Case Study on Migrant Entrepreneurship

PRAGUE

Authors:

Dita Čermáková, Josef Kohlbacher

Institute for Urban and Regional Research, Austrian Academy of Sciences

Postgasse 7/4/2, A-1010 Vienna

Wyattville Road, Loughlinstown, Dublin 18, Ireland
Telephone: + 353 1 2043100, Fax: + 353 1 2826456

Foreword

In 2006, the European Foundation for the Improvement of Living and Working Conditions, the Congress of Local and Regional Authorities of the Council of Europe, and the City of Stuttgart created a European network of Cities for Local Integration Policies for Migrants (CLIP). The project aims at collecting and analyzing innovative policies and their successful implementation at the local level, supporting the exchange of experience between cities. The network enables local authorities as well as national and European policymakers to learn from each other and thus to pursue more effective integration policies for migrants.

Starting with module 3 the CLIP network is now supported by six migration research institutes in Bamberg (coordinator), Amsterdam, Wroclaw, Turin, Swansea and Vienna. The researchers at the Institute for Urban and Regional Research of the Austrian Academy of Sciences in Vienna are responsible for this report on Vienna.

An enormous effort has been undertaken to collect all the necessary data for this report. Basic information for this case study was provided by Mrs Pavla Novotná from the Department for Asylum and Migration Policy of the Ministry of the Interior and by Mrs. Ing. Veronika Surŷnková from the Ministry of Trade. To both officials we are very thankful for the precious support and the valuable suggestions which we have got. A lot of information could be gathered in a round table meeting at Prague City Hall, Department of Trade License and Civil-Administration Department. This meeting was lead by the Director of this Department, Dr. Eva Novaková, who provided us a lot of convincing data material. We are very closely obliged to Director Eva Novaková and Mgr. Tatiana Kunštátová the representative of City district of Prague 1, Department of Trade License and JUDr. Jaroslava Perlíková, Director of Section of Law in Department of Trade License and Civil-Administration Department at Prague City Hall. This Department is responsible for decisions and measures in the context of migrant business. Furthermore we want to express our appreciation for the good mood of cooperation to Professor Dušan Drbohlav, PhD, from the Charles University, Institute of Geography, and Director Zdeněk Uherek, PhD, from the Czech Academy of Sciences. A lot of information could also be gathered in a meeting with Viktor Rajčinec from the Czech Ministry of Finance who is also the official Chairman of the Ukrainian immigrant community and editor of the Ukrainian magazine "Porohy". Last but not least we thank the migrant entrepreneurs who agreed to be interviewed by us. A list can be found in the appendix of this report.

1 Introduction

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

The study focuses on the emergence of ethnic entrepreneurs in the sectors and cities involved and the role of governmental and non-governmental regulation in it. The basic research questions are:

A. What are the characteristics of the urban economy and which openings have emerged in a number of cities since 1980?
B. What kind of profiles of ethnic entrepreneurship can be identified?
C. What state and non-state rules and regulations govern the SME *sector* in general and the ethnic SME sector in particular at the national and local levels and how have they shaped ethnic minorities' self-employment trajectories?

As in the previous modules of CLIP a mixed methodology of data acquisition was used. Statistical data were gathered from the Czech Statistical Office (Český statistický úřad, ČZSO) and from the Municipality. The interviews with the entrepreneurs and also those with some representatives had to be made in Czech language.

Throughout all sectors of industry, entrepreneurs with immigrant parents or immigrants themselves have nowadays become an established and important part of Prague's business life. But there is even more: they also improve the variety of products and services, look after supply structures and strengthen the business location with their cross-border contacts. For Prague's economy, entrepreneurs with an immigrant background are crucial, as they bring in their international roots and intercultural experience. They provide an invaluable contribution to the good networking of the city within an increasingly global world economy.

2 Background information of the city

On January 1, 2006 Prague had 1,181,610 inhabitants. This means that the population has increased since the 31st December 2004 when 1,165,581 inhabitants were counted, by about 16,000 persons. Prague covers an area of 496 square kilometres which is only 0.6% of the CR’s territory. It represents about 11% of the country’s population and is more than three times bigger than Brno, the second largest city in the country. Prague has always been a crossroad of different nationalities and a center of different cultures that has respected and supported diverse and inherent habits, traditions and languages of different cultures. Prague’s attitude towards national minorities is based on historical experience and on scientific and political findings. Thus, Prague respects all minorities’ own history, their own philosophical and ethical attitudes to life and to social relations and their legal effort to preserve and develop their own identity. Prague believes that such a straight, helpful and positive attitude towards national minorities living in Prague will be perceived as a long-term conception to build equal relations among all city inhabitants.

Thanks to own cultural values and university capacities Prague has always offered lots of possibilities for studying and experience building for many famous Europeans who used these opportunities not only for the sake of their own nations, but as well for enhancing friendly relations with Prague.

Many of once students or temporary residents in Prague have settled permanently due to different historical twists or political events. Thus, former foreigners and immigrants became in many cases citizens and nowadays they do participate on value-building concerning life of the capital city. Prague via its policy creates favorable conditions for a dignified integration of its new citizens, who are members of a national minority, into integral city-system.

Prague became place of a real help to members of many European nationalities who were, due to catastrophic social events, persecuted in their home country – in the 19th century Prague helped Bulgarians fleeing from Turkish danger, in the 20th century Prague helped Ukrainians and Russians emigrating from the menace of Soviet regime, Jews and Germans threatened by fascism and Greeks fleeing from civil war in 1947. This assistance was mainly facilitated by a systematic support from democratic state administration and local government of the First Republic, as well as by democratic attitudes towards national minorities. Present-day Prague would like to build its policy on these traditions.

Prague is the capital and the largest city of the Czech Republic. It is a natural centre of politics, international relations, education, culture and economy. Prague is also an important city of Central Europe. This fact has become important again especially since the beginning of the 1990´s, when barriers in relationships among states, regions and towns of Eastern Europe and the West that have arisen during the previous decades were being eliminated on the Continent. On 1st May 2004, the Accession Treaty of the Czech Republic with the European Union started to be valid and thus the Czech Republic together with other nine countries integrated in the geopolitical space of Europe, which was newly formed.

Prague with its population ranks ninth among the 25 EU Member States and compared to the big metropolises of the European Community it ranks fourteenth. Within the EU, the Capital City of Prague as one of the most attractive historical European cities has an extraordinary role and in 1992 namely its historical centre was added to UNESCO´s World Heritage List. All these aspects are reflected in the specific character and position of Prague as one of the regions of the CR.

As a region, it accounts for a disproportionately high share of the country's gross domestic product, with above-average incomes and a very high rating and interest on the part of entrepreneurs. But it is also the region that suffers the most in terms of environmental impact, high energy consumption and huge increases in road traffic that are often beyond the city's ability to cope, particularly in the summer months.

From the economical point of view, the City of Prague has a unique position. The region generates more than a quarter of the nationwide GDP (in 2002 it was 25.7%). In GDP per capita, the CR actually reaches about 60% of the EU Member States average, but in the case of Prague the regional GDP per capita since several years already exceeds the EU average by more than a fifth. The high level of this indicator is typical for a metropolis as Prague. It is influenced by determinants that are closely related to economic conditions in conurbations. These factors are the different economic structure in contrast with other regions, a high level of wages, but also a considerable commuting from many other regions in the CR and abroad as well as the location of the headquarters of many major economic actors in town.

The population of Prague directly corresponds to the territorial changes. The gradual enlargement of the urban space caused an increasing number of inhabitants. However, the population of the City of Prague regularly increased, when calculated for the current territory also due to its own demographic development. It is a traditional characteristic of the population situation in Prague that there is an increased share of the population in productive age and a relatively low share of children. Related to this is also the tendency of natural population development. In the period 1980-2005 Prague reported higher numbers of deaths than births and thus the population decreased as a result of natural population development. This trend changed in 2006 and now Prague, as the rest of country, enjoys a natural increase. Already since 1979, any increases in Prague's population have been related solely to net migration. Net migration was always so high that it compensated population losses due to natural population changes. In 1994, the capital recorded for the first time a total annual decrement of population; the net migration was so low that it did not cover the continuously increasing population loss due to natural change. The decrease of Prague´s population continued till 2002. Since 2003 there is a growth, untill 2005 just thanks to migration and since 2006 also because of a rising natural rate. The unfavourable demographic development of the entire CR due to the age structure of the population is reflected in the capital with marked intensity. Besides a new migration tendency comes on top of that consisting in an outflow of Prague inhabitants to the outskirts of the city (suburbanisation).

When Prague as such is judged in its historical context, one has to say that its population grew very noticeably. From the end of the 18th century to the beginning of the 21st century the population of Prague grew almost eight times on the territory that belonged to Prague at that time; the amount of 1 million was exceeded in the 1961 census. Looking at the results of periodic censuses that were carried out regularly every ten years (with the exception of the Second World War), one can see that Prague's population increased 4.5 times from the first census (1869) to 1991 Census in which the biggest number of inhabitants was counted (all that calculated for the same territory). The natural increase in population, regularly monitored by demographic statistics, was negative only during World War I and the economic depression in the 1930s; nevertheless since 1957 until now this has also been the case (with the exception of the baby boom years 1973–79).

From 1991 to 2001 Prague's population decreased for the very first time since censuses have been made. According to the 2001 Population and Housing Census, the number of inhabitants (1,169,106) was even lower than in 1980. During the last seven years, Prague's population was slightly increasing again. The increments resulted from migration, namely from migration of persons in their productive age, who move to Prague especially due to the manifold job opportunities.

The Středočeský Region, for example, has changed from a source region to a target region of migration. From 1998 to 2001, the population was even decreasing due to migration. Since 2002 the net migration of Prague was positive again. This turn was caused, however, especially by the fact that since the 2001 Population and Housing Census also foreigners with long-term residence were included in the total population. The considerable mobility of foreign nationals moving for work is the causal factor of a high gross migration. Most migrants did not come from other Czech districts but were foreign nationals. Resulting from the labour migration to the capital is thus both an increase in the number of foreign nationals in the population and also a shift in the population structure.

An increasing share of population in productive age and a traditionally high share of the oldest age cohorts were the causes of an increasing average age which was the very highest among all regions of the CR. Also some shifts in the distribution of the three main age groups (0–14, 15–59, and 60+) are to a certain extent related to the local labour market. Permanently increasing is the share of the age group 15–59, who are economically active. The share of children under 15 as well as the number of inhabitants over 65 are decreasing. During the last years older inhabitants more often move to villages to find cheaper and healthier living there. Living in Prague's surroundings becomes also an attractive option for young families with children.

The period 1993–2000 was characterized by a decline in the number of permanent residents. The negative population growth was further aggravated by declining migration, which in the years following 1998 turned into a net migration outflow – the region of Central Bohemia has itself become the target, instead the source of migration. It was as late as 2002 that the inflow of migrants moderately surpassed the outflow, with the major reason being the inclusion of long term-staying foreigners in the statistics. Between the last two censuses the number of foreigners with long-term or permanent residents' status rose pointing to more ethnic diversity as it is already usual in the cities of Western Europe.

Centuries of construction gave rise to an exceptional integrated architectural complex, unique in the world as regards to its size and the concentration of cultural heritage. Different architectural styles mingle and intertwine here, and their symbiosis creates the city's unique atmosphere. The most valuable part of the city's centre was declared the Prague Heritage Reserve in 1981, which was included in UNESCO's world cultural heritage list in 1992. The western districts are situated on the left side of the Vltava (Moldau) river. Nowadays, the central part of Praha 5, Smíchov, is gradually changing. On the areas of the older development and former factory halls, several shopping and administration centres were built, which changed the character of this part of Prague that became an important continuation of the city centre on the left bank of the Vltava river. One of the complexes is called Zlatý anděl ("Golden Angel"), after the house "U zlatého anděla", which used to stand in this place. Another complex is called Anděl City.

On 1st January 2009 Prague had 1,233,211 inhabitants of which 141,841 were foreigners. The demographic development of the Czech Republic is still more and more influenced by persons of foreign origin who live permanently or long-term in the Czech Republic. It is necessary to take into account the growing share of foreigners on the total population of the Czech Republic and in Prague as well because the capital offers the most comprehensive job opportunities all over the country. The increasing share of immigrants influences not only the labor market but brings within diverse lifestyles and cultures as well as different types and levels of education. Considering the fact that persons in working age represent a high percentage among the immigrant stock, it is obvious that the immigrant population has/will have children in school age that are/will be participate/-ing in the Czech education system.

According to Czech Statistical Office about 43% of all foreign nationals in 2005 have settled in Prague. The biggest groups represent citizens of Ukraine, Slovakia, Vietnam, Russia and Moldova. In the year 2005 alltogether 40,482 persons migrated to Prague (of which 25,203 came from abroad). On the other hand 28,713 inhabitants emigrated from Prague of which some 10,997 have gone abroad.

According to Population Census 2001 93.4 % of the population of Prague were ethnic Czechs. The second important nationality was Slovak (1.6%). Other national minorities constituted only small percentages. Concerning the Slovaks one has to say that their number is largely underestimated because in reality they are the 2nd largest group among the residential population. This is a fact which is widely unrecognized by the majority population because of the degree of assimilation and the influential social networks of the Slovaks.

However, since there was no obligation to fill in one´s "nationality" in the Census questionnaire, it is likely that many people did not declare their national identity. Statistical data concerning the nationality, as well as other demographical data sets are thus seen only as a subordinate tool in the national minorities' issue. To illustrate this fact one can take the underestimated number of Roma as an illustrative example. According to Census 2001 only 653 inhabitants of the capital stated that they were Roma. According to scientific estimations, however, there were 20,000 to 25,000 Roma living in Prague. The majority of the Roma lives in the districts 3, 4, 5, 7, 8, 9, 10, 13 and 14. Representatives of all other national minorities also point out to the numerical underestimations in the Census 2001.

In 2005 the total number of foreigners in Prague was 90,209 of whom 7,530 were in the age between 0 and 14 years, 80,445 from 15 to 64 years and 2,234 were 65 years or older. Thus, the age structure of the immigrant population is dominated by young and middle-aged people. The foreign population consisted of 25,631 permanent residents and asylum seekers and 64,578 temporary residents. The number of EU citizens was 23,773. Of the foreign population of Prague (Source: Czech Statistical Office) 30,748 came from the Ukraine, 14,267 from Slovakia, 8,646 from Russia, 5,004 from Vietnam, 2,581 from China, 2,373 from the USA, 1,959 from Germany, 1,746 from Poland, 1,627 from Bulgaria and 1,233 from Moldavia. There were also many smaller national groups existent.

From the perspective of integration one has to say that the Vietnamese constitute a quasi-segregated community. Their Czech language knowledge is usually only very poor and limited to a level which is absolutely necessary to run their business (Ezzeddine-Lukšíková et al. 2005). Among the Ukrainians the proportion of temporary labour migrants is extremely high. Their main intention is to earn as much money as possible and then they want to return to their country of origin if this is manageable because of economic reasons. From socio-economic point of view they belong to the lower stratum of society (Ezzeddine-Lukšíková et al. 2005). One fact which is often neglected is that western elite migration is also not integrated into Czech society but lives extremely segregated in occupying the expensive housing and business stock in the city center (see also Bürkner 2000).

On the local labour market 107,578 foreigners were active in 2009. 78% or 84,744 persons (of whom 37% were women) were registered at the labour offices. 22% or 22,834 persons (31% women) had a trade licence. In addition 28,092 foreign workers from EU countries were counted.

Prague is the seat of the top-level legislative, administrative and political bodies of the country – the parliament, the government, and the president of the Czech Republic – and the most important social, cultural and educational institutions reside here. Pursuant to the Act of the Czech National Council on the Capital City of Prague, the city is a statutory town what means, that its status is determined by special legislation. It is both a region and a municipality. It is administered by the bodies of the Capital City: the Assembly of the City of Prague, the Council of the City of Prague and the Prague City Hall. For state administration purposes Prague is since 2001 divided into 22 administrative districts, from the point of view of self-government it consists of 57 autonomous city districts with own elected bodies. Furthermore the city comprises 112 catastral areas.

The city districts join together for administrative purposes and form so called "self-governing districts". There were 10 of them until 1994, afterwards the city was divided into 15 districts and later on into 22. For statistical purposes, these are at the same time units at the NUTS-4 level, being counterparts to districts ("*okresy*") outside the capital. This division was also valid at March 1, 2001, the date of the last Population and Housing Census. The city districts are significantly different in their structures. There are districts with the distinct character of the urban centre, others are prevalent residential areas with a housing stock dating back to the 1920s and 1930s, districts of chiefly industrial nature, neighbourhoods of high-rise housing estates, and suburban areas which were formerly of a rural type and gradually connected to the capital. There is considerable variation in the level of urbanisation, in population density, the quality of technical infrastructure and socio-economic conditions of life of their inhabitants. The population size is also very different. While the residential population of two districts account for more than 100,000 each, 18 districts comprise less than 2,000 inhabitants each, of which four have less than 500 inhabitants.

Immigration has influenced the demographic profile of the Czech Republic rather in terms of the overall numbers than of structural parameters. The most significant impact is tied to the size of population. The Czech Republic experienced a natural decrease between 1994 and 2005 and only thanks to the immigration the decrease was lower. Between 2003 and 2005 the immigration saturated the natural increase and therefore there was a population growth apparent. The gender structure of immigrants is not proportional. Women now comprise 40% of immigrants. The foreigners´ share on the natural reproduction in the Czech Republic is lower than that of the majority population.

3. The urban economy in general

3.1 Historical development of urban economy

During the 1980s Prague was a communistic city and urban economy corresponded to this political situation. Private enterprises did not exist officially. About half of the employees were working in industry. After the collapse of the communistic regime in 1989 the city went rapidly through a socio-economic transformation process. In this process SMEs gained rising importance as everywhere in the transformation economies of Central and Eastern Europe (Smallbone & Welter, 2006; Welter, 2000; Welter & Smallbone, 2004).

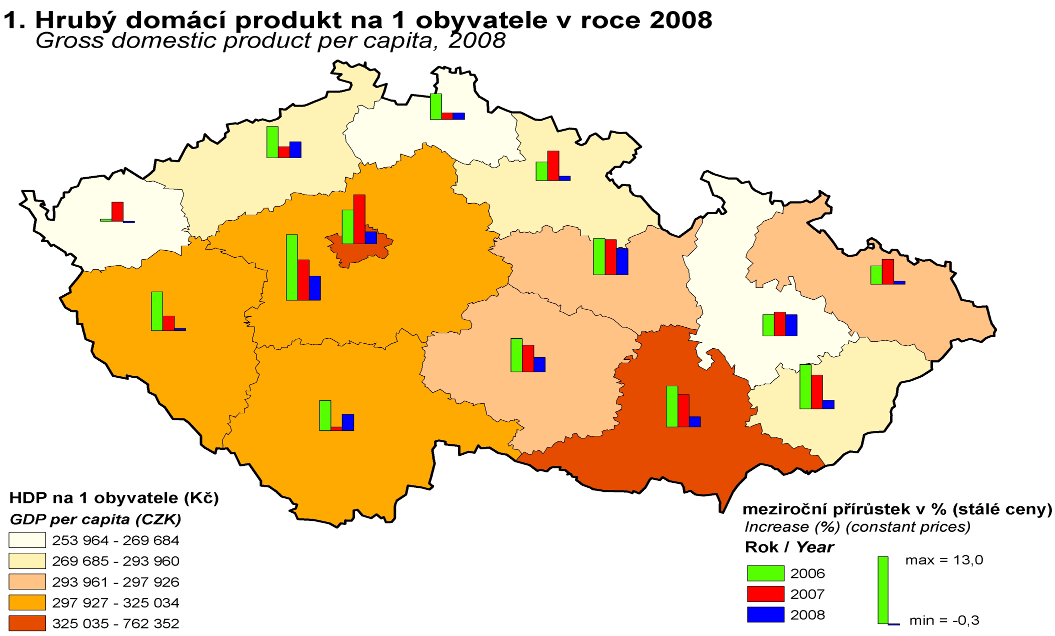
During the first years of the 1990s enterprises which were formerly owned by the state were sold or transformed to private companies. The economic transformation in Prague was characterized by a decrease of the employment in the production sphere and a considerable enhancement of the service sphere. Many large manufacturing industries were closed down. The impact on unemployment in Prague was not as dramatic as in other regions of the Czech Republic. The highest unemployment rate in Prague was about 4% at the end of the 1990s, when the economic and political crisis was culminating. From the beginning of the transformation process Prague became the economic leader in the whole country. The number of workplaces has doubled since 1993. Many local entrepreneurs and immigrants set up their businesses for the benefit of the urban economy (see below).

Prague also made successful use of its geographical localization in the heart of Central Europe and attracted many foreign companies primarily in the service sector, in telecommunications and finance. **There have been a number of large investors as well as small service sector companies that have moved their operations to the Czech Republic** (Stamenkovic, 2005*)*. These included most recently for example DHL which is consolidating its IT operations in Prague and Accenture which selected Prague for its pan-European shared service center. Based on the criterion of its attractiveness for investments Prague was ranking the 12th in Europe in 2005 (see Cushman & Wakefield, 2005).[1]

Prague creates 20% of the country’s GDP and 20% of the total investment is concentrated there (see Diagram 1). Although the GDP of the Czech Republic is lower (80%) than the EU average, Prague’s proportion ranges considerably above (172%) the EU-27 average (in 2008).

Diagram 1: Spatial distribution of gross domestic product per capita in the Czech Republic, 2008

[1] Compare http://www.europeancitiesmonitor.eu/.



Source: CZSO, 2009

The main hub of the local economy is created by the tertiary sector. First of all it is trade, transportation and telecommunications which dominate the economy. Tourism is one of the most dynamic branches in the service sector. Prague has become a tourist destination of supraregional significance. Tourist industry accounts for 3.8 % of the total economic output of the city. Each year about 4.5 million tourists, mostly from Western Europe, stay there. New accommodation facilities were built or rebuilt. Currently Prague has 656 lodging enterprises with 82,809 beds, which is even a bigger number than in Vienna (compare Eurostat, 2009).

3.2 Main industries and services

The dominating economic sector in Prague is the services sector, where 80% the total employment is concentrated. There was a constant trend during the last 20 years which was characterized by an increase of services and a simultaneous decrease of industries. In Prague of course there remained also some industrial branches as chemistry (drugs, tires) and food processing industry (breweries). The only growing industrial activity is building industry; which is connected with a high demand of housing and administrative building construction. In addition, the majority of the older building stock was reconstructed since 1989.

During the socialist period the service sector was undersized, therefore all branches of services have achieved considerable growth since 1989. Retail trade and services which are connected with tourist industry have achieved the highest growth. The sector of commerce considerably expanded and many new shopping centers were built.

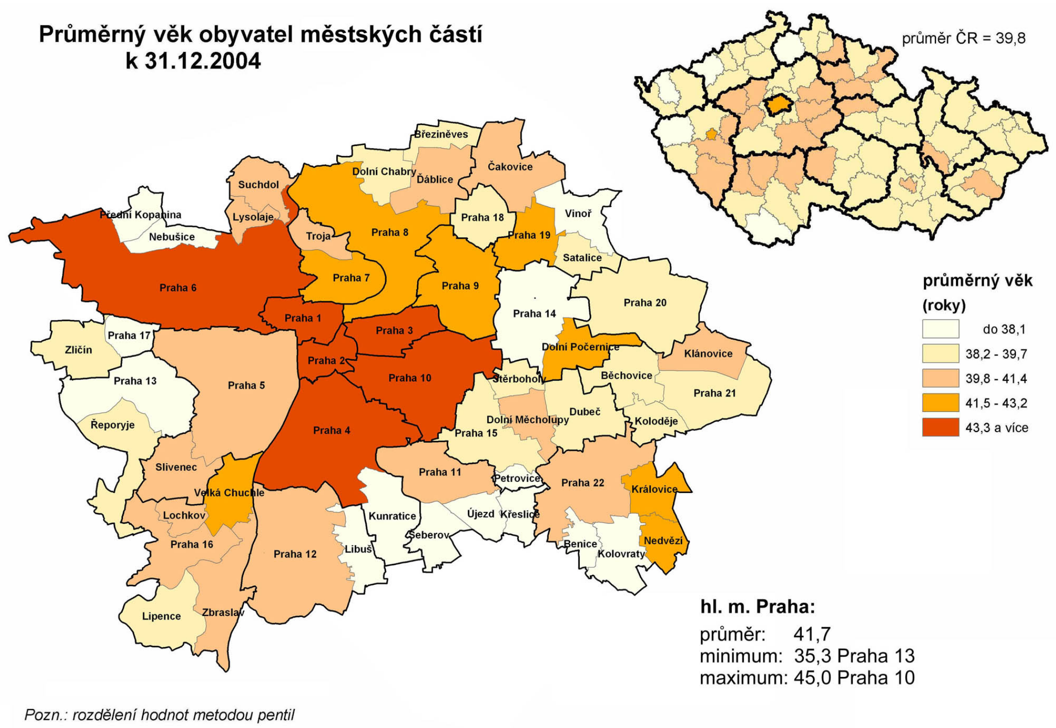
3.3 Size of workforce

A considerable number and proportion of workforce is characteristic for Prague. The city has now 1,233,211 inhabitants and 956,106 registered employees (in 2008). This is due to the superregional importance of the city. The number of daily commuters into the capital is about 400,000 (see Census 2001). Nevertheless there is a constant demand on workforce which is not completely satisfied. In the long-term view the unemployment rate was always extremely low. The unemployment rate in Dec. 2008 was 2.14%. Manpower requirements exist in many segments of the urban labour market, i. e. in construction, food industry, retail etc.

3.4 Characteristics of the workforce

Annual statistical data on workforce (except the total numbers) does not exist for Prague. The only available data was gathered in the Census 2001, which describes the socio-demographic structure of the residential population and not that of the registered employees. The average age of the population in Prague is 41 years which is slightly above the rest of the country (see Diagram 2). 72% of the local population are in the economic active age of 18 to 65 years. 15% of the residential population belong to the older age group above 65 years, 13% are children and juveniles up to the age of 18. The level of education can be characterized as above-average compared with the rest of the country: 35% of Prague's population above 15 years achieved secondary and 18% even academic education.

Diagram 2: Mean age of the population, district of Prague and Czech Republic compared (31-12-2004)



Source: CZSO, 2006 (http://www.czso.cz/xa/edicniplan.nsf/kapitola/13-1131-05-casova_rada-10).
Annotation: The mean age in the Czech Republic is 39,8 years.

Official statistics only provide information about immigrants with a foreign citizenship. After being naturalized migrants are not longer monitored as a separate group. Data about the foreign-born population is available from the Census but one has to admit that the last Census of 2001 was not very "successful" in counting immigrants.

At the end of 2008 the total number of foreign workforce in Prague was 114,784 persons which equals to 31% of the total workforce in the Czech Republic. According to some experts this number of registered immigrants must be increased by about 40,000 to 90,000 persons, who stay illegally or partially illegally (this means that they have a valid residence permit but no labour permit or a labour permit for another job than they really do) (see Drbohlav et al., 2009). The majority of the immigrants are in the working age (86% in the age of 20 to 65 years), which affirms that three-fourth of the total foreign population is made up by registered employees or entrepreneurs. Women comprise 41%.

From statistical point of view the foreigners have a lower level of adjusted education than the majority population, but the data are problematic. The Labour Office only registers the education which is required for particular positions. This means that this data does not mirror the actual qualification level of migrants. The respective proportions for foreigners in the Czech Republic are: 38% of the jobs require basic education, 31% secondary without GCSE (examination "A"-Levels), 12% secondary with GCSE, 10% university degrees and 7,4.% were not identified (Diagram 3). The positions which are occupied by women usually require a lower level of adjusted education.

Diagram 3: Employed foreigners in the Czech Republic by the highest attained education (31-12-2008)

Source: CZSO, 2009 (http://www.czso.cz/csu/2009edicniplan.nsf/tab/B60046F856).

The data about the sectoral distribution of employment are only available for the Czech Republic but not for Prague. With some variations one can say that the numbers mirror a similar picture: Immigrants are overrepresented in construction, wholesale and retail trade and real estate. In construction their representation is more than 12 percentage points, in wholesale 5 percentage points and in retail trade 7 percentage points above the average. On the other side the immigrants are underrepresented in sectors like transport and education (all in 2007).

In the years 1999–2007 the sharpest increase of foreign employment was in real estate, renting and business activities. Growing sectors were wholesale and retail trade, other community, social and personal services. On the other side the share of foreigners dropped in agriculture, manufacturing and construction.

3.5 Development of small and medium-size businesses (SMEs)

During the communistic regime it was not allowed to conduct a private business. Therefore the development in new small- and medium-size businesses during the last two decades was rather steep and catching up the delay. The most dynamic period was the early 1990s but after a short drop in 2004 the increase still continues. Presently the Czech Republic belongs to that category of EU countries with high rates of entrepreneurship in total employment (15.8% in 2005). As in other EU countries too SMEs comprise 99% of all enterprises. Micro-enterprises with up to 5 employees constitute 96%, 2% of enterprises employ a staff of 6 to 19 persons and 1% 20 to 249 persons. It must be emphasized that Czech statistics still use quite different categories than those according to the EU definition.

In the whole country two million subjects running business on the base of trade licenses (so-called physical persons) were counted. In addition there are four hundred so-called juridical persons registered in the Commercial Register at the Commercial Court. The available empirical surveys verbalized the problem that about half of these subjects were non-active (monitored in 2005). The reason for this problematic statistical situation is that the closure of a company is a difficult administrative process. Therefore many businessmen avoid these administrative efforts, if possible.

The structure of those enterprises which are represented by physical persons in the Commercial Register is very heterogeneous according to the number of employees, income and sectors of economy. Two-third of the self-employed physical persons are single-person enterprises, just one-third are occupying some staff. For some entrepreneurs the business activities are the only income, for others it is just an extra income in addition to old-age pension or a students' job. 40% of the entrepreneurs earned a gross income of not more than 200,000 CZK in 2005,[2] which means that their business activities were just a part of their whole income. 25% earned an income of not more than half a million and 15% of not more than one million CZK. A gross income of more than one million was achieved by 20% of the physical persons who were active as entrepreneurs.

The sectoral distribution of physical persons was relatively stable during the analyzed period 1999–2007. There was only a slight decrease in agriculture, wholesale and trade, and a modest increase in real estate, renting and other business activities mostly of the personal services. The highest rate (28%) of entrepreneurs was active in trade, hotels and restaurants. The second most attractive sector is real estate (20%). Processing industry comes third (15%) and in construction 13% of the physical entrepreneurs can be found. Agriculture is a small branch (5%) and still at the decline. Private households with employees are not represented in this statistics.

3.6 Sectoral and spatial distribution of SMEs

Prague is situated in the region with the highest rate of entrepreneurship in the country. In 2008 275,000 physical persons (11% of the total number in the country) and 160,000 juridical persons (35 % of the total number) who were officially registered as running a business were located there. From statistical sources it cannot be decided if those entrepreneurs are also residents in the capital and if they actually run their business. Except the two categories of physical and juridical persons statistics reported 28,000 non-residence subjects, which means companions who had no permanent residence in the capital.

According to the size of the enterprises one has to say that the biggest group of enterprises was not indicated. The reason for this statistical distortion is that those entrepreneurs have not fulfilled the obligatory to inform the statistical office (59%), 28% had no employees, 10% of the economic subjects had up to 10 employees, 2% up to 50 employees and 0.6% up to 500 employees. The sectoral structure of the entrepreneurs in Prague is slightly different from the rest of the country (see part 3.5.). The dominant sector is that of **services** (25%) like real estate services, IT services, counselling, services for other entrepreneurs (administration, bookkeeping), education, service for private households and so on. The second place according to its attractiveness for entrepreneurs holds **retail** (21%) and third ranks **processing industry** (12%). **The concentration of services and trade is a typical feature of a capital city with considerable supraregional importance.**

Nothing scientifically proved can be said about specific spatial patterns of the distribution of entrepreneurs. The statistical data provides only evidence about the registration (usually at the place of residence) and do not say much about the real localization of the entrepreneurs´ economic activities. Thus, the majority of entrepreneurs is located in those districts with the greatest numbers of inhabitants like 4, 6, 8 and 10. Realistically spoken it is not possible to assert that there are any particular areas with an obvious sectoral concentration of entrepreneurs, except the large shopping areas (like Nový Smíchov, Průhonice-Čestlice, Černý Most, Letňany, Zličin etc).

[2] 1 EUR = 26.32 CZK at 11-01-2010.

3.7 Recent changes

Typical for the recent development of enterprises in Prague is a steep increase among all forms of legal subjects in self-employment. In 2008 there were 18% more entrepreneurial subjects than in 2001. Despite this increase the structure according to the legal forms has not changed. The structural development according to the number of employees (= size of enterprise) is difficult to asses because a considerable number of businesses are not classified on the basis of this criterion (see 3.5.).

The outcome of the current economic crisis is not mirrored in these statistics because data were collected at the end of 2008. The crisis in the Czech economy started not earlier than at the autumn of 2008. Nevertheless, it will surely be visible after a longer period of investigation, because the dismissal of a legal employed person is a long administrative process. The only visible impact of crisis can be observed in the increase of foreign nationals holding trade licenses which is mostly due to the restrictive proceeding concerning the issue of labour permissions. As a matter of fact the outcome of the crisis in Prague is less drastically than in other parts of the country. In Plzen for example the level of unemployment among immigrants rose from several hundred to about 12,000 persons during a few months of 2009.

4 Profiles of migrant entrepreneurship

4.1 Definition of migrant entrepreneurship

Official documents (like city program materials) do not use this term, therefore no official definition of ethnic - or more exactly - migrant entrepreneurship exists in the Czech Republic. The Czech legislation in the Trades Licensing Act and in Commercial Code is using the term “non-residence physical or juridical person”, which means foreigners who do not have their permanent residence in the country. After five years of residence foreign nationals are able to apply for a permanent residence permit and in such a manner become a legally resident person.

In official language use of Czech Ministries and the Municipality the terms “ethnic(ity)” and “migrant” are strictly differentiated. Thus, “ethnic entrepreneurship” means the entrepreneurial activities of legally recognized “old” ethnic or national minorities, such as Jews, Germans, Roma etc. Those minorities are granted a special legal status which is refused to “new” migrants. **This means that the correct term for business which is run by immigrants in the CR is “migrant entrepreneurship” or “migrant business”.** Generally spoken, migrant entrepreneurship embraces a migrant and his/her business activities including the object of entrepreneurship, the employees, the aspect of legality and so on. In Czech official definition and common parlance as well a migrant is defined as a person who has immigrated to the CR. Offspring of the second and third generation is usually considered as belonging to the majority population. In the CR the term “person with migration background” which is used for the second or third generation in many western societies is quite unusual in official and media language use. Concerning the bussinesses of those persons one has to say that these often do not have any relationship to the migration background of their operators. From the legislative point of view the concept of migrant business in the CR is very liberal compared to other EU countries. The legal regulations for migrant entrepreneurs and for Czech businessmen are almost identical. Migrants only have the extra duty to register at the Commercial Court, which is just a formal step.

This leads to an important feature of migrant business. It is typical for migrant business in Prague - but not for every city in the CR - that most of the shops and businesses are not visible as “migrant”. Neither the offer nor the outward appearance indicates that those shops are owned by immigrants. This phenomenon was labeled by the term **“integrated migrant economy”** by Professor Drbohlav, the most qualified geographical expert for immigration into the CR.

4.2 Development of migrant entrepreneurship

The migration flows started after the fall of the Iron Curtain at the beginning of the 1990s. In general it was much easier to start a business because this era was a boom-phase of private economy and private business. Entrepreneurs who started their business at that time were important employers of later moving immigrants. **During this decade – and this can be said till now – it was easier for immigrants to get a residence permit on the base of a trade license than a labour permit. This was the main reason why many migrants choose to be officially active as entrepreneurs although in economic reality they were employees**. In reality this means that besides the two categories of legal and illegal/irregular (labour) immigration **there exists a third category which may be called "quasi legal". This category is made up by employees who are de jure holding trade licences.**[3] Recently the Ministry of Labour in cooperation with the IOM decided to take some steps against this kind of de facto illegal employment. From our interviews we learned that concrete measures were not decided yet but are still in the stage of discussion. For a better understanding of this specific situation one must take into consideration the rather complicated system of legal immigration to the Czech Republic. The political decision-makers have no interest in changing this situation because current security policy and public opinion are against a simplification. There is a widespread fear of increasing immigration.

The biggest numbers of foreigners with trade licenses in Prague come from the Ukraine (8,500), Vietnam (4,000), and Slovakia (2,200) but there are also many smaller groups, e.g. the Armenians (see Sumlennyy 25-06-2007). During the the second half of the 1990s there was a dynamic growth of these groups. In the early 1990s the structure according to the countries of origin was quite different. The steep growth in the number of migrant entrepreneurs lasted till 1997, when more than 60,000 were counted (see Diagram 4). In 1998 a new legislation was introduced and all migrants had to fulfill the same administrative requirements. This caused a sudden drop of about 20,000. In the following years the numbers of self-employed persons stabilized at about 60,000. In 2009 there was again a registered sharp increase from about 11,000 to 77,000. This increase was due to the economic crisis. The Labour Offices refused to prolong the labour permits of migrant employees. Also the migrants who were employed by personal agencies were looking for a more stable labour market position. The numerical development in Prague mirrors the situation in the CR as a whole. During this period there were about 20,000 migrant entrepreneurs in Prague. This means that till now about 20,000 Third Country Nationals (TCNs) have the permission to run a business there. 30% of all TCNs are (officially) staying for business reasons. The highest rates of entrepreneurship can be found among the Serbians (100%)[4], Vietnamese (66%), Italians (34%) and Germans (32%).

Among the migrant entrepreneurs women are only 28%. Obviously there are marked gender proportion differences by countries of origin. Among immigrants from GUS (Russia 52%, Kazakhstan 52%, Lithuania 56%, Latvia 71%) the gender proportions are rather different compared to other immigrant communities. This can be explained by the fact that staying in the Czech Republic and legalizing their status on the base of business activities is a kind a of security strategy for Russian women and children (Drbohlav & Janská 2004). It must not be forgotten that the traditional value system in these countries changed fundamentally during communist rule.

Neither in Prague nor in the whole Czech Republic statistics about bankruptcies or business closures of migrant enterprises are available. Exactly the same must be said about the age structure of the entrepreneurs. In general one can say that the profit situation of migrant economy has worsened because of the economic crisis. In the case of Vietnamese traders a considerable quantitative discrepancy between offer and demand is obvious. This means that this group has to search for new business strategies and markets.

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[3] To be officially a businessman but to work as an employee is a common practice among the majority as well (this practice allows to avoid the payment of social insurance).

[4] The explication for this surprisingly high rate is that Serbian immigrants are usually active as entrepreneurs and not as employees.

Diagram 4: Numbers of foreigners with trade licenses in Prague and the Czech Republic (stock at December, 31st)

Source: CZSO 2009

Diagram 4 mirrors the numerical development of foreign nationals who were active as businessmen since 1995. It can easily be seen that in Prague the numerical peak was reached in 1997, with a second boom year in 2001. Afterwards until 2008 the numbers of foreign entrepreneurs slightly decreased and stagnated at about 20,000 persons. This development was contrary to that in other parts of the Czech Republic. Outside the capital there were also peaks in 1997 and 2001, but contrary to Prague there was a continuous progressive trend from 2003 to 2008 with its absolute peak in the last year.

4.3 Sectoral and spatial distribution of migrant enterprises

According to official statistics (business register) spatial concentrations of migrant enterprises in Prague do not exist but this does not mirror the reality. The reason for this distortion is that the trade register merely quotes the place of residence of the entrepreneurs. In many cases the place of business performance is quite different from the places indicated in the register. Another problem with the business register is that for registration at Trade Office the immigrants need to have an affirmation from the owner of property about his/her business activities. Thus, many owners are not willing to issue such an affirmation. As an escape it is usual that a considerable number of immigrants are formally registered as living at the same address.

From the authors' point of view there exist several small areas in the urban space of Prague which are characterized by higher concentrations of migrant entrepreneurs. An example can be given concerning Third Country Nationals: 30% of all TCNs are (officially) staying for business reasons. In the urban fringe the proportion is even 50%. Areas of concentration are for example market halls (Holešovická tržnice, Havelská tržnice). One specific place is the big Vietnamese market called "SAPA" which is located in a former meat factory at the urban periphery in Prague 4. This wholesale trader market is characterized by the superregional import and distribution of goods to the Vietnamese minority. Traders from many regions of the CR are buying there. There one can find an accumulation of textile, toys and food trade, special migrant services (credit institutions, tax consultants, Asian restaurants), schools, production sites and so on. SAPA is a typical concentration area but even this place is not comparable to the "China Town" of some western cities (see Dana, 2007). In Prague the concentration of Vietnamese population and business is not so high compared to smaller cities in Western Bohemia. The conditions for Vietnamese business are better in those regions because the lower standard of living produces a higher demand for the cheap offer (often textiles) of those traders. 5 to 10 years ago much more Vietnamese residential population was settled in the inner districts of Prague. Now, they are more and more driven out to the urban periphery. The area of *Malesice* is even called "Prague's Little Hanoi" (see Noll & Scott, 2007), because of its Vietnamese population. In Prague 4 one can also find a housing concentration of Ukrainians. This is a group which is characterized by a comparably low proportion of businessmen. If they are active in tertiary sector, they often work as shop assistants or cleaners (Markus, 1994).

Further places with higher concentrations of migrant business are certain streets in the City Centre like Bělehradská Street, Jaromírova Street (shops run by Vietnamese), Karlova Street (mostly businesses of former Yugoslavian migrants). Furthermore it is also possible to find some houses (Jindřišská 7, Russian companies) or passages (Jiřího Grossmanna, Russian and Arab companies) with some small-scale spatial concentrations of migrant shops.

The sectoral structure of migrant business is quite different from that of the majority of Czech entrepreneurs. Typical for migrant business is a significantly higher rate in construction business (migrants 22%, Czech 9%). Higher proportions can also be found in retail (migrants 21%, Czech 16%), in real estate (migrants 7%, Czech 3%) and in wholesale (migrants 16%, Czech 15%). On the other side entrepreneurs with migration background are less represented in accommodation (migrants 2%, Czech 4 %), transport industry and other services as social security and education. In spite of these differences concerning the branches one can say that migrant entrepreneurs follow the general patterns. The majority of them start their business in sectors where low qualification requirements and a modest input of financial capital are necessary.

4.4 Ownership of migrant businesses

From the legistic point of view single-entrepreneurs and partnership constellations must be clearly distuingished. From our interviews **it is possible to say that most owners have the function of managers too.** The duration of residence, the country of origin, the size of the enterprise and the subject of economic activities are important determinants of the coincidence between the owner and manager functions. The constellation that the official owner is Czech but the real owner is a migrant can frequently be found. Vietnamese traders are usually running their trade as single-entrepreneurs. Russians and Ukrainians are often cooperating in partnerships. Migrants from other Eastern European countries are also managers or stand at least very close to the business activities. Foreign entrepreneurs from Western European countries or the U.S. are often not really active as managers and are not even physically present in the Czech Republic. Migrants, who stay longer (more than 10 years) in the country are often the official owners but do not exercise management functions (e.g. Bulgarians and former Yugoslavians in the sector of mine experience). The economic partnerships are more often based on family connections (Davis & Tagiuri, 1994) rather than on wider ethnic community ties but one can find also partnerships of co-migrants (this if often the case among former Soviet and Yugoslavians migrants). Franchise businesses are still not common in Prague. The small number which exists is run by migrants from western countries.

4.5 Reasons for entrepreneurship career

The interviewed experts and the entrepreneurs as well expressed the opinion that the reasons of starting a business are extremely heterogeneous.[5] Generally spoken ethno-culturally or socially determined traditions, individual motivations and some kind of (economic) pressure are strongly intermingled as determinants of entrepreneurship careers. The motivations can roughly be divided in intrinsic and extrinsic motivations. Some immigrants started a business because for them this was the only possibility to work in the Czech Republic legally. This motivation belongs to the extrinsic type. Just the opposite is the "economy of self-fulfilment" (see Bögenhold, 1989), which is based on intrinsic motivations.

Migrants usually enter the Czech Republic with a business visa or a work permit. In rare cases they come as official asylum seekers, for example former Yugoslavians during the 1990s and Kosovo Albanians also later. This official status does often not correspond with their aims regarding their planned economic activities. Because of pragmatic reasons they usually choose the easier way of entry into the country and to get a business visa is without doubt easier. After the Czech Embassy in Kiev in April 2009 has stopped granting tourist visa a sharp increase in business visa was the consequence: As a reaction only small numbers were officially granted since September 2009.[6] Already existing companies of co-ethnics can systematically help later coming immigrants to pass successfully through the visa obligations. These existing companies have a strong influence on the type of visa which is requested.

After their arrival immigrants have to look for a way how to maintain economically. Supporting measures by the Czech government or the Municipality are still weakly developed which means that the majority has to start as workers in the business of co-ethnic employers. After a period of stay many migrants try to start their own business. With the flow of information within the ethnic community they usually find the market niches where business success may be probable. The business success is usually very narrowly bound to the social capital of the entrepreneurs (see Flap et al., 2000).

One must not neglect the ethnic factor, which means that there are still considerable differences concerning the entrepreneurship careers between the groups of different origin (see also Dyer & Ross, 2007). Migrants in migrant business often moved from countries with widespread entrepreneurs' experiences. Some were already doing their own business before moving. There are migrant communities (e.g. of Chinese or Vietnamese origin; see Pütz et al, 2007; Laczko, 2003; Moore, 2009; Moore & Tubilewicz, 2001) with a strong tradition of being self-employed. In those communities, making business enjoys a high reputation and a long tradition and rich experience in entrepreneurship exists. These founders are often successful because of their profound knowledge of market conditions and their entrepreneurial know-how. Some migrants who worked on a low level of the employment hierarchy started a business to **rise in socio-economic prestige**. They define the economic success as a visible sign of their social advancement. For migrants who are lacking higher education certificates or who face problems with the nostrification of their graduations the cross over to self-employment is the most promising path of socio-economic mobility. This aspiration for social advancement is in many immigrant groups specifically canalized into entrepreneurship careers in certain economic branches. From our interviews we learned that the business acumen among Ukrainians is usually low, compared with Asian immigrants. Ukrainians often become entrepreneurs because of a lack of alternative opportunities except in construction industry and in gastronomy (Čermáková & Nekorjak, 2009). Now, in times of crisis many Ukrainians (an expert spoke about a number of about 30,000 persons)[7] would

[5] For example more freedom of decision, the aspiration of individual time management, general individualism, flexible working hours, economic independency, a better compatibility of family life and job, financial motivations (to gain a higher income), family constraints, labour market chances, profit and success orientation, commitment, readiness to take risks, personal challenge, self-affirmation, self-realization,self-responsibility and a lack of willingness to compromise (see also Reis Oliveira, 2007; Volery, 2007).

[6] A visa is granted for the duration of 3 days, afterwards it is prolonged to one week and then to another 3 weeks.

[7] About 20,000 Ukrainians are staying legally as permanent residents in the CR. 120,000 are temporary immigrants with a considerable proportion staying illegal.

rather prefer to return to their country of origin. In reality this is often impossible because of economic reasons.

Some examples of very successful business careers may be given: An entrepreneur from Serbia started selling vegetables. Afterwards he organized business visa for co-migrants and now he is the owner of two very luxurious restaurants in the city centre. Entrepreneurs from the Ukraine usually start as ordinary bricklayers and after a while start-up a small construction company (with a very modest equipment at the beginning). Vietnamese entrepreneurs usually start as shop assistants at the market place (in some cases as owners). Afterwards they move from mobile market-stalls to solidly built ordinary shops.

In each edition of the Ukrainian magazine “Porohy” the biography of a successful businessman is presented as a kind of positive stimulus to other migrants.

4.6 Market

The majority of migrant entrepreneurs try to start-up their businesses in branches with low administrative barriers. EU immigrants find themselves in a favourable position because their qualifications are usually approved as equivalent to local qualification profiles. Third Country Nationals need to authenticate their education background and practical experience. Because of this reason they choose branches where such bureaucratic and training requirements (e.g. commercial trade which is a so-called “free” business) are not prescribed. It is necessary to point out that during the recent decade and according to offcial statistics many entrepreneurs started business in real estate and other business-related services. These economic activities are not so visible as shops or restaurants and thus may be neglected though they represent an important part of migrant business in Prague.

“Ethnic shops” which are so typical for many western European metropoles are almost absent in Prague. The main reason is that there are no residential concentrations of immigrant population which would create local accumulations of a certain “ethnic” demand. **The “integrated migrant entrepreneurship” is usually an accomodation to the local market and the structure of customers.** In some cases and for attracting more Czech customers it might be an advantage not to exhibit the ethnic offer. As most of the migrant communities in Prague are small migrant enterprises are not specialized to deliver their goods and services on a certain migrant market but try consider the requests of a mixed clientele of immigrants and ethnic Czechs. One exemption may be some Vietnamese who run classic “migrant” shops with Asian food and accessoires at the wholesale-trader market place “SAPA”.

Generally, it can be said that migrant entrepreneurs join the lower strata of the market (in the case of Vietnamese the co-ethnic), but after some time they try to climb up and to join the more lucrative mainstream market. Entrepreneurs in the city center are usually oriented towards a foreign tourist clientele. Many of the classical souvenir shops in the historical center are run by immigrants who offer “typical” Czech handicrafts and cut glass, often “made in China”. Thus, there is a permanent interaction between the entrepreneurs and “their” markets and this means that the different migrant communities are a least to some degree oriented towards specific markets.

There are 5 to 6 typical Russian shops in Prague which are selling a specific Russian offer of food, alcoholic drinks and other goods which are demanded by members of this community. Concerning the Russian community an expert informed us that these people are usually not very much embedded in local society though they usually speak Czech language and their children attend local schools. Compared with Cities in Russia the infrastructure, the level of criminality and the conditions of self-employment are much more comfortable in Prague which makes it attractive for Russians to run a business there. They maintain their own infrastructure of lawyers and other professions. Their main interest is to run lucrative businesses there and to make as much profit as possible. If not, they move to another place abroad or return to Russia.

4.7 Competition

In the long run most of the entrepreneurs are able to find their unique selling-point, sometimes by trial and error. These selling-points are quite different from one migrant group to the other and show even a considerable individual variability. Usually the migrant entrepreneurs delimit themselves to a higher degree from the majority population than from the other migrant groups. **From our respondents we heard that often the hardest competition can be found between the migrant enterprises themselves who have occupied the same niches of local economy.**

The Vietnamese are selling a quite wide range of a product spectrum. Their assortment is usually imported (mostly from the People's Republic of China but also from Vietnam) and usually very cheap but not very excellent in quality. They maintain their own wholesales (it is said that these belong to the Chinese community). They also produce some products like some kind of alcohol, drugs and exotic vegetables and deal with it. Their competitive advantage is that those family enterprises are completely neglecting fixed working hours and are economically active all-day long. With the support of their migrant networks (Donckels & Lambrecht, 1997; Moore, 2009) and the information flows within these networks they can manoeuvre themselves into a favourable competitive position. It is also interesting that despite the actual crisis the Vietnamese have a high innovatory potential and are very creative in their intra-communal mechanisms of self-help. They are searching for alternative business fields and don't apply for the support of for example the employment agency.

The former Yugoslavian entrepreneurs are using their well-marked business acumen and are also very successful in finding the appropriate market niches first. One illustrative example is their involvement in the booming tourist industry in Prague.

Among the Ukrainians the self-help potential is obviously less developed and they are suffering from the increasing competition and economic crisis.

4.8 Workforce

The total number of the workforce employed by migrant entrepreneurs is difficult to estimate as no official statistics exist. The majority of migrant businesses does not employ any staff but are single-person enterprises or family enterprises which employ family members who are often not officially registered as employees. A quantitative considerable group is employing up to five employees. In this category a considerable proportion of retail enterprises and restaurants can be found. There also exist enterprises with ten and more employees. For example a successful Armenian baker is producing cakes for restaurants and employing a staff of about 50 persons. A well-known Bulgarian businessman owns about twenty shops, restaurants and cafés in the historical centre of Prague with about one hundred employees. In general one must say that these are single cases because the majority of migrant businesses are small enterprises.

Specific examples of migrant business are entrepreneurs who organize work for the Ukrainian community. This subcontracting system (so-called "client system"; the client is acting as a middlemen) is very strongly embedded in the field of migrant employment in the CR (Čermáková & Nekorjak, 2009; Nekorjak, 2005, 2006). In some cases the companies of such migrants have officially the tens of employees but those people in reality work in other companies.

A second feature is that the migrant entrepreneurs mostly have migrant (not necessarily co-ethnic!) employees. It is possible to say that the Ukrainian and Vietnamese entrepreneurs usually employ co-ethnic staff. In the case of the Ukrainians the main reason is that they are the most numerous immigrant group in the Czech Republic and make big profit by using cheap co-ethnic labour force. Concerning the other migrant communities the situation is too difficile to make generalizations because the structure of staff is characterized by a high degree of enterprise-specific variation.

Concerning the gender structure of the workforce once again official statistics are missing. According to the interviewed experts' estimations there is a slight male overhang. This numerical dominance of men is due to the high rates of migrant employment in construction business. Most of the employees are in the economically active middle age cohort of 25 to 45 years.

4.9 Employment conditions and labour relations

Experts and migrant employees both agree that the employment conditions of staff in migrant business are on the average worse than that of the majority of Czech staff. The main factors determining this worse employment conditions are more and flexible working hours, work during the weekends, illegal employment status, missing health or old-age insurance. Once again one has to mention that the system of middlemen is widespread in the economy. This means for many immigrants that their economic life is more or less characterized by exploitation (for details see Čermáková & Nekorjak, 2009).

An expert informed us that in the construction sector the situation is very precarious and has even worsened during economic crisis. Even if certain hourly wages are fixed in advance Ukrainian labourers often get only the half after finishing their work. Without any legal contract and often staying illegally they have no alternative than to accept the lower wages (Čermák et al., 2007). Even within the group of co-ethnics those evil practices can frequently be found. The "Ukrainian Initiative in the Czech Republic" contacted the responsible Ministry departments for measures of intervention in those cases but did not get answers up to now. The police too is not really helpful in cases of irregular employment. In Prague the situation of migrant staff may sometimes be problematic but it is really much better than in some other regions of the country.

Generally spoken the level of unionization is really low. Only the staff in the biggest companies is organized and have their official representatives. Actually the Czech Trade Unions usually perceive foreign labour force as a competition to the majority of employees and are really not interested in improving the precarious employment conditions of immigrant staff.

4.10 Problems and barriers—general management

From our interviews no typical problems with regard to the quality of general management can be reported. Management problems in migrant businesses are more or less identical with those which may arise in Czech enterprises.

4.11 Problems and barriers—financial management

In general, migrant entrepreneurs choose branches with low financial requirements. These are usually enterprises in trade and gastronomy. During the 1990s migrant entrepreneurs had often problems to acquire credits loans from banks. At that time many migrants were not permanent residents in the Czech Republic. Until 2007 it was possible to obtain the status of permanent residence after 10 years of residence. A legitimate claim on permanent residence did not exist. Once having the status of a permanent resident it is not so problematic to get a bank loan, but to get a mortgage credit is usually much easier. Nevertheless, the authors did not meet any migrant entrepreneur who has applied for a business credit loan (apart from a mortgage credit) from a Czech bank. The migrant entrepreneurs themselves declare their marked perseverance to take any credits. If this would be absolutely necessary they usually try to get financial help from family members. However, there exist some credit institutes, which are run by migrants and which are specialized on funding and financing migrant business. A few of them can be found in SAPA-Market and are in tight cooperation with the Vietnamese community.

Usually the financial situation of migrant entrepreneurs before the crisis of 2008/09 was good. Most of their businesses were going very well. The crisis caused some problems but exact details about the financial situation were very difficult to investigate.

4.12 Problems and barriers—marketing

To find free market niches is nowadays very difficult for migrant entrepreneurs and is becoming even more difficult. The same can be said about Czech businessmen too. The situation during the booming 1990s was quite different in this respect. There are also typical differences between the migrant groups, because some ethnic communities are now economically operating in similar segments of the local market. With the enlargement of many supermarkets for example the Vietnamese have lost their former uniqueness in selling cheap textiles. This means that the supermarkets pulled a lot of the Vietnamese's former consumers. Now, many Vietnamese are looking for new business niches as groceries, manicure and beauty salons. Some of them are baying well-established companies in deferent sectors. A migrant, for example, bought a company in glass industry, a branch with long-term history in the Czech Republic. A group of other immigrants purchased the department store in the city centre of Ostrava. Most of the Ukrainian companies are seriously affected by the recession in the construction sector because of the economic crisis. Even the formerly flourishing immigrant enterprises in Prague's tourist industry were affected by a numerical decrease of tourist flows since 2009.

4.13 Problems and barriers—rules and regulations

In 2008 new trade law regulations were introduced. Now migrants are allowed to start their business wherever in the CZ they want. Formerly the location was depending on their residence permit and the places of business and residence had to be identical.

The main barrier for migrant entrepreneurs is **to get valid information about the start-up procedures and the rules of running the business**. There existed just some information leaflets in the main immigrant languages (German, English, Russian, Ukrainian, and Vietnamese). Since 2008 this service was officially stopped because of financial reasons. Those information leaflets were produced by the Ministry of Industry and Trade of the Czech Republic and are currently only available online on this web page. By now this is the only official assistance which is provided by the Ministry.

The second major problem is **the language barrier** which prevents many migrant businessmen from contacting the competent offices. The immigrants try to deal with this language problem by founding mostly co-ethnic companies or in better cases to engage certain lawyers or tax consultants who often cooperate with a certain immigrant group. The income tax declaration is without any doubt a problem for recently arrived migrants who are not familiar with the Czech language and the rules of this procedure. For this purpose the social networks of migrant communities provide the help of well established entrepreneurs. The Vietnamese have strong relationships with their special tax consultants and lawyers. Tax declarations are usually a problem for SMEs but not for bigger companies. Small enterprises have to pay for consultation services and often can't really afford the necessary experts. A further important factor is the legal status of an entrepreneur. It may be risky to search for advice if a migrant businessman has only a quasi-legal or even illegal status.

There are no specific regulations for SMEs. **Migrant enterprises are subject to exactly the same regulations as the enterprises of Czech citizens**[8]. For some entrepreneurs the regulations concerning employment of staff are problematic, in particular the regulations about social and health insurance. **The biggest problem from the Ministry's perspective is**

[8] Foreigners with trade licences but not Czech citizens have the duty to register to the Commercial Register at Commercial Court.

the admission to public health care system and to social benefits. After one year of stay migrants are entitled to all social benefits. Only officially employed migrants or permanent residents have the right to use it. For TCN there exists a private health system but these opportunities are really expensive and not everybody can afford it. It is one of the main goals of the newly established Interministerial Cooperation to improve this unsatisfying situation within the new “Overall Strategy of Integration”. The Ministry of Health is planning a health care system reform in the near future. This reform will introduce a social insurance for all TCN in the CR.

Furthermore also difficulties in the field of quitting employment contracts are reported. Some entrepreneurs try to solve such problems by involving employees who hold trade licenses. By the employment of migrants with trade licenses the entrepreneurs transfer the responsibility for paying taxes and insurance legally to those persons.

From the perspective of the responsible municipal departments the observance of entrepreneurs localized at Vietnamese market SAPA[9] is problematic. There the controllers have to face difficulties with the enforcement of Czech legislation. The Municipal representative particularlly mentioned the problem of offenses against technical, pyrotechnical and fire legislation rules. These rules seem to be a special problem of the Vietnamese community which is often dealing with pyrotechnical articles. The Municipality argues that in the Vietnamese wholesale markets more control would be necessary.

Many small Czech entrepreneurs are not aware of some recent promotion programs which are partially financed by the EU. Therefore it is possible to anticipate a similar lack of information in the case of migrant entrepreneurs. We came to this conclusion because according to our expert interviews the migrant entrepreneurs are a very small minority among the applicants for supporting for EU funds. In case of Prague one has to add that the support for migrant business is really not as developed as in other regions of the Czech Republic.

4.14 Problems and barriers—bureaucracy and intermediary institutions

The entrepreneurs did not report about any serious problems with bureaucracy and intermediary institutions except the language barrier and some cases of inefficiency of bureaucracy.

5 Rules and regulations, policies

5.1 Overall strategy

A broader entrepreneurship or integration agenda at the local level does not exist yet. The migrant entrepreneurs play a rather negligible role in local and national integration programs. The stress is actually put on integration programs for asylum seekers and migrant employees on the Czech labour market. The reason for this obvious “neglicence” can be seen in the fact that the political decision-makers as well as the broader public opinion usually do not define migrant entrepreneurs as a disadvantaged group. **The general principle of policy can be outlined as follows: Doing business is basically supported by the municipality but there exists no special support policy (!).** From the perspective of the Ministry of the Interior it makes no difference if immigrants want to be economically active as employees or as self-employed. It may not be defined as a strategy but it is a fact that the Czech labour market is more rigidly protected than the field of entrepreneurship. This means that the room of manoeuvre for entrepreneurs is relatively broad, though de facto there is only litte support provided by the City.

Nevertheless, there is an actual program run by the Ministry of Industry and Trade, which adopted a document for foreign natural persons who are engaged in business under the Trade Licensing Act. As an outcome of this project an informative manual was prepared for

[9] SAPA is the private market of Vietnamese and Chinese migrants (see the photos).

an easier orientation of foreign nationals in the field of starting and running a licensed trade in the Czech Republic (compare chapter 4.13).

There also exist some general programs to which also migrants with permanent residence permits can apply. Those programs are financed by the Ministry of Industry and Trade and are focussed on a guarantee for loans and for further education of employees (program EDUCA). Those measures are also supporting entrepreneurship and migrant entrepreneurs are not excluded from participating.

5.2 Objectives and dimensions

The main objective of local policies aimed at the promotion of migrant entrepreneurship can be defined relatively simple: to provide an easier orientation in the broad field of making business (main topics are start-up, taxes, health and social insurance).

5.3 Main actors

At the time of our investigation the migrant entrepreneurs were not actively engaged as actors in the field of policy measures. The main actors are still the national authorities (not the local!), which are trying to create a good climate for entrepreneurship in general. This goal is pursued first of all in reducing still existing administrative barriers. Since 2007 local authorities are funding entrepreneurship activities with the program "Competitiveness" with priority axis 3 for Innovativeness and Enterprise, which is co-financed by EU funds.

Furthermore we got the information that the responsible **Ministries are currently intensively cooperating about the topic of migrant entrepreneurship.** The Ministry of Industry and Trade is participating in the **Interministerial Comitee which elaborates an overall strategy for integration.** One aspect of this planned strategy will be a broader offer of information leaflets and websites in the main migrant languages.

A recent **campaign of the Trade Unions** which concerned migrant business is also worth to be mentioned: This campaign was against the abuse of business for the purpose of employment. The Trade Unions informed the immigrants that their legal status is weaker if they are officially self-employed.

5.4 Targets

One can say that at the local level migrant entrepreneurs are a part of a general promotion strategy but are not a target group of municipal measures per se. The main target at the national level is to reduce the bureaucracy as much as possible. The promotion of migrant entrepreneurs is mainly targeted on the business start-up phase. It is tried to deliver them as much information as possible when they start up.

The Ministry of Industry and Trade promotes a system of support of foreign investments by lower taxes and generous loans. These measures shall attract important foreign entrepreneurs to start their business in the CR. Usually big Asian companies, e.g. Hyundai, made use of these investment opportunities. The labour market effect was modest because the staff of these companies usually consists of immigrants (managers coming from the Asian sending countries).

5.5 Institutions

The relevant institutions in the context of migrant entrepreneurship are usually governmental institutions: **the Ministry of Industry and Trade of the Czech Republic and the Ministry of the Interior:** At the local level: **the Trade License and Civil-Administration Department of the Municipality and the Trade Licensing Office.** It must be said that migrant business is not ranking first on the agenda of the Ministry of Industry and Trade because its employment effect is rather modest. The Ministry prefers to attract more international companies who may also act as important employers. There is a special Department in the Ministry which is responsible for employers.

During our interviews we collected the information that also the Municipality of Prague is becoming more aware of immigrant affairs. Therefore it is starting to be involved in the broader field of migrant promotion (but not explicitly migrant entrepreneurship). Incorporated in the local municipal administration structures business offices can be found which are subdued to the Ministry of Industry and Trade. The staff of these offices is employed and paid by the Municipality.

It must be mentioned that representatives of the Chamber of Commerce as well as of the Trade Unions explicitly refused being interviewed by us. The justification for this refusal was that both institutions declared themselves as *"not responsible"* for migrant business and also *"not interested"* in this topic. The Chamber of Commerce added that the number of immigrant entrepreneurs is still too small to justify a special interest in this field. We think that this fact mirrors the state of consciousness about immigrant business which is still typical for some parts of the public in the Czech Republic.

The Ministry of the Interior of the Czech Republic is editing an **"Information Booklet for Foreign Nationals - Czech Republic"** which is available in English, Czech, Ukrainian, Russian, Mongolian and Vietnamese. Besides a lot of general information this booklet also provides relevant instructions about the procedures which are necessary before starting a business including the relevant institutions. **Social and legal counselling** is offered to all migrants. In legal counselling information about the duties which are bound to self-employment are provided (e.g. social insurance, registering, modes of payment of taxes).

From an official we were informed that there is said to be a semi-legal consulting agency for Russians who want to start a business in the CR. Unfortunately it was not possible to gather detailed information about this institution.

It is also worth to be mentioned that formerly **Czech media** usually reported negative about immigration in general. Immigration was usually categorized as a "problem" for the country and the negative side-effects were sometimes extremely emphasized. The reporting in print media and TV became more objective since 2004. There were always some positive exemptions which could be found among immigrant media. For example the Ukrainian magazine "Porohy" provides regular informations for "newcomers" and a column called "Our business", where successful Ukrainian businessmen describe their path to success ("From Worker to Businessman") in the Czech Republic. The Ukrainian Initiative also provides an information booklet for Ukrainian migrants and a consultation service for entrepreneurs.

Up to now there exists no special print magazine for migrant businessmen in the Czech Republic.

5.6 Access and involvement in policymaking

Migrant entrepreneurs of course have the right to become a member of the Chamber of Commerce but their share is still insignificant. The interest of mainstream entrepreneurs to join this institution is also not very pronounced. In the Czech Republic the Members of the Chamber of Commerce are mostly big companies usually occupying not less than 50 employees.

Only the associations of foreigners (for example Vietnamese associations) pursue some minority purpose in business activities too, though those immigrant associations focus mostly on cultural activities.

5.7 Formal access to entrepreneurship

As already mentioned it is comparably easy to become an entrepreneur. It is possible to comply with all formalities within one day and at one place. For migrants the procedure is more time demanding because as a first step one has to obtain a residence permit.

There exists the category of **residence permits for the purpose of business.** After one has got the residence permit the Trades Licensing Office issues the trade licenses. Once, if a migrant has a permanent residence permit the system no longer distuingishes between the purpose. Of the requirements for starting a business only the main formal rules and regulations shall be mentioned here. For further information compare Ministry of Industry and Trade (2004). The three main requirements are (1) a minimum age of 18 years, (2) the competence to perform legal acts and (3) an impeccable character (no convictions). These are the same for Czech citizens and immigrants as well. In the Czech Republic two kind of trade licences are available: (1) a licence according to the three preconditions already mentioned; (2) a licence for which a special certificate of education or practice is necessary. If migrants do not possess it, it is possible to occupy a responsible adult with the necessary education or he/she proves 6 years of precise. An important requirement for migrant businessmen in the service sector is a person who is speaking Czech. This language knowledge is not necessary in manufacturing, for example. The most frequent reason for the refusal of trade licences is a lack of education requirements on the side of the applicant. In the case of TCN a nostrification procedure is necessary. If an applicant can't get the official state-approved permission he/she can't get the municipal trade licence too.

For non-EU immigrants (TCN = Third Country Nationals) the procedure is a little bit more complicated. Those immigrants have to apply in a Czech embassy abroad for a visa. After getting a permission of stay of more than 90 days they can get a trade licence. For them it is obligatory to register at the Commercial Court before they can start their business activities. For supporting immigrants in this procedure the Ukrainian Initiative provides consulting in business matters which is often utilised by Ukrainians, Georgians and Belarusians because the number of residence permits on the basis of trace licenses have sharply risen recently.

For spring **2010 a fundamental reform is planned**. This reform shall bring bureaucratic reliefs in the process of starting and running a business. The new framework is not focussed on migrant entrepreneurs but on the whole field of self-employment. As this reform is still in the stadium of discussion the ministry representatives were not able to speak about details.

5.8 Rules and regulations

In the following only a short overview shall be given. For detailed information about the rules and regulations compare Ministry of Industry and Trade (2004).

Act No. 455/1991 Coll., on business activities (Small Business Act, SBA), is the basic public law regulating the relationships between entrepreneurs and the state, and the basic conditions for commercial activities in the majority of entrepreneurial activities of legal and physical entities. The act defines business activities and introduces the legislative abbreviation "trade" as *"continuous activities carried out independently, under one's own name and at one's own responsibility to achieve a profit"*. The currently valid trade licensing regulation distuingishes between **declared trades**, where the right to run a trade originates in most cases immediately after notifying the relevant Trade Licensing Office, and **licensed trades**, in which case the right to run the trade originates after the license has been granted. Declared trades are divided into (a) **free trades** with only general conditions stipulated for their operation; (b) **craft trades** (Schedule No. 1 of SBA) which are professional activities in a particular field where special expertise must be acquired through training and experience of a specified duration and (c) **regulated trades** (Schedule No. 2) that require the prescribed special qualification and in certain cases also a licence or certificate issued by a competent authority.

In general it must be admitted that the official mechanisms of control in the start-up process as well as in running a business are not very efficient.

5.9 Zoning plans

Official zoning plans which would impact positive or negative effects on migrant business do not exist in Prague. **Only in the case of markets there exist regulations about their localization and the type of their offer and services**. In particular about the spatial distribution of Vietnamese customer markets in public space the Municipality follows a policy of deciding over the location, the number and branches of the shops and the type of goods which are allowed to be offered. Middlemen in the migrant community must then be contacted by interested people to become shop-owners there. SAPA market is an exemption from this rule because it is located on a privately owned area.

Migrant entrepreneurs of course are always trying to run their business at a good localization which means close to their potential customers. For such good localizations they must be able to pay very high rents and sometimes they can only get it with the support of semi-legal or even illegal structures.

5.10 Sectoral rules and regulations

As already mentioned, the majority of economic sectors in which migrant entrepreneurs are involved can be entered with so-called “free” licenses. As these sub-sectors are not governed by any regulations, most migrant self-employed start their business activities there. Of course there exist also strongly regulated economic sectors like mining, processing industry (tobacco), producing and trading with chemical substances, the optics, tax consulting and so on. For all these sectors a specific training and education as well as some practice (from 3 to 6 years) is required. This is the main reason why the proportion of immigrant entrepreneurs in these branches of the economy is still minimal.

5.11 Business acumen

Measures for transferring business knowledge or certain skills and competencies do not exist in Prague. The main reason is that the local self-employed immigrant community is still too small and the consciousness about their specific needs still too underdeveloped. So the “market” for such measures needs still some time to develop.

5.12 Finance

It is worth to be mentioned that according to the legal regulations there is no basic capital needed for starting a business. This makes up an important difference compared with the legal framework in many other EU countries. The possibility of getting soft loans for entrepreneurs is existent, but the number of businessmen who got it is still small.

From Ministry of Trade we got the information that the Structural Funds of the European Union are funding (migrant) entrepreneurs. This means that each entrepreneur can apply for such EU financed funding. For the purpose of application migrants need a legal entrepreneur status in the country (permanent residenc is not required). Actually no special financial programs for the benefit of migrant entrepreneurs are existent.

5.13 Business locations

The Municipality does not feel responsible for the introduction of measures aimed at providing appropriate business locations in Prague. After 40 years of Socialism the free market economy of the CR puts it under the responsibility of each entrepreneur to be flexible enough to find an adequate business location.

5.14 Access to employment with migrant businesses

Except some international companies the role of migrant entrepreneurs as employers is still not so relevant. Because of this actually no measures in this field exist.

5.15 Staff matters

As the officially occupied staff in migrant business represents only a small proportion of the whole labour force in the capital there is no urgent need for measures that aim at addressing staff matters. If an entrepreneur remains within the framework of legistic regulations the official institutions are not interested in internal staff matters. There are merely controls for the detection of illegal employment though this practice is still existent.

5.16 Marketing

The topic of marketing is seen by all institutions as a main concern of the entrepreneurs themselves. This means that neither the Ministry of Trade nor the Chamber is feeling responsible to introduce measures for the aim of improving anything in this field. If an entrepreneur is not successful enough in marketing it is on his own decision to develop more innovative marketing strategies or to expand to new markets.

5.17 Transnational economic connections

The migrant entrepreneurs of course utilize their transnational connections with their home countries as well as with co-ethnics in other European countries for economic purposes. Official measures in this field do not exist and were still not reflected about by the responsible institutions.

5.18 Training and management support

The topic of management is also seen as a main concern of the entrepreneurs themselves. This means that neither the Ministry of Trade nor the Chamber is feeling responsible to introduce measures for the aim of improving anything in this field. No organized training is offered. It is possible to get some charged management training on a private basis.

5.19 Illegal and informal practices

A comprehensive overview about irregular economic activities of migrants in the Czech Republic is given by Drbohlav et al. (2009). Illegal and informal practices of entrepreneurs can be observed in several fields:

- The most frequent practice is that **migrants officially got their residence permit as businessmen but are in fact employed.**
- One can also often find the **occupation of illegal immigrants** which is caused by the reasonable personnel costs which are caused by legal employment.
- The even rising high level of taxes has produced the practice of **dodging of taxes** by deliberately decreasing daily receipts.
- The **dodging of health insurance** for employees: It is not seldom that employees realize after they have been hospitalized that they were not adequately health insuranced by their employers.
- **Duty regulations are circumvented by smuggling**. Vietnamese entrepreneurs are said to have often problems with customs. Customs office is responsible for the controls in this field and often detects that besides their official business Vietnamese trader are dealing with cigarettes illegally.
- **The most important semi-legal practice is the "client-system"** which is widespread among some migrant groups, e.g. the Ukrainians. The so-called "clients" are businessmen who themselves occupy co-ethnics. It is well-known that some clients have to pay protection money to the Ukrainian Mafia but there are also "clients" who pay their official government taxes.

A topic which was frequently mentioned was mafia-like illegal practices. Experts informed us about organizations which may be called "Mafia" and which act relatively *"civil and normal"* in Prague. For many businessmen it is very important to *"have contacts"*. The obligations within the intraethnic networks are based on loyalities which means that contracts are usually made as verbal agreements which must not be broken (see also Dyer & Ross, 2007; Welter, 2005). It cannot be denied that some entrepreneurs have to pay protection money. The extent of this practice is not known but this must be so frequent that some migrants are shrinking from starting a business because they are afraid of such practices. It is in particular refugees from Armenia and Georgia who are confronted with suppression from Mafia organizations. Because of this reason they are often not able to start a business. It is not possible to give any valid quantitative estimation about the extent of such illegal practices. According to the representative of the Ukrainian Initiative who is also an official of the Ministry of Finance the extent of these problems may be considerable.

There exists a complex **clandestine system** which means that in many cases it cannot be easily decided between the owner of a business, the managing director, the holder of the trade licence and the staff. There are thousands of such cases and their number was even increasing in recent times.

Not long ago there was a desastrous fire in Vietnamese "SAPA" market. Media and officials guessed that mafia-like organizations may have a finger in the pie. The Municipality argues that there illegal practices are running off, but it is very difficult to control this segment of economy.

The government as well as the Municipality tries to control the broad field of migrant business according to the rules of Czech legislation which seems not to be enough in some cases. Some respondents expressed the opinion that it would be for the benefit of the local economy if illegal practices could be legalized. In the current situation a lot of tax revenue gets lost.

5.20 Non-action

The question of non-action is difficult to answer. The subject of migrant entrepreneurship is still not in the focus of the government's economic policy. Maybe that the Ministry of Industry and Trade should be more active in this field but there are other questions which have still priority on its political agenda. Concerning the Chamber of Commerce there is the specific situation in Prague that this lobby of entrepreneurs is representing mainly the bigger enterprises and only a very small number among all existing SMEs. It is a fact that big enterprises get a lot of support from the government as well as from the Municipality. SMEs would also need more support in the future.

Actually, migrant business is no field of political priority and it remains still an unanswered question among political decision-makers if migrant business should get more attention and support.

5.21 Dialogue

There is a **continuous interministerial dialogue** between the Ministry of the Interior, the Ministry of Industry and Trade and the Ministry of Finance. As an important measure in the field of integration of migrants a **"Comitee for Integration of Migrants"** was recently constituted. This Comitee also involves representatives of the Ministry of Industry and Trade and of the Chamber of Commerce.

Director Novaková from the Department of Trade License and Civil-administration informed us that the City of Prague recently got some EU funding so that actually new strategies of immigrant integration are considered. The City of Prague and the City district Prague 4-Libuš are also in a constant and positive dialogue with the representatives of SAPA market. A further interesting initiative is that the Municipality is announcing awards for entrepreneurs for honouring their innovativeness and successfulness. These competitions are open to all migrant businessmen too.

Though the Municipality financially supports the Chamber of Commerce it does not intervene in its activities.

6 Other

6.1 Summary and conclusions

The City of Prague has a unique position in the Czech Republic. The dominating economic sector is the services sector, where 80% the total employment is concentrated. In official language use the terms "ethnic(ity)" and "migrant" must be strictly differentiated. "Ethnic entrepreneurship" means the entrepreneurship activities of legally recognized "old" national minorities. Those minorities are granted a special legal status which is refused to "new" migrants. This means that the correct term for business which is run by immigrants is "migrant entrepreneurship" or "migrant business". From the legistic point of view the concept of migrant business in the CR is very liberal compared to other EU countries. This makes up an important difference compared with the legal framework in many other EU countries.

It is typical for migrant business in Prague that most of the shops cannot be identified as being "migrant". Neither the offer nor the outward appearance indicates that the owner has immigrated. This phenomenon is labeled by the term "integrated migrant economy". "Ethnic shops" which are so typical for many western European metropoles can only seldom be found in Prague. The "integrated migrant entrepreneurship" is usually an accomodation to the local market and to the structure of customers.

The lack of adequate statistics makes the ethnic economy a kind of quantitative "terra incognita". The total number of the workforce employed by migrant entrepreneurs is also impossible to estimate as once more no official statistics exist. The relevant institutions in the context of migrant entrepreneurship are usually governmental: the Ministry of Industry and Trade of the Czech Republic and the Ministry of the Interior; at the local level the Trade License and Civil-Administration Department of the Municipality. It must be said that migrant business is not ranking first on the agenda of the Ministry of Industry and Trade because its employment effect is rather modest. The Ministry prefers to attract more international companies who may also be big employers. Thus, the migrant entrepreneurs play a rather negligible role in local and national integration programs. The migrant entrepreneurs are not actively engaged as actors in the field of policy measures. The main actors are still the national authorities (not the local!), who are trying to create a good climate for entrepreneurship in general. Recently the Municipality of Prague is becoming more aware of immigrant affairs. Therefore it is starting to be involved in the broader field of migrant promotion (but not explicitly migrant entrepreneurship). Incorporated in the local municipal administration structures business offices can be found which are subdued to the Ministry of Industry and Trade. The staff of these offices is employed and paid by the municipality.

The responsible Ministries are currently intensively cooperating about the topic of migrant entrepreneurship. The Ministry of Industry and Trade is participating in the Interministerial Comitee which elaborates an overall strategy for integration. For the month of March 2010 a fundamental reform is planned. This reform shall bring bureaucratic reliefs in the process of starting and running a business. The new framework is not focussed on migrant entrepreneurs but on the whole field of self-employment.

It is difficult to make a valid prognosis about the future of migrant business in Prague because this depends on the general economic development in times of crisis. A major determinant will be the future of the EU (economic development, accession of the Ukraine etc). As a former socialist country the labour market of the CR is still not functioning as in other EU countries. There is still a lack of experience in handling the private economic sector and in inventing adequate regulations for migrant business. As a prognosis for the next 15 years an expert meant that the economic activities of migrant entrepreneurs will be more fragmented than today and there will be a higher degree of specialization in certain market niches.

6.2 Good practices

The examples of good practice in Prague are only a few. The **“House of National Minorities” and its Multicultural Center** may be one.[10] It is not only a meeting place of different ethnic and migrant groups but with its infrastructure it supports businessmen with advice and consultation and helps them in networking.

A very new initiative is the building up of contact and consultation centers for EU migrants and all branches of the economy. Two **consultation centers** in Prague 1 and 7 have already founded on 1st January 2010. These centers provide advice for every EU businessmen who wants to start an enterprise in the CR. They provide also informations for Czech citizens who want to start business in other EU member states. They provide information about rules and regulations, formalities taxes, formal duties etc and are also consulted by entrepreneurs who want to send their employees abroad.

Since 2007 local authorities are funding entrepreneurship activities with the **program “Competitiveness“** (priority axis 3 for Innovativeness and Enterprise), which is co-financed by EU funds. Connected with the EU funding actually new strategies of immigrant integration are considered by the Municipality.

6.3 Any other final comment or suggestion?

6.4 Interview partners

Mrs. JUDr. **Eva Novaková**, City of Prague – Prague City Hall, Director, Trade License and Civil-Administrative Department

Mrs. Mgr. **Pavla Novotná**, Czech Ministry of Interior, Head of Unit for Policy and Analyses

[10] See http://www.mkc.cz/en/information-services.html.

Mrs. Ing. **Veronika Surýnková**, Czech Ministry of Industry and Trade, Department for Entrepreneur Environment

Mrs. JUDr. **Jaroslava Perlíková**, Director of Section of Law at the Department of Trade License and Civil-Administration Department, Prague City Hall

Mr. **Zdeněk Uherek**, PhD, Director of the Department of Ethnic Studies, Czech Academy of Sciences

Mr. Ass. Professor **Dušan Drbohlav**, PhD, Head of Department of Social Geography and Regional Development, Charles University in Prague

Mr. **Viktor Rajčinec**, Czech Ministry of Finance and Chairman of the Ukrainian Initiative in the Czech Republic, editor of the Ukrainian "Magazine Porohy"

Mrs. **Eva Pechová**, representative, Klub Hanoj – Czech-Vietnamese immigrant organization

Mrs. **Tatiana Kunštátová**, representative of City district of Prague 1, Deparmant of trade license.

Nomen nescio, Bulgarian manager, shop with tourist souvenirs, Praha 1

Mr. **Lubica Ristič**, former Yugoslavian immigrant, owner of shop with tourist souvenirs, Praha 1

Mr. **Ivan Popov**, Bulgarian immigrant, owner of several shops with tourist souvenirs, Praha 1

Mr. **Oleg Gaponeko**, Ukrainian immigrant, organizing jobs for co-ethnics, Praha 10

Mr. **Ngan LeVan**, Vietnamese immigrant, food store, Praha 1

Mrs. **Elena Nemcov**, Ukrainian shop assistant in a shop owned by a Bulgarian immigrant, Prague

6.5 Books and reports

http://www.mpo.cz/en/business-support/

http://www.businessinfo.cz/en/article/starting-up/integration-of-foreigners/1001017/54160/

http://magistrat.praha-mesto.cz/Business/area9513

http://www.czechinvest.org/en

http://www.praha.eu/jnp/en/life_in_prague/business/index.html

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Photos

Photo 1: Vietnamese general store in Prague 2

Source: D. Čermáková

Photo 2: Clothing retailer in Vietnamese market SAPA

Source: D. Čermáková

Photo 3: Vietnamese hairdresser, beauty parlor and massage saloon, SAPA market area

Source: J. Kohlbacher

Photo 4: Shop of a migrant from former Yugoslavia in historical centre of Prague

Source: D. Čermáková

Photo 4: Vietnamese Foodstall in Prague

Source: (http://www.uncorneredmarket.com/2007/05/malesice-pragues-little-hanoi)

Photo 5: Chinese restaurant in the historical city center

Source: J. Kohlbacher.