SOCIODEMOGRAPHIC CHARACTERISTICS AND MIGRATORY PATH OF PORTUGUESE ENTREPRENEURS IN LONDON

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Abstract

This study is part of a project that started in 2012, which addresses other European territories (Nice, Monaco and Andorra) and is funded by the Portuguese Foundation for Science and Technology. The goal is to examine, empirically—by using data collected from questionnaires conducted, in 2013 and 2014, within a sample of Portuguese entrepreneurs in London—the main socio-demographic characteristics of the Portuguese migrant entrepreneurs and their migration paths. From the results of this study, it can be concluded that the professional career path of these entrepreneurs in Portugal, and afterwards in London, was mainly in the ‘accommodation and food services’ sector, showing that there is a continuation in terms of professional experience and investment in this regard. The originality of this work

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is the study of the ethnic and economic emigration of Portuguese in London, which, until now, it was not enough researched and analysed. Given the increasing number and importance of entrepreneurs in this community, a more comprehensive knowledge of migrant entrepreneurship can help in promoting policies that encourage and sustain immigrant entrepreneurship in this country. Then, more specific data about Portuguese immigrant entrepreneurship are needed.

Keywords: Portuguese; Migrants; Immigration; Entrepreneurship; London

CARACTERÍSTICAS SOCIODEMOGRÁFICAS E PERCURSO MIGRATÓRIO DOS EMPREENDORES PORTUGUESES EM LONDRES

Resumo

O presente estudo faz parte de um projeto que foi iniciado em 2012, que se centra em vários territórios europeus (Londres, Nice, Mónaco e Andorra) e que é financiado pela Fundação para a Ciência e Tecnologia (FCT). O objetivo principal é analisar empiricamente - usando dados recolhidos a partir de questionários realizados, em 2013 e 2014, usando uma amostra de empresários portugueses em Londres - as principais características sócio-demográficas dos empresários imigrantes portugueses e os seus percursos migratórios. A partir dos resultados deste estudo, pode-se concluir que a carreira profissional destes empreendedores, desenvolvida em primeiro lugar em Portugal, e depois em Londres, foi principalmente no setor de "alojamento e alimentação", revelando que existe uma continuidade em termos de experiência profissional. A originalidade deste estudo é a abordagem da emigração étnica e económica dos Portugueses em Londres, que, até ao momento, foi pouco investigado. Dado o número crescente de empresários e a sua importância nesta comunidade, um conhecimento mais abrangente do empreendedorismo migrante pode ajudar na promoção de políticas que incentivem e sustentem o empreendedorismo imigrante neste país. Sendo assim, são necessários
dados mais específicos sobre o empreendedorismo imigrante Português.

**Palavras-chave:** Portugueses; Migrantes; Imigração; Empreendedorismo; Londres
Introduction

“Migrants contribute to the economic growth of their host countries in several ways, by bringing new skills and competencies and by helping to reduce labour shortages” (OECD, 201, p. 3). OECD’s International Migration Division has been highlighting not only those contributions but also the integration challenges that migrants face for several years already. According to OECD, one aspect that has received limited attention is migrants’ contribution to the economy of the host country through the creation of new businesses (OECD, 2010). OECD also points out the fact that although the traditional image of self-employed emigrants is that of ethnic business entrepreneurs in small shops, catering to their fellow migrants, partly reflects an existing reality, it does not provide the full picture of migrant entrepreneurship. One of the conclusions was that migrants create businesses in a wide range of sectors, not forgetting their roles in terms of innovation. Besides, their contribution to employment creation has been increasing steadily over the past decade (OECD, 2010).

As KLOOSTERMAN; RATH (2010) emphasized in their work, this transformation was in some measure the result of the higher levels of education obtained by many migrants, as well as driven by shifts that occurred in countries’ economic structures in the last two decades, which evolved from industrial to post-industrial economies. Consequently, the potential for self-employment opening up new paths for upward social mobility has further increased.

OECD’s International Migration Division has also been examining the characteristics of migrant entrepreneurs in OECD countries (MESTRES, 2010; KLOOSTERMAN; RATH, 2010; OLIVEIRA, 2010; PIGUET, 2010; PLANA, 2010; DRINKWATER, 2010; LI, 2010; FAIRLIE, 2010; BAYCAN-LEVENT, 2010; LOFSTROM, 2010; HATZIGEORGIOU, 2010; HUNT, 2010). Data gathered in OECD’s report shows that migrants are relatively more entrepreneurial than native citizens in the majority of OECD countries and create relatively more new businesses, although the survival rate of those businesses is often lower (OECD, 2010).

According to SIU; MARTIN (1992) and other authors (WALDINGER et al., 1990; FAIRLIE; MEYER, 1996; LIGHT; GOLD, 2000; RAJMAN; TIENDA, 2000; LIEBERMANN et al., 2013), entrepreneurship rates also vary depending on the country of origin of the migrant entrepreneur. OECD’s pointed out two reasons that explain this variation. Firstly, migrants from different foreign groups
have distinct characteristics with regard to skills and vocations. Secondly, migrants from certain countries traditionally have a higher percentage of entrepreneurs in their economies, and therefore, are more likely to establish businesses in the host country. For example, Asian migrants are more likely to become entrepreneurs in several OECD countries than most of their migrant counterparts (OECD, 2010). CHAND; GHORBANI (2011) have demonstrated this effect by using the specific example of the Indian and Chinese communities in the United States. They explain how they have different ways of starting and operating their businesses that are directly related to the differences in their cultural backgrounds (CHAND; GHORBANI, 2011). On the other hand, migrants from Latin America and the Caribbean as well as from African countries are less likely to become entrepreneurs (OECD, 2010).

Data from the Eurostat reveals that the evolution over time of self-employment by immigrants is not uniform among OECD countries. In fact, according to MESTRES (2010) there is no clear trend among the percentage of foreign and native-born over the last decade. In some OECD countries, the percentage of foreign-born self-employed – from the total of foreign-born employed citizens – declined slightly between 1998-2000 and 2007-2008. On the contrary, other countries have seen an increase in migrant entrepreneurship, for instance, in the Netherlands, Austria and Germany (MESTRES, 2010). That growth is due to some degree a result of the implementation of several initiatives to encourage entrepreneurship (CALIENDO; KRITIKOS, 2009).

Furthermore, as pointed out by Kloosterman; Rath (2010), the qualitative shift from low-value to high-value added businesses taking place among some parts of the migrant population have emphasized the potential significance of migrant entrepreneurs for the national and in particular for local economies in the host countries. According to the authors, given their strategic importance in the integration of migrants in the host countries and the potentially significant contribution to the economies of these countries, migrant entrepreneurship scores high on policymakers’ agendas across the OECD member states (KLOOSTERMAN; RATH, 2010). These findings highlight the importance of studies on migrant entrepreneurship as a means to promote policies that favour new business for migrants.

A significant amount of research has been conducted on migrant self-employment. Despite the work done on the 'ethnic niche' or 'ethnic economy', there is still few empirical research on Portuguese migrant entrepreneurship. Research on Portuguese immigration has
mostly focused on migration flows, return migration, and Portuguese migrant communities’ social integration in host countries. A significant number of studies has been conducted on these topics over the last few years (e.g., MADEIRA; MEDEIROS, 2004; FERREIRA, 2009; GONÇALVES, 2009; ARROTEIA, 2010; ROCHA-TRINDADE, 2010).

Another research gap lies in the fact that the community of Portuguese migrant entrepreneurs in the United Kingdom, more specifically in London, has not been studied before. This study aims to examine, empirically the main socio-demographic characteristics of the Portuguese migrant entrepreneurs in London and their migratory paths until they became entrepreneurs, using data from survey questionnaires. This, not only, allows an understanding of their professional situation before and after they immigrated to London and established their businesses, but also to understand their education level and entrepreneurial background. Thus, two central questions guide the research:

1. What is the profile of the Portuguese migrant entrepreneurs?
2. What was their migratory path before becoming entrepreneurs?

As a result of the significant number of observations, it is possible to analyse the labour market performance of a relatively small group such as the Portuguese migrant entrepreneurs in London. The original feature of this paper is the study of a largely under-researched ethnic economic community. In this study, we define the migrant entrepreneur as the person responsible for setting up his or her own business and for its corporative management.

This study is part of a broader project, which extends to other European territories, namely Nice, Monaco and Andorra. It was funded by the Portuguese Foundation for Science and Technology and started in 2012. In the first section, the article explains the theoretical background, including the history of Portuguese migration and entrepreneurship. The materials and research methods are described in section two. Section three provides a profile of Portuguese migrant entrepreneurs in London and their migratory evolution. The profile covers the characteristics of migrant entrepreneurs in terms of occupation, gender, education, age, country of origin, and number of years in the host country. Finally, in section four, conclusions are drawn from the results and limitations of the study and future research suggestions are highlighted.
Contextual background – Portuguese migration to the United Kingdom and entrepreneurship

Portugal has a long history of immigration, and for a long time Portuguese former colonies were the main destination. However, freedom of mobility was a right denied to the Portuguese during most of the twentieth century and it was only possible when the Democratic Revolution in 1974 took place (BAUER et al., 2002).

According to BAUER et al. (2002), the majority of Portuguese migrants moved to Brazil in the decade of 1950 (237,000 of a total of 350,000). However, after the immigration law was revised in 1962 (Laws 44.427 and 44.428), bilateral agreements were signed with the Netherlands and France in 1963 and with Germany in 1964 (RIBEIRO, 1986). As a result, immigration increased to more than 797,000 people between 1960 and 1969, with Europe becoming the main destination. 23% of the Portuguese migrants went to Germany in this period and 57% to France. Brazil accounted for less than 2% of the total number of emigrants (BAUER et al., 2002).

Migration to the United Kingdom started in the 1960s but it was not relevant until the 1990s, when Brazilians and Angolans with Portuguese passports immigrated in large scale to this country (FONTES, no date).

One might argue that the large immigration flows from Portugal in the 1950s and 1960s can be explained by political reasons (BAUER et al., 2002). However, according to BAUER et al. (2002), this does not seem to explain it. According to several authors (SERRA, 1975; MURTEIRA, 1965; PEREIRA, 1994), economic motives seem predominant for most of the Portuguese immigration.

Among recent literature on ethnic minorities’ self-employment in the United Kingdom, strong evidence was found to support the idea that low earnings from paid-employment push ethnic minority workers into self-employment, especially for less educated individuals (DRINKWATER, 2010). Another finding which contrasts with the situation observed in other OECD countries was that in the United Kingdom the probability to be self-employed is significantly lower for people from ethnic minority groups living in ethnic enclaves. Those results suggest that local economic conditions have an important role on rates of entrepreneurship among ethnic minorities in that country (DRINKWATER, 2010).
Material and research methods

Our research focuses at Portuguese migrant entrepreneurship in London, more precisely, in the areas where the majority of the Portuguese community is located: South Lambeth, Nothing Hill, Camden Town and Victoria. The selection of companies was firstly, based on the Portuguese Business Directory in the United Kingdom (Portugal in UK, 2013-14). The “snowball effect” also had a major role in the selection of companies, with questioned entrepreneurs mentioning other Portuguese businesses in the local area. Some other companies were found just by walking around. Due to the scarce listings and documentation of the total population universe of Portuguese entrepreneurs, the sample under study is therefore of convenience, and not representative of the whole population.

The fieldwork consisted of face-to-face questionnaires conducted to entrepreneurs at their workplace. The questionnaire focused on the characterization of Portuguese migrant entrepreneurs and their migration path. The questionnaire was composed of 65 questions, separated by five sections, resulting from adjustments done to pre-tests undertaken in August 2012. On average, each questionnaire took one hour to be completed. In the end, data were collected and released at an online platform, and later analysed, quantitatively, with IBM SPSS Statistics 20.

35 entrepreneurs answered the questionnaire in 2013 and 16 others in 2014, with a total of 51 surveys. The second round of questionnaires resulted from the need to increase the volume of the 2013´s sample, and, as a rule, entrepreneurs were contacted by phone to schedule an appointment.

Results

Socio-demographic characterization of the Portuguese entrepreneurs in London

Emigration has become one of the most important phenomena of the Portuguese society, from either a socio-economic, political or cultural standpoint. Portugal has embedded in its genetic blueprint the fact that it is a nation of immigrants. This factor becomes crucial to understand the country’s identity, as if being an emigrant has the same meaning of being Portuguese. In turn, one cannot understand the migrant community without looking at how their individuals interact culturally. In the words of BERGER and LUCKMANN (1985), "identity
is a phenomenon that derives from the dialectic between the individual and society, that is, identity establishes the link between the person and its environment. Therefore, identity, as an inconclusive dynamic process, relies on the anthropological primary concept, i.e. culture.

With this in mind, let's see who are these immigrants, their integration in local culture and their entrepreneurial characteristics.

Table 1 briefly presents some socio-demographic variables such as the gender, age and education level of the 51 individuals that comprise our sample.

The results from Table 1 point out that 71% of the Portuguese migrant entrepreneurs under study are men and 29% women. Nevertheless, most men are aided by their wives in running their business.

In terms of their age at time of the questionnaire, most were within the range of 42 to 49 years old, representing 38% of the total sampled population. The age groups ranging from 34 to 41, and 50 to 57 years old, represented 32% and 12% of the questioned entrepreneurs, respectively. The age group with the lowest representation (2%) is the 18 to 25 years old group. The average age of the entrepreneurs is 43 years old (S.D. 9.19).

The entrepreneurs are predominantly natural from Madeira (37%), and the North (22%) and Centre of Portugal (26%). From the conducted questionnaires, it was also possible to conclude that at time of their migration to London, the majority of the entrepreneurs departed from their home towns.

With regard to their education level, 29% have completed primary school (first to fourth grades), 29% have achieved the second stage of basic education (fifth to sixth grades), 14% have achieved the third stage of basic education (seventh to ninth grades) and 18% the secondary school. Few obtained a higher education degree: 4% completed a Master’s degree and 6% a full degree.

Despite their educational level, 40% have taken complementary training. Restaurant, catering and tourism sector (31%) is the first most chosen sector, followed by hairdressing and aestheticians (19%), accounting, finances and administration (19%) and law (12%). Schools, followed by training centres and workplaces, are the most frequent places to take complementary training.

58% and 37% of the entrepreneurs have used, respectively, personal and state resources to pay for their training studies. Few resorted to private entities, such as banks (5%).
Table 1: Socio-demographic variables of the sample of Portuguese emigrant entrepreneurs in London

<table>
<thead>
<tr>
<th>Variable</th>
<th>%</th>
<th>Variable</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td>Birthplace</td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>71</td>
<td>Alentejo</td>
<td>7</td>
</tr>
<tr>
<td>Women</td>
<td>29</td>
<td>Algarve</td>
<td>2</td>
</tr>
<tr>
<td>Age range</td>
<td></td>
<td>Centre</td>
<td>26</td>
</tr>
<tr>
<td>18 to 25</td>
<td>2</td>
<td>Madeira</td>
<td>37</td>
</tr>
<tr>
<td>26 to 33</td>
<td>6</td>
<td>North</td>
<td>22</td>
</tr>
<tr>
<td>34 to 41</td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>42 to 49</td>
<td>38</td>
<td>Training courses</td>
<td></td>
</tr>
<tr>
<td>50 to 57</td>
<td>12</td>
<td>Accounting, business management</td>
<td>25</td>
</tr>
<tr>
<td>58 to 65</td>
<td>6</td>
<td>Restoration, catering and tourism</td>
<td>33</td>
</tr>
<tr>
<td>66 to 73</td>
<td>4</td>
<td>Hair-dressing and aesthetics</td>
<td>25</td>
</tr>
<tr>
<td>Educational attainment</td>
<td></td>
<td>Language courses</td>
<td>8</td>
</tr>
<tr>
<td>1º stage of basic education</td>
<td>29</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>2º stage of basic education</td>
<td>29</td>
<td>Training places</td>
<td></td>
</tr>
<tr>
<td>3º stage of basic education</td>
<td>14</td>
<td>Training centres</td>
<td>15</td>
</tr>
<tr>
<td>Secondary school</td>
<td>18</td>
<td>Workplace</td>
<td>15</td>
</tr>
<tr>
<td>Degree</td>
<td>6</td>
<td>School</td>
<td>60</td>
</tr>
<tr>
<td>Master</td>
<td>4</td>
<td>Employment centre</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>5</td>
</tr>
</tbody>
</table>

Migration path of Portuguese emigrant entrepreneurs in London

The first migration flow to London occurred between the decades of 1960 and 1979 (14%), but it was in the period from 1980 to 1999 that the highest migration flow was registered (60%). Nevertheless, migration flows still happened after 2000, but with less expression, registering a flow of 20% between 2000 and 2007, and of 6% from 2008 onwards.

Although the migration flow to London (72%) is the most representative one, a number of entrepreneurs migrated to other countries before arriving to the United Kingdom (28%).

82% of the entrepreneurs have family members that have also migrated. From these, 44% had already migrated to the United Kingdom, 21% to France, 18% to Venezuela and 15% to Switzerland. This somehow explains the willingness of these Portuguese entrepreneurs to migrate, especially to the United Kingdom. In fact,
when questioned about the main reasons for their choice, 50% answered that they already had relatives in the United Kingdom. In turn, 65% said to have helped the emigration process of family and friends, that shows, once again, a strong bond between family members who have already emigrated and those who intend do it.

When asked about their future in Portugal, 60% replied that they intend to return to Portugal, but most of them, only after retirement age (47%).

**Professional situation before migration to London**

With regard to employment situation prior to emigration, over one third of our sample (37%) worked for others, 18% were self-employed, 27% were students, 12% were unemployed, 4% worked in family businesses with no salary and 2% were in the military.

Immediately before these entrepreneurs moved to London, those who were active were working mainly as bartenders and waitresses (20%), as hairdressers (10%) and as sheet metal workers (10%).

Merely 18% of the entrepreneurs stated that they had created a company in Portugal prior to emigration. This means that, for the majority of the entrepreneurs, establishing a business only happened when they moved to London. This probably occurred because they saw in London a favourable opportunity for a ‘niche business’. Among the entrepreneurs that have created a business in Portugal, the main activity sectors were the ‘wholesale and retail trade and repair of motor vehicles’ business sector (44%) and the ‘accommodation and food services’ sector (22%).

**Professional situation after migration to London**

There are many and complex reasons that lead to emigration, but in the case of our sample, when asked about the three main reasons, half (50%) stated as the first reason the fact that they already had family and friends in the country of destination. The second and third reasons for emigration were quite dispersed, the most noticeable ones being the search for better living conditions and being at ease with the local language (16% each).

If the reasons to emigrate are many, it is not surprising that the sectors where these emigrants began to work when arriving to the country of destination are also quite varied. Among the most
mentioned professions, we find 36% working in the cleaning sector (private homes, hotels and offices), and 26% as waiters and bartenders.

For their first job, 76% of the entrepreneurs had a non-Portuguese employer, whereas, 16% had a Portuguese employer. The remaining 8% started to work immediately as self-employed and created their own businesses.

Even if only 8% of the emigrants immediately created their own jobs on their arrival to the country, the will of most of them was to evolve as soon as the opportunity came, a truth that becomes evident when asked about their current status in employment: 100% are currently self-employed. This evidence of the entrepreneurial capacity of Portuguese emigrants becomes even more significant when 82% currently have employees working for them, which reveals that the entrepreneurial activity is vital not only for the emigrant entrepreneur that sets up his or her own business, but also as a source of jobs for others, an attitude that stimulates both the creation of other businesses as well as commercial relations and the economy in general.

When entrepreneurs decided to create their current businesses, 82% of them were employees, whereas 14% were employers with employees and 4% were self-employed without employees. Their main business sectors are the ‘accommodation and food services’ sector, with 56%, followed by the ‘wholesale and retail trade and vehicle repair sector, with 12%. For 53% of the entrepreneurs, the main reason for choosing their business sector is intrinsically linked to a previous vast professional experience in that particular activity. The less important reason given by 38% of entrepreneurs was the easiness in carrying out the activity.

Regarding the year of the creation of their businesses, most companies started after 2000. 42% created their companies between 2000 and 2007, and 38% between 2008 and 2013. 41% of the entrepreneurs founded their companies at the age range of 26 to 33 years old and 31% at the age range of 34 to 41 years old.

**Participation in associations and future horizons**

Participation in associations is often understood as a dialogue platform that powers both the capitalization and the foresight of the individuals who resort to them. In other words, being a member of an association can be a way to build trust and openness to others, so it could be a factor of personal, professional and even organizational growth. Based on the data of our study, it seems that most individuals (73%) have no associative participation. For the remaining
entrepreneurs, associations with the greatest number of members are related to culture (45%) and sports (35%).

The weak associative participation may help to explain the relatively scarce plans of business expansion on the part of the emigrants under study, since only 59% expressed this will. Besides, although the majority (60%) showed an explicit intention of returning to Portugal, only 18% reported wanting to develop an economic activity at their country of birth.

Conclusion

This study is part of a wider project, which extends to other European territories (Nice, Monaco and Andorra) and is funded by the Portuguese Foundation for Science and Technology. The project started in 2012.

The objective of the study is to examine, empirically – by using data collected from questionnaires conducted to a sample of 51 Portuguese entrepreneurs in London – the main socio-demographic characteristics of the Portuguese migrant entrepreneurs and their migration path.

The Portuguese entrepreneurs came mainly from Portuguese rural areas, and most of them do not have a high level of education. The majority were working as bartenders and waitresses before they migrated and those who were employers have created their own business in the ‘accommodation and food services’ sector. From the results of this study, it can be concluded that the professional career path of these entrepreneurs in Portugal, and afterwards in London, was mainly in the ‘accommodation and food services’ business sector, showing that there was continuity in terms of professional experience and investment in the area of knowledge and expertise.

The fact, that some of these entrepreneurs already had relatives in the United Kingdom, contributed to their migration to this country. When asked about their future in Portugal, the majority of the entrepreneurs replied that they aim to return to Portugal, but for most of them, just after retirement age.

The relevance of this work lies in the study of the ethnic and economic migration of Portuguese entrepreneurs in London. This study provides an example within a specific context – London, the United Kingdom. However, the relevance of this study is beyond the London context and can be the foundation for other studies of Portuguese migrant entrepreneurship, as well as to establish a comparison with other Portuguese communities. Given the size and
importance of the entrepreneur in the Portuguese migrant community, a more comprehensive knowledge of migrant entrepreneurship is needed to help promoting policies that encourage and sustain migrant entrepreneurship in the United Kingdom.

Lastly, it is important to emphasize the fact that London is a difficult territory in what concerns to conducting questionnaires, adding to the fact that the team members that applied the questionnaires do not live in London. These facts have contributed to the difficulty in increasing the volume of the sample.

References


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