It has a large social housing stock built in the sixties and seventies with a high percentage of residents in a difficult socio-economic situation, a large part of them with a migration background. Unemployment and delinquency among youngsters are a serious problem in the neighbourhood.

The centre offers social work programmes for youngsters in the field of education, employment and development of the personality towards responsibility for the own life and a constructive interaction with others. It provides counselling for youngsters and adults with regard to employment, vocational training and education and offers opportunities for setting up their own small businesses within its framework and infrastructure, and is part of the regional network for social work with young people. The centre encompasses a series of small businesses in the branches of graphics and internet design, tailoring, wood and metal crafts, construction, canteen and the catering service, and hosts a restaurant and a socio-cultural meeting place. The services of these small enterprises are provided to the regular local market and are supported by mentors from the centre's staff. The centre aims at developing new approaches for the integration of marginalised groups and creating projects in this field, with a particular emphasis on disadvantaged youngsters with a migration background. It functions as a community centre of

the Grünaquartier, offering meeting opportunities, low-threshold counselling and leisure events with a socio-cultural approach.

The director of the centre is a psychologist with an Italian migration background and extensive experience as an ethnic entrepreneur in the construction sector. As a member of the Zürich foreigners' council, he was involved in setting up the project *Migration=Chance*. The pilot phase of the project is implemented by the vert.igo centre. The centre has established a network of about 80 ethnic entrepreneurs who are interested in providing vocational training for youngsters with a migration background. The programme *Migration=Chance* is an expansion of a vert.igo activity to found small enterprises in market niches and to cooperate with small enterprises, both functioning as integration measures for delinquent youngsters. These youngsters earn qualification in the programme. About 15 youngsters are accepted per year to the project. Out of the project, two to three start-up businesses are founded per year, supported by bank guarantees in the initial phase. These start-up entrepreneurs may use the infrastructure of the centre, and existing entrepreneurs who cooperate with the centre receive counselling and mediation services. The participation in the centre's programme is based on reciprocity: in exchange for the support provided, the entrepreneurs employ delinquent youngsters who are in an integration and re-socialisation programme funded by justice authorities and the social departments. Currently, there are 25 to 30 young adults with a record of criminal offences – many of them with a migration background - involved in the centres activities, ten of them in external businesses which cooperate with the centre. The staff costs for this programme are paid for by the reintegration funds, whilst the infrastructure costs of the centre are supported by its own business activities; currently, no public core funding is provided to the centre, which raises its income by services, projects and sales. With an annual turnover of CHF 2.5 million (€1.84 million), 26 qualified staff members are employed. The approach of this programme is to combine therapy, pedagogic interventions, integration into the labour market and education in a holistic concept, which has proved to be effective.

With the active involvement in the pilot project *Migration=Chance*, the centre aims at expanding the successful approach of integration of marginalised youngsters into the labour market by cooperating with entrepreneurs, some of them with a migration background, to counter the general challenge of unemployment and barriers to vocational training for youngsters with a migration background.

6. Summary and conclusion

The background situation of ethnic entrepreneurship in Zürich is very unique. The city has an old immigration tradition and a very high percentage of foreign citizens among its residents. Due to its migration history, the social situation of its population with a migration background is hour-glass shaped: there is a considerable proportion of highly skilled migrants working or being entrepreneurs in the third sector, in particular in financial services which are dominating the economy of the city. However, there is the classical migrant population formed by guest worker

families and refugees from the Balkans, who belong to the working class or are entrepreneurs in craftsmen professions, retail trade and gastronomy. This diverse character of its migrant population, the international orientation as a global financial centre, and the relatively good shape of the urban economy with a liberal tradition form a quite unique setting for policies and practices on ethnic entrepreneurship. The city commands an extensive experience with integration measures and policies, resulting in a certain avant-garde position of its municipal integration policy. Nevertheless, there is the context of a quite restrictive and exclusionary discourse at the national and regional level which affects the policy options of the city as well.

A particular feature of the city's integration policy is that both, the office implementing the municipal integration policy as well as the office for economic development, are attached to the Department of Urban Development. This structural situation could be a supporting factor for involving ethnic entrepreneurship in the city as a promoter for integration processes. However, the realisation of the cross-cutting character of integration policies among the municipal administration seems to be an issue which is still developing. In this context, the Integration Office developed a study on ethnic entrepreneurship which discussed both, a conceptual approach pointing out the relevance of ethnic entrepreneurs for the local integration policy, and an inventory of ethnic businesses in two city districts as an empirical example. Such conceptual and empirical work in this field can be considered as an important measure in itself.

Another interesting feature of Zürich is that several sectors of the local economy, in particular small businesses in construction, handicrafts, retail trade and gastronomy seem to be predominately run by ethnic entrepreneurs. The established local social partners seem to have ignored this development for a long time, in particular since they have been involved in protective practices favoured by a defensive and restrictive national discourse on migration and its effects on the labour market. This seems to have contributed to the establishing of parallel institutions such as ethnic business associations by the local ethnic entrepreneurs in some branches which start to compete with the traditional institutions still oriented towards the host society. However, this diversification of employers' associations and a certain lack of considering the needs of the population with a migration background by institutions that are highly relevant for the transition from the schools system to the labour market results in a difficult situation for the young generation with a migration background.

This led to a mobilisation of ethnic entrepreneurs as a resource for the integration of young people with a migration background into professional training and working life by a new approach created by the migrants' communities in Zürich themselves since the established institutions in this field seemed to be "sleeping deeply", as a local ethnic entrepreneur with extensive experiences in this sector pointed out. The pilot project *Migration=Chance* initiated by the Zürich foreigners' council proved to be particularly successful by applying new approaches to the critical situation of young adults with migration background in their transition from the educational system into a professional formation. This project designed and implemented by migrants themselves can be considered as an example for a best practice.



There is a multitude of smaller and larger projects, often in public-private partnership like the *Go!* project for providing micro-credits to start-ups which increasingly becomes relevant for ethnic entrepreneurs as well. There have been also neighbourhood-related programmes like *Langstrasse PLUS* which supported and expanded the role of ethnic entrepreneurship for the local economy and labour market.

Thus, one can observe a very active role of ethnic entrepreneurship in Zürich for both the local economy and the promotion of the integration of its population with a migration background. Local ethnic entrepreneurship became a relevant factor for the infrastructure of several neighbourhoods in the city. Engaged ethnic entrepreneurs are expanding their role for the professional formation of young adults from the communities, and they are closely cooperating with the established institutions, in particular the integration office of the city. In doing this, a significant part of the local ethnic entrepreneurship is providing an important function for the municipal society as a whole.

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List of persons interviewed

During the field visit, which took place in April 2010, the following experts were interviewed:

Auer, Nadine, Managing Director of the Consulting Centre “Go! Ziel selbständig”, Zürich

Aydin, Adnan, Founder and share owner of the bakery chain “Happy Beck”, Zürich

Bischof, Michael, officer of the Department Urban Development – Promotion of Integration

Böniger, Michael, Researcher at the Statistical Office of the City of Zürich

Gamboa, Alicia, officer of the “cfd - The feminist Peace Organisation”, Bern

Genova, Francesco, President of the Foreigners’ Council, Managing Director of the Vert.Igo project “Migration = Chance”

Gökdoğan, Erdogan, owner of the first “New Point” Kebap restaurant Langstrasse 205, Zürich

Hettlage, Raphaela, Programme Director Entrepreneurship Research Kaleidos

Kara, Tekin, owner of the new “New Point” Kebap restaurant Schmiede Wiedikon, Zurlindenstrasse 59, Zürich

Martarelli, Debora, Researcher, Zürich

Meier, Christof, Head of the Office Promotion of Integration in the Department Urban Development, City of Zürich

Ponzio, Donato, Director of the Zürich Specialist Department for Entrepreneurs, Department for Economics and Labour, Zürich

Reusch, Thomas, Researcher at the Statistical Office of the City of Zürich

Rodriguez, Roberto, Co-President of the “Second@s Plus” network, Zürich

Pax, Roxanna, Owner of “Networking for Jobs” training centre, Zürich

Seiler, Benno, Head of the Office for Economic Development in the Department Urban Development, City of Zürich

Süess Pérez, Andrea, Managing director of the Vinothek Santé AG, Birmensdorferstrasse 155, Zürich

Vieli, Rolf, Project Director “Langstrasse Plus”, Police Department Zürich

Wagner Eichin, Martina, Managing Director of the Association of Zürich Trade Firms

Zihlmann, Rene, Director of the Career Counselling Centre, City of Zürich