



European Foundation for the Improvement of Living and Working Conditions

Case Study on Ethnic Entrepreneurship

VIENNA



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0 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, Wrocław, 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. Precious basic information for this case study was provided by MA 17 (Municipal Department for Integration and Diversity Affairs) in a kick-off meeting on 17th Nov 2009 with Kemal Boztepe, MA and deputy director, and Dr.a Karin König. To both officials and in particular to the head of the Department, Dr.a Ursula Struppe, we are very thankful for the support and the valuable suggestions which we have got. A lot of information could be gathered in interviews with Reinhard Troper, MA, Municipal Senate Councillor (Municipal Dept. 27) and with Mr. Ing. Andreas Müller (Municipal Department 59). We are also very obliged to the representatives of waff, Wirtschaftsagentur Wien and the Social-Democratic Economic Association which are main institutions which are in close contact with the Municipality. We further thank the Vienna Economic Chamber, the Austrian Trade Unions, the Public Employment Service Vienna and many other institutions and want to express our appreciation for their good mood of cooperation.

Furthermore we have to mention the ECOMIGRA, the 1st Trade Fair on Ethnic Economy in Vienna's Town Hall, which took place in the Vienna City Hall, 4-6th Dec 2009, under the participation of high level representatives of the Republic of Turkey and many relevant stakeholders in the field of ethnic business. This fair provided us the opportunity to get an insight in many relevant aspects of ethnic business in Vienna. During this event we could also make a lot of interviews with ethnic entrepreneurs, the majority of them with Turkish migration background.

We thank explicitly all the experts and in particular the entrepreneurs who were willing to provide us information. A list can be found in the appendix of this report. The copyright of this report remains with the European Foundation for the Improvement of Living and Working Conditions.

1 Introduction

The fourth module of the CLIP network is about ethnic entrepreneurship and explores the development of ethnic 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 ethnic 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. Contrary to the foregoing modules the City of Vienna did not provide us a completed questionnaire so we had to collect the data from the very beginning. Own calculations were made on Census 2001 data and the Microcensus. Even in Vienna the data situation was not satisfying but this deficit could be balanced by a recently (2007) published profound study about the ethnic economy. Contrary to earlier reports Interviews were started at a very early stage of the research process and their results systematically combined with statistical sources.

Throughout all sectors of industry, entrepreneurs with immigrant parents or immigrants themselves have nowadays become an established and important part of Vienna'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 Vienna'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. And they make Vienna as a location even more attractive - among others for the approximately 120 international corporations, which have established their headquarters for Eastern Europe in Vienna.

2 Background information of the city

Vienna is one of the nine federal states of Austria with a population of 1,678,435 (more than 2.2 million within the metropolitan area) on 01-01-2008. Vienna is the capital and by far the largest city in Austria as well as its cultural, economic and political centre and is the seat of many international organisations (official UN seat, OECD headquarters). Vienna is both a city and a federal province. The city is composed of 23 districts. The Social-Democratic Party has been dominating the Viennese local government since the 1920ies. The City Councillors, currently 14, are part of the City Senate and politically responsible for specific areas. A consensus oriented political culture is typical for Vienna. It is rooted in the establishment of "social partnership". This is a specific Austrian form of corporatism – a network consisting of the state and employees (unions, chamber of work), as well as the employers' association (Economic Chamber, Federation of Austrian Industry).

Vienna is a city of immigration. It can look back to a long-standing tradition of cultural and linguistic diversity, since Vienna attracted many people when it was the capital of the Habsburg Empire. Vienna boasts a variety of immigrants. 40% of foreign nationals living in this city do not come from the – for Austria – classical countries of origin, i.e. former Yugoslavia or Turkey. Independent of their citizenship, approx. 1/3 of the entire Viennese population has a migration background one way or other (either they themselves or their parents were born abroad) nowadays.

By the end of 2007 1,670,749 people lived in Vienna, including 324.951 foreign nationals. This was a percentage of 19.4 % of the entire population living in Vienna. A constant increase of the proportion of foreigners can be observed. The percentage rose from about 7 or 8% during the 1980s to proportions between 10 and 15% during the 1990s and reached its peak in 2007, when 19.4% of Vienna's population consisted of foreign nationals. The absolute number of foreigners in 2005 was three times higher than 1980. In 2007 the index rose up to 293.4. After a period of stagnation or even numerical decrease of the total population during the 1980s it was primarily the positive migration balance which caused an increase of Vienna's population since the 1990s. And the positive demographic trend is still going on – Vienna is one of the very few Austrian federal provinces with rising birth rates and increasing numbers of children in schools and kindergartens. The number of children (under 15 years) will even rise markedly, from 241,000 (2006) to 260,000 in 2015 and 294,000 in 2030. Statistik Austria forecasts indicate that Vienna's population will rise by 8 per cent from its current 1.66 million (2006) to reach 1.78 million by 2015 and 1.95 million by 2030. In a good 30 years, therefore, Vienna will once again be a two-million city – just like it last was at the end of the Habsburg Empire:

Table 1: Population by migration background in Vienna, Microcensus 2005/4

Population by descent	abs.	in %
Austrians	1,126,180	69.5
Naturalized migrants	198,450	12.2
2 nd generation	42,519	2.6
immigrants with foreign citizenship	253,801	15.7
with migration background	494,770	30.5
total	1,620,950	100.0

Source: *Microcensus 2005/4, own calculations.*

Table 1 provides a picture on the basis of Microcensus for the last quarter of 2005. 30.5% of Vienna's population has a migration background. The naturalized sub-group which represents more than 12% of the population is of rising numerical importance.

3. The urban economy in general

With just one fifth of the Austrian population, Vienna accounts for more than one quarter of the country's total economic performance. Vienna is at the forefront even by international comparison with respect to its level of prosperity: Vienna's per capita GDP is over 180 per cent of the EU average. The city's productivity is also remarkable by international standards.

Vienna's success is based on a high degree of diversification with a strong focus on modern service industries, as well as on measures to strengthen material goods production and promote research. More than 300 international corporations have chosen Vienna (and its surrounding region) to set up their Eastern European headquarters. Among them are global players like Henkel, Hewlett-Packard, Siemens, Beiersdorf, Coca Cola, McDonalds and Heineken. Vienna's strategic economic priorities focus on life, sciences, information and communication technologies as well as automotive and creative industries. With more than 8,000 IT companies achieving a total gross turnover of € 20.8 billion and employing 73,000 persons, Vienna not only takes the lead in Austria but across Central and Eastern Europe. The strength of Vienna's IT sector is based on the accessible markets and a competitive telecommunications infrastructure. VITE (Vienna IT Enterprises) is an instrument for Vienna to network the competence available in IT companies in order to initiate innovative projects. There are similar objectives for enterprises active in the fields of mobility, transport, and new vehicle technologies.

3.1 Historical development of urban economy

During the 1970s and 1980s the economic performance of Vienna was stable but relatively weak, which was at least partly, a consequence of the disconnection from the economic hinterland in Central and Eastern Europe for more than 40 years. During this period of weak growth, less competition for the mostly national oriented enterprises existed in a protected domestic market.

Since the vanishing of the Iron Curtain, the Viennese economy showed a good performance. The exports increased significantly in recent years. The opening-up of the East Bloc and the admission of neighbouring countries to EU membership mean that Vienna is no longer geographically marginalized, and has been and will be able to benefit considerably from these developments. For the economic area of Vienna, this means on the one hand interesting perspectives due to the proximity of the burgeoning markets of Eastern Europe, although on the other the challenges of successfully surviving international competition have also increased significantly.

Vienna has profited from the dynamic economic development of the past years by taking targeted action to develop its standing as a business location and to create future-oriented jobs. Like other conurbations, Vienna has seen a structural shift from production to business-related services. The census of 1991 showed that nearly 80% of the labour force was working in the service sector. There was a concentration of scientific and artistic jobs and technical and administration/management occupations. Employment in the business-related service sector alone has increased by 38.4% over the

past ten years. The tertiarisation of the economy is mirrored in rate of change of gainfully employed persons by industry 1997–2007 in %: company-related services (+38.4); tourism (+8.8%), other services (–1.3%), traffic and transport (–6.7%), trade (–9.4%), construction (–17.5%), manufacturing (–26.8%).¹

The informal sector² gained increasing weight. The rising share of informal labour in total employment was associated with other elements of greater flexibility in the formal labour market generated by the forces of demand and supply. These flexibility elements are compatible with what already prevails in the informal economy (workers employed by informal enterprises, domestic workers, outworkers, home-workers, part-time and casual workers in informal enterprises). Migrants play an important role in the informal sector, particularly in segments where access to formal sector jobs is difficult due to quota regulations and other institutional barriers to entry.

It is not Vienna alone, but the **Vienna Region** consisting of the provinces of Vienna, Lower Austria and Burgenland – which is the economic heart of Austria.

- The Vienna Region's high-performance business sector accounts for more than 44% of Austria's GDP.
- Its 1.4 million employees represent more than 43% of the nation's total workforce, ensuring more than sufficient availability of qualified employees.
- The region offers a high level of political and economic stability, a practice-oriented educational system and extraordinary personal security.
- Further enhancing the Vienna Region as a business destination is a series of jointly financed public-private partnerships, especially in the area of technology. These helped the Region achieve a 40% share of all Austrian business start-ups.

Vienna experienced a veritable boom in the relocation of international companies in the year 2007: no fewer than 115 enterprises – 55% more than in 2006 – moved to Vienna. The decisive factor behind this success was the collaboration between the Vienna Business Agency and the Austrian Business Agency (ABA). As a result of this cooperation about 1,100 new jobs have been created in Vienna. Over 50% of all the companies that relocated to Austria in 2007 chose Vienna as their destination. This is an absolute record in international business relocation to Vienna, and the investments made by these new companies totalled around 113 million €. ³

The city's economic success is also illustrated by local business start-up statistics. The number of new business start-ups remained high in 2007. Altogether as many as 73,960 new enterprises were founded in Vienna since 1998. The number of business start-ups rose from 4,929 in 1998 to 6,005 in 2000. It was 6,435 in 2002, reaching its peak in 2005 with 8,683 newly founded businesses. There was a short phase of decrease in 2006 (7,811). In 2007, there were 8,043 start-ups. Never before has the city registered as many international business start-ups as in 2007. In 2008 entrepreneurs from 83 countries started their enterprise in Vienna. This means that one fourth of all new enterprises were started in Vienna. Investments have equally boomed during the past years. One has to emphasize a decrease in industry, whereas the number of start-ups in crafts was significantly rising. Considering that this figure is based on the members of the Vienna Economic Chamber only, the actual number of new businesses is estimated to be significantly higher.

3.2 Main industries and services

An estimated 10% of all Austrian material-goods exports are produced in Vienna. The main emphasis is on machines, electro-technical equipment and chemical products, motor vehicles and foodstuffs. The Vienna economy's high level of prosperity is founded on a strong and diverse services sector, which generates well over 80% of the economic output. In the service field the City of Vienna share probably amounts to around 50% of the Austrian total. Besides public administration, trade and the financial services sector, Vienna also has an above-average share of other business-related services.

¹ Source: Association of Austrian Social Insurance Institutions.

² A common description, encompassing petty trading, casual and irregular wage work, employment in personal services or in small-scale enterprises mostly in service.

³ Wien international.at, 14-02-2008.

Higher quality, knowledge-based services are also of growing importance. One in seven employees in Vienna is employed in the secondary sector, the majority of them in small and medium-sized businesses, which continue to grow in importance. In an international comparison of cities, this means that Vienna has a pretty sound industrial and trade base. Vienna also gives additional priority to the promotion of research and development, and of creative industries such as advertising, design and multimedia (for details see MA 05 2009; Bornett et al. 2003).

The economic development was generally positive, at least before the world-wide crisis of late 2008: Since 1975, Vienna's GDP per capita has risen by more than 90% – an increase of about 30 percentage points higher than the average major European city. Vienna's Gross Regional Product has increased by a total of 37.5%, which corresponds to an annual growth rate of 3.2%. Taking into account price levels, which are rather moderate compared to other EU cities, Vienna is the fifth most affluent region in Europe.

Table 2: Gross urban product by sectors in € million, Vienna 2005/06

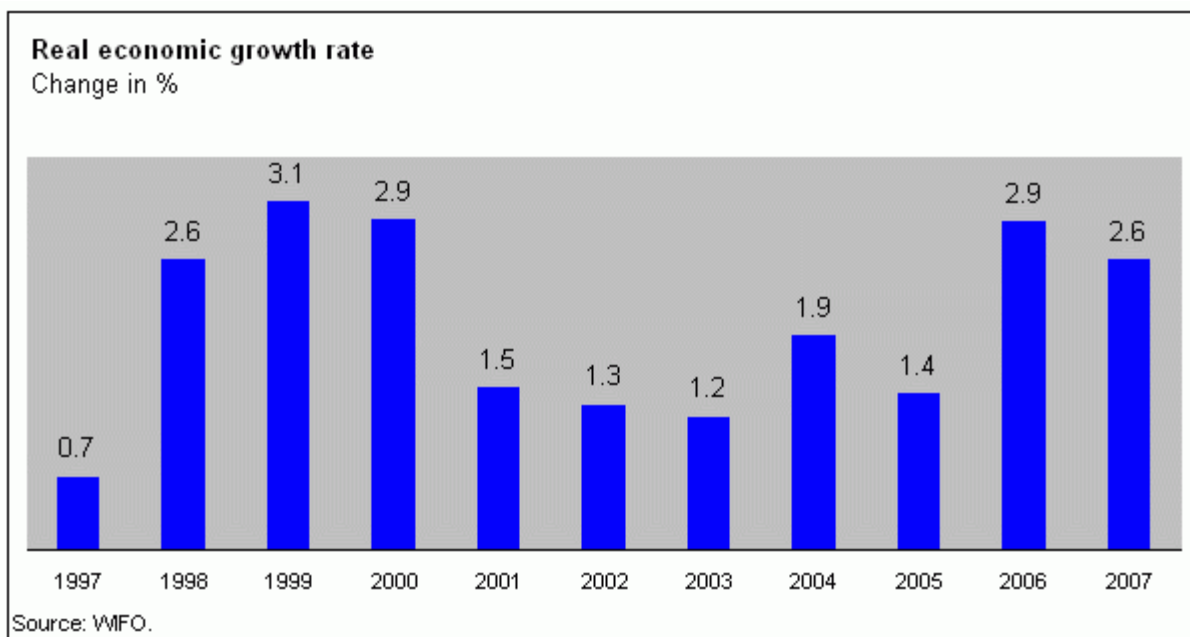
	2005	2006	2005/06 in %
Gross urban product	59,621	62,211	+4.3
Agriculture and forestry in %	0.2	0.2	-0.5
Manufacturing in %	16.3	16.8	+3.2
Services to consumers and businesses in %	83.5	83.0	-0.6

Source: ST.AT - Regional Accounts.

International business networks are continuing to grow. Businesses in Vienna make or receive almost two thirds of all Austrian direct investments. According to data of the Austrian National Bank direct investments by foreign businesses in Vienna reached a record high of almost € 49,827 billion in 2005, while foreign investments by Viennese entrepreneurs rose to an equally unprecedented € 40 billion.

The targeted and sustainable promotion of technology-intensive and future-oriented branches has given rise to the favourable framework conditions for business and labour which now prevail in Vienna, enabling the city to hold its own as a top competitor among urban business locations. Vienna's role as a hub for economic relations between East and West is illustrated by the dynamic development of foreign trade. Economic networking, particularly with Eastern Europe, has intensified over the past years but suffered by the crisis since 2008. The most important trading partners for Viennese companies are enterprises in countries such as Hungary, the Czech Republic, Slovakia, Slovenia, Poland, Romania, Croatia and Turkey. In particular Austrian banks which invested large sums in Eastern Europe got into serious troubles. With the production sector accounting for no more than about 16% of Vienna's gross value added, the volume of exports totalled € 14.8 billion in 2007, corresponding to an increase of 5.4% from the previous year. The neighbouring states to the East play a key role in this context: with exports of about € 1 billion each, Hungary and the Czech Republic rank third and fourth among Vienna's main trading partners, trailing only Germany and Italy.

Diagram 1: Change of the real economic growth rate in Vienna in %, 1997-2007



Source: <http://www.wien.gv.at/english/politics/statistics/images/economic-growth.gif>.

At the same time, the high number of tourist overnight stays – a record-breaking 9.7 million in 2007 – is proof of Vienna’s international standing. In 2007 the economic effects of more than 300 events amounted to about € 600 million in total. International organizations in Vienna such as the UN, UNIDO, IAEA, and OPEC create a multinational environment. With more than € 4 billion in direct and indirect effects, tourism remained a significant factor for total added value in Vienna.

Table 3 mirrors the structure of Vienna’s economy by the distribution of the member enterprises of the Vienna Economic Chamber by economic branches. In almost all branches a significant increase of the number of enterprises was observable. Thus, the number of members of the chamber rose from about 118,000 in 2001 to even 147,000 in 2008. Exceptions from this trend are enterprises in the bank & insurance sector and in trade. In both branches a considerable shrinking process took place. In the bank sector this was mostly due to concentration processes to bigger and transnational bank corporations. The loss of enterprises in the trade sector was caused by general problems in this branch of the economy. An extremely positive upward development is observable in information & consulting, where the number of Chamber members rose by more than 10,000 within 8 years. Vienna is still an attractive tourist destination, which is mirrored by an expansion of the number of enterprises in tourism & catering. The traditional sector of crafts & industrial arts shows a significant upward trend too. The sharp increase in the number of members is to a high degree caused by the start-up of many single-person enterprises by EU citizens, often from the new accession countries in East-Central Europe. Generally spoken the “enterprise landscape” was until 2008, this means before the crisis of 2009, characterized by an apparently positive development.

Table 3: Members of Vienna Economic Chamber by branches, 2001-2008

....	Craft, industrial arts	Industry	Trade	Banks, insurance comp.	Transport,	Information, Consulting	Vienna total	
2001	27,020	2,252	44,375	383	6,510	12,636	25,009	118,185
2002	28,058	2,168	43,663	384	6,604	12,803	26,672	120,352
2003	29,119	2,282	43,478	379	6,755	13,195	28,428	123,636
2004	32,403	2,296	43,843	369	7,091	13,827	30,530	130,359
2005	35,390	2,248	43,337	356	7,364	14,000	31,894	134,589

2006	37,882	2,271	43,296	356	7,470	14,119	33,309	138,703
2007	39,900	2,330	42,833	349	7,690	14,294	34,590	141,986
2008	43,897	2,412	42,053	353	7,888	14,422	35,651	146,676

Source: Vienna Economic Chamber.

According to Microcensus 2005/4 61,930 self-employed (and supporting family members) without migration background and 21,182 entrepreneurs with migration background were counted. There is a clear concentration process of ethnic entrepreneurship in the capital compared to other Austrian regions. 38.4% of all self-employed persons with migration background but only 13.5% of the “native” entrepreneurs are running their business in Vienna.

3.3 Size of workforce

The positive effects of economic growth have also benefited the labour market. In 2007, Vienna saw both an increase in the total number of employees (+1.6%) and a decrease in the number of unemployed (-0.8 percentage points). In 2007, the number of Viennese engaging in a gainful occupation reached an all-time high of 935,202. During recent years new forms of employment constitute an expanding category. From 2007 to 2008, for example, their number rose from about 80,000 to 86,500 (+8.1%). During the same time-span also self-employment was increasing by 2.7% (see table 5). In Vienna entrepreneurship is still dominated by men. The growth was also significantly higher in the male category. This is contrary to the absolute number of gainfully employed persons, which is characterized by a female overhang. In addition to high productivity, it is significant to appreciate the importance of labour peace: in 2006 and 2007, there were no strikes in Vienna.

Table 4: Employment with compulsory social insurance in Vienna, 2007-2008

	2007	2008	2007/08 in %
Employment with compulsory insurance, total	935,202	959,036e	+2.5
Female	454,340	465,776e	+2.5
Male	480,862	493,248e	+2.6
Gainful employment, total	854,133	875,740	+2.5
Female	428,469	439,426	+2.6
Male	425,664	436,314	+2.5
Gainful employment, standard forms	774,137	789,251	+2.0
Female	381,772	389,240	+2.0
Male	392,365	400,011	+1.9
New forms of employment (minimal employment, quasi-freelance service contracts)	79,996	86,489	+8.1
Female	46,697	50,186	+7.5
Male	33,299	36,303	+9.0
Self-employment, total	81,069	83,296e	+2.7
Female	25,871	26,350e	+1.9
Male	55,198	56,934e	+3.1

Source: Association of Austrian Social Insurance Institutions, Social Insurance Institution for Farmers, Social Insurance Institution for Trade and Industry and forecast by MA 5 (<http://www.wien.gv.at/english/politics/statistics/rtf/compulsory-insurance.rtf>).

3.4 Characteristics of the workforce

Table 5 shows the numerical development of total standard employment and the employment of some of the major immigrant groups in Vienna in recent years. There was a steady increase in the total employment during the last three years. Whereas the total employment has risen modestly, the employment of foreign citizens shows a sharp increase of 9% from 2007 to 2008. This increase was mainly due to an influx of labour force from other EU countries, in particular of Romanians and Germans. On the other side there was a considerable decrease of the employment of citizens from former Yugoslavia. This group is traditionally the most numerous immigrant group in Vienna since the days of the guest-worker migration.

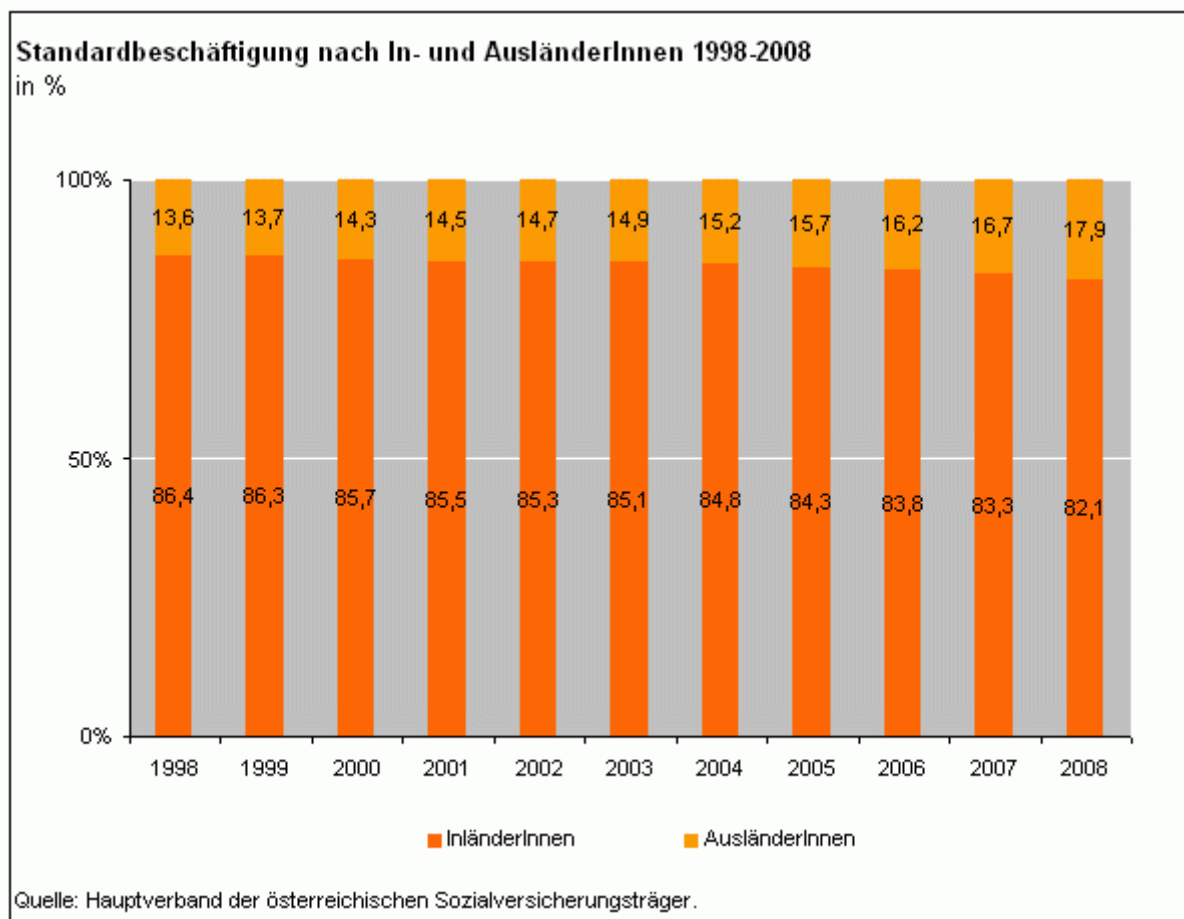
Table 5: Standard Employment in Vienna by citizenship 2006-2008

Groups of Employed	2006	2007	2008	2007/08 in %
Employed, total	763,607	774,137	789,251	+2.0
Austrians	639,848	644,565	648,019	+0.5
Foreign citizens	123,759	129,572	141,232	+9.0
EU	.	.	43,162	.
Germany	9,961	11,380	14,244	+25.2
Poland	6,749	7,189	7,956	+10.7
Romania	2,573	2,910	3,735	+28.4
Hungary	2,950	3,289	3,625	+10.2
Other countries	.	.	98,070	.
Former Yugoslavia	54,923	54,806	44,798	-18.3
Turkey	17,547	17,970	18,981	+5.6

Source: Association of Austrian Social Insurance Institutions.

Diagram 2 visualizes the development of standard employment during the decade 1998-2008. It can be seen that the proportion of foreign citizens in total standard employment has risen, from 13.6% to 17.9% in 2008, whereas in the case of Austrian citizens it decreased from more than 86% to 82% during the same period.

Diagram 2: Standard employment of Austrian and foreign citizens in Vienna, 1998-2008



Immigrants of earlier generations entered labour markets during the phase of rapid industrialisation with rising labour demand for low and medium skilled workers. Foreign workers tended to be traditionally concentrated in industries and occupations which are at the bottom end of the wage scale (construction, cleaning, housekeeping, catering etc). Those industries experienced high competition in the national and global market either because of relatively common (global) technology and skills of workers and/or because of a limited concentration/market power of the industry. In these industries, migrants often occupied unskilled and semiskilled jobs or specialized medium skilled jobs. This was in the main the result of the need on the part of the employers. Migrants of the 1970s and 1980s often had traditional craft skills, e.g., sewing, tailoring, leather processing; or relatively low skills, as these skills are almost by definition easily transferable. Thus, migrants were and are more than proportionately employed in textiles, leather goods and apparel production, in food production and processing; and they have contributed to the survival of these industries as well as to certain low to medium-tech industries. They are also disproportionately represented in construction industries, tourism, personal services, cleaning and nursing, as well as harvesting in agriculture (see Biffel, 2000, 2002a, b; Gürses, et al. 2004).

Today de-industrialisation and expansion of service activities affects both the structure and the nature of employment. The numbers of traditional jobs from the era of mass production which are concentrated on standardised work processes have declined. Flexible specialisations gained weight. There is a quest to adapt to consumer demands and for more market and client-orientation. Firms are entering into flexible supplier-producer relationships, whereby formal and informal sector activities may be intertwined. There was a qualitative change of jobs. Nontraditional working hours, contract labour, casual work, flexworkers, homeworkers were becoming a feature of the labour market. Micro-economic reform and restructuring entailed above average job losses for unskilled workers, the group in which migrants are more than proportionately represented. But reallocation of production to neighbouring countries in the 1990s increasingly affected medium skilled tradesmen. Thus, while in the past migrants contributed to employment stability of natives in tradeables by ensuring the competitiveness of exports, this was less the case in Vienna since the 1990s.

Increases in the wages of unskilled workers and tradesmen have been restrained by international trade pressures on the one hand and supply of migrant labour on the other. Few migrants find employment in industries with a high capital/labour ratio and limited international competition. These are mainly banking, real estate and insurance, telecommunication and transport services, the high skill segment of health and education and the like. These sectors do not only offer employment security but also above-average and rising wages. They have been protected from market pressures and external competition, at least until the early to mid 1990s. In contrast, industries with a large share of migrant workers are not only at the low end of the wage scale but exhibit significant cyclical and/or seasonal employment instability. A special case is the construction sector, which pays comparatively high wages to migrant and native workers alike. This is the result of the high degree of union density and thus the result of institutional rather than market forces.

As a lot of detailed statistics about the demographic and educational structure of the workforce is provided on the Homepage of the Municipality of Vienna⁴ and the AK Wien (Chamber of Labour Vienna)⁵ a more detailed analysis will not be given in this chapter.

3.5 Development of small and medium sized businesses (SMEs)

On 6th May 2003 the European Commission adopted the Recommendation 2003/361/EC regarding the SME definition which replaced Recommendation 96/280/EC. According to this classification enterprises with a maximum of 49 employees (turnover and balance sheet total \leq € 10 million) count as small enterprises. Micro enterprises employ fewer than 10 persons (turnover and balance sheet total both \leq € 2 million). Medium-size enterprises are considered to be those with 50-249 employees (turnover \leq € 50 million; balance sheet total \leq € 43 million).⁶

Small and medium-size enterprises count for 98% of all Austrian enterprises. Vienna economy's structure too is dominated by SMEs. With around 72,000 companies Vienna has the highest number of enterprises of all Austrian federal provinces. Alongside 35,900 enterprises without any employees Vienna has about 35,000 small and more than 1,100 medium-size companies. 99.4% of all Viennese enterprises employing personnel belong to the category of SMEs. All SMEs together employ about 310,000 persons. This corresponds to more than two-thirds of all persons engaged in Vienna's industry, and 40% of all Vienna's independently employed persons. The proportion of large enterprises in Vienna is 0.6%, that is to say 215 enterprises.⁷ SMEs were always very important for Vienna's economy and gained even increasing importance in times of crisis and economic restructuring. During the last two decades SMEs at least partially substitute the loss of workplaces and apprenticeship places in traditional large-scale industry.

3.6 Sectoral and spatial distribution of SMEs

Table 6 proves the considerable numerical dominance of SMEs in almost all branches of the Viennese economy. In crafts, trade, transport, catering & tourism and consulting the proportions of SMEs are throughout above 96%. It is only in the sectors of banks and insurances and in industry, where bigger enterprises are of considerable importance. In industry the presence of SME's is more than 77%. In particular in the bank sector a marked concentration process took place during recent decades.

Table 6: Enterprises with ... employees in Vienna, July 2008

Branch of economy	1 to 49		50 to 249		250 and more		together	
	Number	%	number	%	number	%	number	%
Crafts	10,038	96.2	339	3.2	58	0.6	10,435	100.0

⁴ Wien.at: Webservice der Stadt Wien. Beschäftigung und Arbeitsmarkt (<http://www.wien.gv.at/statistik/daten/arbeitsmarkt.html>).

⁵ See <http://wien.arbeiterkammer.at/online/page.php?P=2840>.

⁶ See http://www.wfff.gv.at/upload/medialibrary/KMU_Definition_9286.pdf.

⁷ Wien.at: € 30 million for Vienna's SMEs

(<http://www.wieninternational.at/en/node/969?SESS88d3916a5a538ac67daaf1cded7e82f4=a07f560fa238426385bb7f8ef553b912>).

Industry	620	77.5	128	16.0	52	6.5	800	100.0
Trade	9,704	96.9	269	2.7	43	0.4	10,016	100.0
Banks & insurances	176	68.0	61	23.5	22	8.5	259	100.0
Transport	2,088	96.7	61	2.8	10	0.5	2,159	100.0
Catering, tourism	6,155	96.5	195	3.0	31	0.5	6,381	100.0
Information, consulting	7,505	96.7	226	2.9	33	0.4	7,764	100.0
total	36,286	96.0	1,279	3.4	249	0.6	37,814	100.0

Source: Vienna Economic Chamber.

The distribution of the employees in SME's (table 7) shows an interesting pattern which is quite specific in different branches of the local economy. Contrary to the considerable number of SME's it is only in catering & tourism where more than 50% of the labour force is employed in SME's. Crafts and information & consulting are further branches with a considerable proportion of personal which is active in smaller enterprises. The concentration tendency in large enterprises is the most pronounced in the field of bank and insurance companies. Here three out of four employees are occupied in large enterprises. In the industrial sector about two thirds of the whole labour force is concentrated in large enterprises which employ more than 250 persons. In transport the concentration tendency is weaker. Typical for this sector of the economy is a heterogeneous conglomerate of small, medium and bigger firms.

Table 7: Employees in enterprises with ... employees in Vienna, July 2008

Branch of economy	1 to 49		50 to 249		250 and more		total	
	number	%	number	%	number	%	number	%
Crafts	63,113	48.7	34,512	26.6	31,979	24.7	129,604	100.0
Industry	5,710	9.8	14,290	24.6	38,153	65.6	58,153	100.0
Trade	50,716	45.7	27,825	25.1	32,433	29.2	110,974	100.0
Banks & insurances	2,087	5.5	7,178	18.7	29,030	75.8	38,295	100.0
Transport	13,274	28.5	5,465	11.8	27,763	59.7	46,502	100.0
Catering, tourism	37,715	53.5	19,163	27.2	13,613	19.3	70,491	100.0
Information, consulting	40,091	48.5	22,034	26.7	20,460	24.8	82,585	100.0
total	212,706	39.6	130,467	24.3	193,431	36.1	536,604	100.0

Source: Vienna Economic Chamber.

Concerning the spatial distribution one has to say that SME's can be found everywhere in the urban space of Vienna. Since the 1980s there is a tendency of many craft enterprises to leave their traditional locations in the densely built-up areas and to move to the urban fringe. This out-migration was caused by rigid noise protection orders and general emission standards as well as by rising rents in the inner districts and the impossibility for many successful enterprises to expand spatially. Soft urban renewal tries to keep a balanced mixture of the urban functions of housing and working and thus promotes both the continuation of traditional enterprises and the new settlement of new firms.

3.7 Recent changes

A lot of reports about different aspects of SMEs are available at the homepage of the KMU FORSCHUNG AUSTRIA (Austrian Institute for SME Research).⁸ Bornett (2009) and Riesenfelder et al. (2006) provide profound recent analyses of the actual situation and recent developments of the SMEs.

⁸ See <http://www.kmuforschung.ac.at/>.

In the following some general trends shall be mentioned: The SMEs are of rising importance all over Europe (Welter & Lageman 1998; Welter 2001) and in all branches of Vienna's economy (be it in construction, in trade, information & consulting etc) in particular in times of the actual economic crisis. There is a loss of jobs in bigger enterprises, whereas the number of SMEs increased significantly, in particular the single-person enterprises. This and the EU caused a rising openness towards micro-enterprises. Thus, the Federal Ministry for Economy, Family and Youth (bmwfi) has introduced important measures to promote the SMEs. The Austrian Minister of Economics, Reinhold Mitterlehner, presented 2009 the "SMEs=Packet 09" ("KMU-Paket 09") for an improvement of the framework conditions of the small firm sector and the entrepreneurial middle class. This packet includes some relief from administrative burden, the promotion of innovations, an improvement of the image of small enterprises, easier access to financial funding and a new "hallmark of excellence" for model plants.⁹ The Ministry of Economics is also active in promoting research activities in the field of SME-innovations. An illustrative example is the programme COIN. The Austrian Research Promotion Agency (FFG) offers FFG Innovation Cheques of € 5,000 and special credits (erp-Small Credits up to € 30,000 at a rate of 1.5%) (see Kolar 29-01-2010: 5-7).

In the first half of 2009, the Austrian Institute of Economic Research carried out a survey¹⁰ at the commission of the City of Vienna. About one thousand entrepreneurs in Vienna were interviewed for this survey. According to the survey Viennese entrepreneurs support further expansion of the infrastructure and regard the priority of government investments as a key measure in economic crisis management. Viennese entrepreneurs are actively responding to the crisis. 73.8% have already implemented concrete measures to deal with the crisis, or are planning to do so. From the point of view of location and employment policies offensive strategies for maintaining sales levels, such as continued support for innovation orientation, qualification and internationalization are recommended. The City of Vienna's economic stimulus and employment package agreed with the social partners in the autumn of 2008 and now being implemented tries to meet the expectations of the Viennese business community. In 2009 the city has spent an additional 700 million € on contracts, and thus in concrete measures to ensure employment. By the year 2013, the expansion of the underground railway network in Vienna will mean over 26,000 jobs for the construction work itself and associated subcontracting sectors.

4 Profiles of ethnic entrepreneurship

4.1 Definition of ethnic entrepreneurship

The legal definition of "self-employment" or "entrepreneurship" does not cause a serious obstacle in Austria. A self-employed person can declare itself self-employed, and will then be treated as such by authorities (par. 1245 and par. 1247). In Vienna ethnic entrepreneurs are usually called "UnternehmerInnen mit Migrationshintergrund" ("entrepreneurs with migration background") which means self-employed persons who themselves migrated to Austria or of whom at least one parent has immigrated. This definition does not consider the actual citizenship of the individual. Sometimes in media also the term "*UnternehmerInnen mit migrantischen Wurzeln*" („entrepreneurs with migration roots") is used.

In our interviews many experts verbalized the practical fact that the term "ethnic entrepreneur" may not only be misunderstanding but is a completely fictional construct too. This term should better be replaced by "entrepreneurs with migration background". Today entrepreneurs with a migration background are active in every economic sector, use a wide range of business strategies, and run successful as well as less successful enterprises. This means that among them the heterogeneity is even much higher than among entrepreneurs without a migration background.

4.2 Development of ethnic entrepreneurship

⁹ See <http://www.bmwfi.gv.at/Unternehmen/UnternehmensUndKMU-Politik/Seiten/KMU-Paket09.aspx>.

¹⁰ Peter Mayerhofer: "Vienna Enterprise in the Financial and Economic Crisis: Sectoral Impact and Business Response Patterns". Vienna 2009 (Wien international.at Economy: Vienna on right course <http://www.wieninternational.at/en/node/15413>).

No data source provides valid information about the exact number of business owners with a migration background. The last census was made in 2001, so this data source cannot be the basis for an actual picture. **For Vienna the Microcensus is an additional source at least for answering the questions about the extent of self-employment in different national groups and gives a rough insight in the socio-demographic structure of migrant entrepreneurs. A disadvantage of this data source can be found in the sampling error. This means that this data gives only an approximation.**

The data bank of the Vienna Economic Chamber contains information about the nationality of each business owner at the time of founding his/her enterprise. To which extent the second or third generation is involved in ethnic entrepreneurship can only be estimated. A combination of this data pool with other person-related data sources (e.g. naturalization statistics) is not only methodically difficult but cannot be done because of data security reasons. **Personal data on the nationality of the entrepreneur are only available in the sector of individual enterprises not for GmbHs and other forms of legal organization.** This was the data status quo at time of data collecting for this report. In the context of integration and diversity monitoring the data problem was already well recognized by the responsible Municipal Departments and their experts. Forced efforts were already started to overcome the existing lack of data and to solve this empirical problem in the near future.¹¹

As there was and is no comprehensive statistical information on ethnic entrepreneurs in Vienna and their role in the economy no exact statistical but only a qualitative overview of the last three decades can be given: In the early phase of the “guest-worker”-migration of the 1960s and 1970s self-employment of migrants was a rare phenomenon. As migrants were facing more and more difficulties to find employment in manufacturing and construction, which were “their traditional” branches of the economy, they increasingly turned to self-employment during the 1980s. A further reason was that the classical “guestworker” ideology vanished and many migrants decided to stay permanently. The ethno-national and educational profile of immigrants became also more heterogeneous. This was a relatively new feature of migration in Vienna compared with for example British or French cities with a long tradition of migrant entrepreneurship. In this early phase the proportions of self-employed migrants were significantly lower than among the natives. It’s true that ethnic business today shows a wide variety, ranging from catering to textile production to arts-and-crafts, but there are still some branches where some concentration of ethnic enterprises can be observed. Migrants in Vienna tend to set up business in services, in particular cleaning, restaurants, food production and retail trade as well as in manufacturing, above all in clothing, leather ware, shoes and textile production and repairs. As a matter of fact the “classical ethnic shops” and restaurants are only one side of the coin but public reception of ethnic economy is often strongly influenced by this picture. It is also a fact that during the last three decades many shopping streets got important stimuli by ethnic enterprises. Until now, the proportion of self-employment in Vienna is moderate compared to cities in France or Great Britain, but since the 1990ies it is steadily increasing. A rather elaborated ethnic economy embracing many different branches of the economy developed. **This means that a steadily growing diversity of ethnic enterprises and entrepreneurs is one important feature of ethnic business in Vienna** (see Biffl 2003; Haberfellner & Betz 1999a, b; Haberfellner 2000; Mandl & Dorr 2007).

The last systematic survey in August 2006 counted a number of 53,064 single proprietor enterprises in Vienna of whom 70% were managed by Austrians without any migration background, 11% were managed by naturalized migrants and the rest were lead by entrepreneurs with a migration background (L&R Sozialforschung 2007: 12). The **most important sending countries** of entrepreneurs are Poland, the Czech and Slovak Republic (see Franke, et al. 2005), Germany, former Yugoslavia and Turkey. Besides, entrepreneurs from many other states are active. One has to mention the existence of statistical distortions: According to Economic Chamber data 29% of the business start-ups were made by Polish migrants (more than 50% of them in construction and construction-related branches) and 2% by Turks. This official number is quite contradictory to other estimations. According to the agency “Turklook” nearly half of the Turks work in commerce (but of course not all of them as entrepreneurs). There are currently some 6,000 Turkish businesses in Austria, 3,500 of

¹¹ See <http://www.wien.gv.at/integration/pdf/monitoring-diversitaet.pdf> and www.wien.gv.at/integration/monitor.html.

them in Vienna. In 1988, there were just 500 in the whole of Austria¹². The causes of distortion are manifold: Poles as EU citizens face less barriers in starting a business. Many Polish micro-entrepreneurs could not find employment in construction or were pushed out of a legal employment due to the transitional rules and thus started a business in this field. Turkish businesses are often started with an Austrian (or other EU) business executive and thus cannot easily be classified as owned by “Turkish”.

The main impact of the current economic crisis on SMEs is mirrored in the statistics of bankruptcies (see Kubicki 2009). From a general point of view the number of insolvencies during the first six months of 2009 in Austria was 3,509 which was an increase of 9.3% compared with the same period 2008. In Vienna the absolute number of insolvencies is the highest all over Austria. The insolvencies showed a modest decrease of –1.5% from 1,957 in 2007 to 1,928 in 2008. Vienna’s insolvency rate was 23.3. During the first three quarters of 2008 the number of insolvencies was 1,456. As a consequence of the economic crisis this number increased to 1,572 during the first three quarters of 2009. Thus, the relative increase was 8% and the insolvency rate 19%, the highest among all Austrian regions. The crisis caused an increase of bankruptcies over all branches of the economy. The strongest increase was recorded for the production sector, followed by banks & insurances. The highest relative concernment from insolvencies is in the construction sector with 23.3 bankruptcies per 1,000 enterprises. In trade and enterprise-related services the increase in insolvencies was far lower. The “typical” bankrupt enterprise in Vienna is a limited liability company of small size (usually with a maximum of 10 employees) which is active in industrial arts & crafts and was started five years ago or more recently. As a consequence of enterprise insolvencies also the number of “private bankruptcies” (Privatkonkurse) increased considerably.

As to **bankruptcies in ethnic business** the statistical sources are rather poor. Statistics about bankruptcies or business closures make no differentiation between migrant and Austrian entrepreneurs. None of the interviewed experts was able to provide numerical estimations about the proportions of insolvencies in the ethnic business sector. An expert of the Economic Chamber said in an interview that “... *the Chamber’s statistic has no special interest in the success or failure of ethnic enterprises.*”

Table 8: Economically active persons¹³ by migration background and labour market position, Vienna 2001

	self-employed and supporting family members	employed persons (including persons searching 1st time job) number	self-employed and supporting family members	employed persons (including persons searching 1st time job) in %
Austrians	54,022	521,621	9.4	90.6
Naturalized persons	8,405	82,395	9.3	90.7
Migrants				
Second generation	358	6,511	5.2	94.8
Immigrants	8,670	135,050	6.0	94.0
altogether	71,455	745,577	8.7	91.3

Source: Census 2001, own calculations ISR.

¹² See Wien.international 2009.

¹³ In Austrian Census “economically active persons” are those persons who are working full- or part-time, may be unemployed, be in military service or on parental leave. The term includes employed as well as self-employed and their supporting family members.

Census 2001 data shows that the proportion of self-employed among Austrians and naturalized migrants was almost identical and significantly higher than among migrants with foreign citizenship. The lowest ratio of entrepreneurship could be found in the second generation of immigrants. In absolute numbers the difference between naturalized migrants and foreign nationals is negligible (see table 8).

Table 9: Labour market position by migration background, 2005

	without migration background	in %	with migration background	in %	total	in %
Self-employed and supporting family members	61,930	12.5	21,182	8.7	83,112	11.3
Blue-collar worker	57,210	11.6	112,507	46.0	169,717	23.0
White-collar worker, public servants VB, freie DN	375,043	75.9	110,630	45.3	485,673	65.7
total	494,183	100.0	244,319	100.0	738,502	100.0

Source: Microcensus¹⁴ 2005/4, own calculations.

Microcensus data mirrors the fact that the proportion of self-employed is about 4 percentage points higher among the Austrians without migration background. Furthermore it illustrates the considerable difference in the allocation to blue-collar and white-collar positions between migrants and Austrians (see table 9).

Table 10: Professional sub-categories of self-employed and supporting family members, Vienna 2005

	without migration background	in %	with migration background	in %	total	in %
Agriculture	(1,060)	1.7	(0)	(0.0)	(1,060)	1.3
Freelancer and „new“ self-employed	27,716	44.8	5,115	24.1	32,831	39.5
Trade licence owners	33,154	53.5	16,067	75.9	49,221	59.2
total	61,930	100.0	21,182	100.0	83,112	100.0

Source: Microcensus 2005/4, own calculations.

Statistical sources are also differentiating between categories of entrepreneurs. Entrepreneurs in the narrow sense of the word are economically active persons who are trade licence owners. This sub-category covers more than three fourth of all self-employed migrants. Freelancer and the logistic category of the “new” self-employed can more often be found among Austrians, of whom a small percentage is also active in agriculture (see table 10).

¹⁴ The definition of “migration background“ according to Microcensus is exactly the same as in Census 2001. A statistical problem arises because Microcensus is based on projections. Calculations based on less than 9,000 persons for Vienna contain an inevitable bias. Calculations based on less than 4,000 persons must not be statistically interpreted.

Table 11: Self-employed and supporting family members by gender and migration background, 2005

	Without migration background	in %	With migration background	in %	insg.	in %
male	38,680	62.5	14,971	70.7	53,651	64.6
female	23,250	37.5	6,211	29.3	29,461	35.4
total	61,930	100.0	21,182	100.0	83,112	100.0

Source: Census 2001, own calculations ISR.

Table 11 visualizes the **difference in gender proportions among self-employed persons**. It is obvious that the presence of female entrepreneurs is significantly higher (by more than 8 percentage points) among the Austrians. The reasons for this can easily be found in traditional gender roles in some of the bigger immigrant groups (Turks, former Yugoslavs, Egyptians, etc). In those ethno-national groups a career as an entrepreneur is by religious (Islam) and social conventions usually more ascribed to the male gender.

Table 12: Self-employed and supporting family members by nationality and gender, Vienna 2001

	male	female	together	women in %
Self-employed				
Austria	38,407	21,576	59,983	36.0
EU-15	1,367	957	2,324	41.2
others	4,514	1,784	6,298	28.3
Supporting family members				
Austria	856	1,588	2,444	65.0
EU-15	21	42	63	66.7
others	137	206	343	60.1

Source: Census 2001, own calculations ISR.

The sex ratio of self-employed and supporting family members shows marked variations too (see table 12). Female entrepreneurs are most frequently active among EU-15 migrants and constitute a proportion of 36% among the Austrian self-employed. In the sub-category of supporting family members the proportion of women is about two third in both groups.

4.3 Sectoral and spatial distribution of ethnic enterprises

Table 13 shows the distribution of “ethnic” entrepreneurs and their supporting family members in different sectors of the local economy. In 2001 about one fourth (24.4%) of Vienna’s entrepreneurs had a migration background. With 24.7% their proportion was the highest in the service sector and only slightly lower (23.7%) in the sector of production and construction.

Table 13: Self-employed and supporting family members by migration background and sectors of the economy, Vienna 2001

	Self-employed, family mem.	
	numbers	in %
together	71,455	100.0
Austrians	54,022	75.6
Second generation	358	0.5

Naturalized	8,405	11.8
Foreign citizens	8,670	12.1
<i>With migration background</i>	<i>17,433</i>	<i>24.4</i>
Agriculture and Forestry	884	100.0
Austrians	799	90.4
Second generation	1	0.1
Naturalized	29	3.3
Foreign citizens	55	6.2
<i>With migration background</i>	<i>85</i>	<i>9.6</i>
Production, Construction	8,137	100.0
Austrians	6,206	76.3
Second generation	34	0.4
Naturalized	794	9.8
Foreign citizens	1,103	13.6
<i>With migration background</i>	<i>1,931</i>	<i>23.7</i>
Services	62,434	100.0
Austrians	47,017	75.3
Second generation	323	0.5
Naturalized	7,582	12.1
Foreign citizens	7,512	12.0
<i>With migration background</i>	<i>15,417</i>	<i>24.7</i>

Source: Census 2001, own calculations ISR.

One can also make out some **differences in the distribution of entrepreneurs with migration background onto the branches of the Viennese economy**. By far the highest proportions of businessmen with a migration biography can be found in catering and hotel industry and is only slightly lower in private house-holding (both about 39%). Considerable proportions of migrant entrepreneurs are also active in the branches of mining/stone extraction and transport & communication. The lowest presence of migrant entrepreneurs can be found in public administration, social insurances and in agriculture as well. The high proportion of 2nd generation entrepreneurs in real estate companies and business affiliated services is a striking fact. In the field of trade; reparation and production of durables the presence of 2nd generation is also considerable. These are the branches of the Viennese economy in which also naturalized immigrants and foreign citizens are most often active but to a smaller proportion than the 2nd generation (see table 14).

Table 14: Self-employed and supporting family members by migration status and branch of economy, Vienna 2001

	Natura- lized	2 nd gene- ration	Immi- grants	To- gether	Prop. with Migr.back- ground
Agriculture & Forestry	0.3	0.3	0.6	0.5	9.6
Mining, stone extraction	0.0	0.0	0.1	0.1	35.7
Production	6.0	6.4	7.3	6.6	22.6
Energy and watersupply	0.2	0.0	0.1	0.1	24.3
Construction	3.3	3.1	5.2	4.2	25.5

Trade; Reparation, production of durables	24.6	25.7	20.6	22.7	27.0
Catering and hotel industry	11.8	12.0	14.8	13.3	39.1
Transport & communication	6.5	4.7	6.1	6.3	33.3
Banks & insurances	1.8	2.5	1.7	1.8	18.4
Real estate companies, business affiliated services	19.7	28.2	20.9	20.5	19.6
Public administration, soc. insurances	0.2	0.3	0.1	0.1	10.0
Education	3.9	2.8	5.1	4.5	25.8
Health, veterinary & social sector	9.9	3.1	2.8	6.3	20.4
Other public end personal services	11.6	10.9	14.2	12.9	22.3
Private house-holding	0.0	0.0	0.1	0.1	38.7
Exterritorial organisations	0.0	0.0	0.2	0.1	57.5
together	100.0	100.0	100.0	100.0	24.4

Source: Census 2001, own calculations ISR.

Table 15: Self-employed and supporting family members by migration background, country of origin and sectors of the economy, Vienna, 2001

	primary	secondary	tertiary
Naturalized	0.3	9.4	90.2
Immigrants	0.6	12.7	86.6
Germany	0.2	8.3	91.6
Italy	0.0	8.6	91.4
other EU-countries	0.1	6.1	93.8
Bosnia & Herceg.	1.7	19.5	78.7
Serbia & Monten.	1.7	15.1	83.1
Croatia	1.5	22.2	76.3
Macedonia	6.8	13.6	79.6
Slovenia	0.0	22.2	77.8
Poland	0.9	19.4	79.7
Romania	0.0	10.2	89.8
Switzerland	0.0	8.4	91.6
Slovakia	0.0	10.7	89.3
Czech Republic	0.0	12.9	87.1
Turkey	0.6	14.1	85.3
Hungary	0.0	9.7	90.3
USA	0.0	5.2	94.8
Others & unknown	0.2	13.4	86.4
Second generation	0.3	9.5	90.2
Germany	0.0	8.7	91.3
Italy	0.0	11.4	88.6
other EU-countries	0.0	4.9	95.1
Bosnia & Herceg.	0.0	14.3	85.7
Serbia & Monten.	0.0	10.6	89.4
Croatia	0.0	17.6	82.4
Macedonia	0.0	25.0	75.0
Slovenia	-	-	-
Poland	0.0	0.0	100.0
Romania	-	-	-
Switzerland	0.0	0.0	100.0
Slovakia	-	-	-
Czech Republic	-	-	-
Turkey	3.8	15.4	80.8
Hungary	0.0	0.0	100.0
USA	0.0	0.0	100.0
Others & unknown	0.0	9.1	90.9

Source: Census 2001, own calculations ISR.

Table 15 visualizes the distribution of the entrepreneurs of different national descent over the sectors of Viennese economy. Foreign citizens to a higher degree than naturalized migrants are active in the secondary sector. Besides it is obvious that the highest concentration of naturalized as well as of un-naturalized entrepreneurs can be found in the tertiary sector but there are marked differences between the ethno-national groups of the migrant economy. Enterprises in the secondary sector are often run by former Yugoslavs, in particular by businessmen from Croatia, Slovenia and Bosnia & Herzegovina, immigrants from Poland are a further group with a high quantitative representation in secondary sector. Enterprises in the tertiary sector are mostly run by Hungarians and other EU-country nationals, by US citizens and migrants from Switzerland.

Among the second generation it is the group with Macedonian migration background followed by the Croatians who runs most frequently enterprises in the secondary sector. Self-employment in the tertiary sector can most often be found among EU-nationals and in particular Germans.

Table 16 shows calculations concerning the category of single proprietor enterprises. Enterprises which are owned by Austrians without a migration background are mainly distributed to three sectors of the economy: crafts, trade and information & consulting. In the category of Austrians with (assumed) migration background the distribution is slightly different. An underrepresentation of enterprises in crafts and information & consulting and an overrepresentation of trade and transport are obvious.

Table 16: Single proprietor enterprises by branches and national affiliation, August 2006

Economic branch	all enterprises	Austrians, no migr. backgr.	Austrians, with migr. backgr.	Germany	Poland	CZ, Slovakia	Former Yugoslavia	Turkey	Hungary
Industrial arts & crafts	35.9	32.9	26.5	28.8	87.8	43.9	32.5	28.6	38.9
Industry	1.7	1.9	1.0	4.4	0.1	0.3	0.0	0.4	0.0
Trade	30.5	32.8	34.4	26.0	3.6	16.0	33.3	45.1	18.0
Banks, insurance	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Transport	6.4	5.2	14.4	0.9	5.9	11.2	13.0	9.0	14.7
Catering, tourism	11.0	10.8	15.9	7.2	1.4	9.0	12.5	18.4	9.5
Information, consulting	29.7	32.9	22.9	43.0	8.5	31.2	22.8	15.3	25.1
Total	115.4	116.8	115.3	110.3	107.2	111.6	114.0	116.9	106.2

Source: L&R Sozialforschung 2007; data basis: Economic Chamber Vienna, August 2006.

Annotation: The "total" proportions are bigger than 100 because many entrepreneurs are registered in more than one branch (on the average 1.2 branches per entrepreneur).

A further interesting fact can be found in the sectoral concentration tendencies of certain nationalities. Nine out of ten entrepreneurs of Polish descent are active in crafts. A detailed analysis comes to the result that 66% run enterprises in ancillary construction business and 14% are active in façade and industrial cleaning. Thus, the Polish group is characterized by an extreme homogeneous pattern of entrepreneurial activities. Entrepreneurs from the Czech and Slovak Republic are mainly concentrated in crafts and information & consulting. The most important professional groups are advertising & market communication (19%), ancillary construction business (19%), general crafts (13%) and industrial cleaning (11%). Hungarians are also overrepresented in crafts, 25% are active in information & consulting, 12% in ancillary construction business 11% in small transport enterprises. There is a clear dominance of Turkish entrepreneurs in the trade sector. With 29% crafts is of secondary importance. Catering (13%), textile trade (9%), grocery trade (9%) and trade with audio-, video and electronic equipment are the main sub-categories of Turkish business activities. Businessmen from former Yugoslavia are mainly active in crafts (33%), trade (33%) and information & consulting (23%). There is some over-representation in transport (13%). The distribution over the sub-segments shows a very specific pattern: The dominant professional groups are financial services

(12%), façade- and industrial cleaning (10%) and small transport enterprises (10%). Automotive trade (8%) is also playing an important role.

Photo 1: “Mr Lee”: a typical Asian quick food restaurant on Vienna’s “Naschmarkt”



Source: http://www.wienernaschmarkt.eu/staende_278.html.

Photo 2: A typical fruit and vegetable market stall on Vienna’s “Naschmarkt”



Source: http://www.wienernaschmarkt.eu/staende_517.html

The ISR could not make own analyses about the spatial segregation of enterprises but the survey of L&R Sozialforschung (2007: 33 ff.) proved **some segregation tendencies of ethnic business in the urban space of Vienna**. Single proprietor entrepreneurs of non-Austrian descent can be found more frequently than average in the districts 2, 15, 16, 17, and 20. The highest proportions of this category of entrepreneurs are settled in the 15th (32%), 16th (28%) and 17th (26%) district. The 2nd and 20th district each are characterized by a proportion of 25%, the 10th and 5th district each have 23%. The lowest percentages of ethnic single proprietor entrepreneurs are located in the 1st and 23rd district (both about 8.2%). It is obvious that the spatial pattern of the distribution of the ethnic economy is very similar to the pattern of segregation of the immigrant population. This holds true for enterprises which are run of foreign citizens. For enterprises of naturalized entrepreneurs and of businessmen who are members of the 2nd and 3rd generation no segregation patterns could be proved by L&R survey.

The most visible concentrations of ethnic shops can be found on Vienna’s traditional open markets. “Naschmarkt” (4th district) is the biggest one and since decades dominated by ethnic market-stalls and gastronomy. Further important markets are Meidlinger Markt (12th district), Karmelitermarkt (2nd district), Viktor-Adler-Markt (10th district), and Meiselmarkt (was completely rebuilt in 1995 as a

shopping-centre and thus has lost its traditional market flair), and many other market areas all over the urban space.

Photo 3: Inside the new „Meiselmarkt“, 15th district



Source: <http://www.suf.at/wien/gebauede/meiselmarkt.htm>.

It is obvious that in many traditional shopping promenades (e.g. Lerchenfelder Strasse, Hernalser Hauptstrasse, Thaliastrasse) a succession process is going on. This process has already started timidly during the 1980s and was intensified since the 1990s. A mixed structure of former Austrian enterprises is replaced by ethnic business. This trend is especially pronounced in areas with higher proportions of residential population with migration background but in a weakened form it is also observable in districts and shopping streets with a more middle-class population. Noticeable is the concentration of betting shops, call-centers, handy shops and internet cafés with an almost exclusive migrant clientele as well as the accumulation of ethnic venues and pubs. There are many local initiatives of businessmen (e.g. in Hütteldorfer Strasse, Lerchenfelder Strasse, Taborstrasse, Praterstrasse, Gumpendorfer Strasse, etc) to revitalize a more mixed business structure of course of shops of the ethnic economy too, which are an enrichment of the local business infrastructure.

Considering the importance of ethnic economy for local development (Gollner 2001) and in the broader context of Soft Urban Renewal activities it would be an urgent need to do more systematic research about the spatial distribution of ethnic business in urban space. Of course residential concentrations of immigrant population which would be comparable to the other European Metropoles are not existent in Vienna. Despite a concentration of Indian restaurants in 6th and 7th district and a considerable number of Indian traders living in the 2nd district media¹⁵ deny the existence of a concentration of Indian population anywhere in Vienna. Nonetheless some of our Asian respondents called the area between Thaliastraße and Hippgasse in 16th district as “Little Bollywood” because of a considerable number of migrants from the Indian subcontinent living and also running their business there. Some of our Chinese respondents meant that even an unofficial “Chinatown” exists which is located in form of a concentration of Chinese shops and restaurants on both sides of the “Naschmarkt”.

An interesting phenomenon which could also be proved in our interviews is the factor of affordable premises and office space, which seems to be an important determinant of the spatial distribution of many ethnic enterprises, in particular in trade and small crafts. The survey of L&R Sozialforschung (2007: 35) verified that in the bourgeois inner districts 1 to 9 the proportion of ethnic enterprises is lower than the proportion of the local foreign resident population. For example in the 6th district (Mariahilf) the proportion of ethnic enterprises was 14% in 2005 whereas the proportion of foreign population was significantly higher (19%). A converse effect can be observed in the working-class districts outside the “Belt” (“Gürtel”). Here the percentage of ethnic entrepreneurs is higher than the proportion of non-Austrian population. Many interviewed businessmen verbalized the problem of finding affordable shops in close vicinity to busy shopping streets. They know very well that financially strong clientele can easier be found in the inner districts but because of the high office rents they are often forced to start their business in the cheaper working-class districts alongside the

¹⁵ Klemun et al. (27-02-2009).

“Belt”. After the starting phase many successful entrepreneurs try to move their enterprise to a well-to-do district, if possible. Concerning the spatial distribution there are also differences between different branches.

Industrial arts & crafts is the only branch where the ethnic economy (58%) is percental dominating over Austrian enterprises (33%). Domains of ethnic industrial arts & crafts enterprises are the districts 2, 10, 14, 16, 17 and 20 (see L&R Sozialforschung 2007: 36 f.). The proportion of trade is 16% among ethnic enterprises, but 31% among entrepreneurs with Austrian citizenship. An above-average importance of trade can be stated for the districts 1, 4, 6, 7, 19 and 23. The sector information & consulting holds a share of 20% among ethnic enterprises. This is significantly lower than among Austrian single proprietor enterprises where the proportion is 33%. There is a concentration of ethnic enterprises of the consulting sector in the districts 1 and 13, where many consulting firms are traditionally located. High proportions can also be found in the districts 6, 22 and 23. Ethnic enterprises which are active in tourism & catering have their spatial domain in the city centre and in the districts 4 to 9 and 19.

Table 17: Self-employed and supporting family members by sectors of the economy and migration background, Vienna 2005

	without migration background	in %	with migration background	in %	total	in %
agriculture	(2,067)	(3.3)	(0)	(0.0)	(2,067)	(2.5)
Industry, trade & crafts	5,149	8.3	4,244	20.0	9,393	11.3
services	54,715	88.3	16,938	80.0	71,653	86.2
total	61,931	100.0	21,182	100.0	83,113	100.0

Source: Microcensus 2005/4, own calculations.

Table 17 visualizes the distribution of self-employed over the sectors of Vienna’s economy. The proportion of entrepreneurship in industry, crafts and trade is significantly higher among migrants, whereas in the services sector persons without migration background are dominating.

Table 18: Self-employed and supporting family members by level of education and migration background, Vienna 2005

	without migration background	in %	with migration background	in %	total	in %
Basic education, apprenticeship	19,545	31.6	7,466	35.2	27,011	32.5
Secondary education	17,617	28.4	7,038	33.2	24,655	29.7
university, technical college	24,769	40.0	6,677	31.5	31,446	37.8
total	61,931	100.0	21,181	100.0	83,112	100.0

Source: Microcensus 2005/4, own calculations.

In the context of entrepreneurship **education plays a role as an important determinant of language knowledge, the ability of collecting relevant information and thus economic success.** Microcensus data mirrors a clearly higher level of education among Austrian entrepreneurs with lower percentages

of basic education and a higher presence of entrepreneurs who have passed a university graduation. Ethnic entrepreneurs are clearly dominating on the level of secondary education which includes college graduates, skilled workers and post-secondary college lectures and intermediate school graduates (see table 18).

4.4 Ownership of ethnic businesses

Table 19 provides a comparative overview about the legal status of the enterprises which were members of the Economic Chamber, 2006-2008. **It shows that the vast majority is owned by single proprietors and this proportion was even slightly increasing.** Second in ranking is the legal form of limited liability companies, with slightly decreasing percentages. The enterprises which are legally organized as OHG's and AG's show a high degree of stability, whereas the traditional form of the limited commercial partnership is continually losing its former numerical importance. About the proportion of franchise models in ethnic business no concrete numbers are available.

Table 19: Members of the Vienna Economic Chamber by legal status, 31.12.2006, 31.12.2007 and 31.12.2008 compared

Legal status	31.12.2006		31.12.2007		31.12.2008	
	abs.	in %	abs.	in %	abs.	in %
SPS	75,367	70.5	78,086	71.0	82,062	71.7
OHG	1,740	1.6	1,720	1.5	1,768	1.5
KG	6,825	6.4	6,614	6.0	6,433	5.6
GmbH	21,539	20.1	22,091	20.1	22,693	19.8
AG	548	0.5	532	0.5	534	0.5
others	941	0.9	969	0.9	981	0.9
together	106,960	100.0	110,012	100.0	114,471	100.0

Source: Vienna Economic Chamber.

Annotations: SPS = Single proprietorship of natural persons; OHG = ordinary partnership; KG = Ltd. commercial partnership; GmbH = Ltd. liability companies; AG = joint stock companies.

A systematic analysis was made on the basis of data from 31-12-2005 (L&R Sozialforschung 2007: 8 ff.), when 79,914 active enterprises were counted, the majority of them (50,983 or 63.8%) single proprietors. The second largest group were GmbHs (19,884). This legal form is generally in decline. In 1993 for example 43% of the business start-ups were GmbH. 1996 their proportion shrank to 22% and was only 12% in 2005. Only 9.4% (7,521) enterprises were run as KEG, KG or OEG with a further decreasing proportion of these legal forms. Of course, there exists also a range of other legal constructions but their numerical importance is only marginal.

A further special analysis of the ethnic entrepreneurs based on Economic Chamber data of August 2006 shows that 38% of the single proprietor enterprises are owned by Austrian citizens with a migration background. 20% (4,607) of the enterprises with one proprietor are run by Polish entrepreneurs and 7% (1,096) are owned by businessmen from the Czech or the Slovak Republic. Further groups of numerical importance are Germans (6%, 919 enterprises), former Yugoslavia (5%, 764), Turkey (2%, 334), Hungary (about 2%, 310) and Italy (1%, 206).

Table 20: Entrepreneurs in Vienna (August 2006) by gender, nationality and migration background

Owner of the enterprise	Gender					
	female		male		total	
	abs	%	abs	%	abs	%
Austrian citizens with (assumed) migration	1,788	10.9	4,182	11.4	5,970	11.3

background						
Austrian citizenship	12,431	75.5	24,711	67.5	37,142	70.0
Foreign citizenship	2,153	13.1	7,478	20.4	9,631	18.2
missing	94	0.6	226	0.6	320	0.6
total	16,466	100.0	36,597	100.0	53,063	100.0

Source: L&R Sozialforschung, data basis: Economic Chamber, August 2006.

For August 2006 the survey of L&R Sozialforschung (2007: 12) counted 53,063 single proprietor enterprises, of which 70% were owned by Austrians without a migration background, 11% were owned by naturalized immigrants and 19% by foreign citizens. About 18% (about 10,000) of the single proprietor enterprises are started by foreign citizens. To this number must be added those persons who probably have migrant roots. This means that in total 30% of the single proprietor enterprises and about 16,000 of Vienna's entrepreneurs have a migration background. As valid statistical sources were lacking the basis for this count was an onomapoetic method based on the systematic cataloguing of family names which made a certain bias inevitable. A special analysis of census data of 2001 made by Municipal Department 5 (L&R Sozialforschung 2007: 14) mirrors that the main groups of single proprietors with ethnic background come from former Yugoslavia (about 12%), the second largest group is from Germany (10.5%), followed by Poland (8.8%), the Czech Republic & Slovakia (8.1%), Turkey (7.8%) and Hungary (6.3%).

No quantitative data is available for answering the question about the ethnic structure of partnerships. In our interview survey we found all possible combinations: Partnerships with co-ethnics (relatives or not), with Austrians (sometimes spouses, friends, former school-mates etc), with migrants of a different ethno-national background etc. The selection of partners is caused by rational and thus practical decisions but also by family and friendship affiliations. Usually financial considerations, personal networks of a possible partner, a better knowledge of German and many other factors are playing a role. One can find each kind of symbiotic co-existence: An interview with a Turkish entrepreneur was translated by his wife who attended school in Austria and spoke German fluently. Because of this reason she officially acted as the owner of the business. She was also responsible for the registration formalities of the business, for income tax declaration and thus for contacts with the tax office, and other public authorities. Her husband was de facto conducting the business, made all relevant decisions and maintained the contacts with co-ethnics in the local Turkish community and abroad.

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: to pursue 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), outer constraints, 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). From the scientific point of view **the motivations can roughly be categorized in intrinsic and extrinsic motivations** (see Bögenhold 1989):

- Some immigrants started a business because for them this was the only possibility to work in Austria (legally).¹⁶ This motivation belongs to the extrinsic type ("economy of distress") which means that they were mainly influenced by external factors, for example unemployment or legal regulations.

¹⁶ To take up legal employment in Austria a resident permit and an employment authorisation is required. For the first employment in Austria this authorisation usually takes the form of an "employment licence". After long periods of continuous employment one is entitled to apply for a work permit or a "permanent work permit".

- Just the opposite is the “economy of self-fulfilment” (see Bögenhold 1989), which is based on intrinsic motivations as for example a pronounced business acumen, a strong orientation towards upward social mobility or individual success-orientation.

Individuals having good business acumen can be found in each community. Those persons are highly entrepreneurial motivated, innovative and success-oriented. These are the optimal premises for having success as an entrepreneur. The L&R survey found out that the most frequently mentioned motivation was an aspiration for independency, formulated as “*I wanted to be my own boss!*” (2007: 66 f.). This motivation was followed by the aspiration of a higher income (37%), a dissatisfaction with the previous job (30%) and unemployment (12%). Usually material motifs are playing an important role (Demircan 2003). For many of our respondents entrepreneurship was a promising path to gain a higher income. Successful entrepreneurs provide important role models for young members of the immigrant communities and are a proof for the possibility of being successful in Austria. In a survey of the Founder’s-Service (Gründer-Service) of the Chamber 53.6% of the respondents verbalized the slogan “Rather to be the boss than to have a boss” (“Lieber Chef sein als Chef haben”) as their main motivation for becoming self-employed (Janda 2009: 13).

There are also **gender differences in the motivations**. Those gender-based differences must be investigated from an “integrated perspective”, which is rooted in psychological and sociological theories (see European Network to Promote Women’s Entrepreneurship (WES) 2004; Pütz, et al. 2007). In Vienna there is still a lack of such studies. Some investigations about entrepreneurship emphasize that “gender” is more important than “ethnicity” for the behavioral attitudes of ethnic entrepreneurs (Esezobor 2002; Welter 2004). It is possible to describe male and female profiles of ethnic entrepreneurs and enterprises. In L&R survey (2007) unemployment as a determinant of self-employment was significantly more often mentioned by male respondents. Women more often continue a family business tradition, in particular in cases when no male successor for an enterprise is available. It is interesting that among female entrepreneurs intrinsic motivations are playing a significantly more important role than among men. Migrant women are seldom forced by an “economy of distress” to start an enterprise. The reason can be found in more traditional family structures of some migrant communities and thus a culturally determined obligation of the men to supply the material basis of life (see Brettell 2007; Welter 2004).

Generally spoken ethno-culturally or socially determined traditions, individual motivations and some kind of (economic) pressure are strongly intermingled. This was proved by many of our informants. According to our **respondents and experts too** (see also Sahin et al. 2007; Welter 2005) **the ethno-cultural factor must not be neglected**. On the one side there are ethnic communities with a strong tradition of being self-employed. In those migrant communities, e.g. of Turkish, Indian, Chinese, Latin-American or African origin (Lamadem 1995; Pütz et al, 2007; Wang 2008; Yavuzcan 2003), making business enjoys a high reputation. Many families in these communities have a long tradition and a rich experience in entrepreneurship. These founders are usually successful because of their profound knowledge of market conditions and their entrepreneurial know-how. There are still **considerable differences concerning the entrepreneurship careers between the groups of different origin (Welter 2005)**. One can say that there is some process of social selection concerning the ethnic communities and the entrepreneurs among them. For most of the Turks, who moved to the Austrian labour market as blue-collar workers the entrepreneurship career is important for the realization of social upward mobility (Dyer & Ross 2007). For EU-citizens entrepreneurship is often an escape from the “*slavery of employment*” and an “*attractive way of becoming independent*” as it was verbalized by some respondents.

Persons who were economically active on a low level of the employment hierarchy start a business to **rise in socio-economic prestige**.¹⁷ They define the economic success as a visible sign of their social advancement. An expert verbalized a “*hunger for social advancement*” as one of the main motivating forces to become an entrepreneur. As many migrants are lacking higher education certificates or have problems with the nostrification of their graduations the cross over to self-

¹⁷ An advantage in the system of social security is that a switch from employment to self-employment, and *vice versa*, can easily be made. Insurance periods under both systems are credited in the other system (par. 1275). For instance pension savings: a switch has no negative consequences; it will be transferred to the other system. This element of Austrian legislation can be defined as an example of really good practice.

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 (see Demircan 2003).

Some entrepreneurs collected experiences as employees - on the Austrian labour market in general or in the field of their later enterprise - before they took the risk to start their business. For other migrants self-employment is not really attractive but the only chance to escape unemployment and to gain a foothold on the local labour market (Segert 2009). An illustrative example is “Ossiri’s Academy” which was founded by Ossiri Gnaoré from Cote d’Ivoire. Ossiri, a graduate in German philology who attended the Diplomatic academy worked in a bank and in export trade but finally had to survive on a job as taxi driver. To find an adequate employment seemed to be impossible for him. Because of this reason he founded his language academy for migrants who have to learn for the German language examination which was established by law. Actually he employs 20 language teachers and offers special German language courses for Chinese migrants who are taught by a graduate in sinology (!) (see Milborn 27-09-2009: 25).

Among former Yugoslavians, for example, self-employment (an exception was always taxi driving) was formerly not so highly estimated and often only a last resort to escape unemployment. In many cases people from the Balkan tried to start-off a business without the necessary know-how and with insufficient financial resources because of a lack of alternative opportunities. These start-ups were more often failing than intrinsic motivated business start-ups. During recent years the situation among the Ex-Yugoslavians has changed fundamentally and entrepreneurship became an attractive alternative to employment and/or unemployment. Today one can find successful former Yugoslavian businessmen in many branches of the local economy.

It was often emphasized in the interviews that the rigidity of the **Austrian asylum and immigration law** is a very important stimulus for many entrepreneurship careers. This in particular holds true for many TCN (Third country nationals). Entrepreneurship is really a kind of escape from forced deportation. This was often proved in our interviews. A further important factor is **changing legal regulations**. In the years 2004 and 2005 for example a boom of start-ups of Polish enterprises was observed. In the period before the annual number of business start-ups of Polish citizens did not outnumber 200, in 2004 this number zoomed up to 1,467. This trend continued in 2005 with 1,541 start-ups. The main reason for this boom can be found in the accession of Poland to the European Union (1st May 2004) and the new legal regulations. These temporary EU arrangements prevent the complete equalisation of citizens of the Eastern European accession countries on the Austrian labour market and are in force till 2011. Starting a business was an escape from those regulations. Many formerly irregular active cleaners and ironing women decided to start a one-woman-cleaning enterprise and the men a construction enterprise. Thus, a similar trend could be observed concerning the start-ups of Czech and Slovak citizens (see L&R Sozialforschung 2007: 41 f.; Franke, et al. 2005). These entrepreneurs are an illustrative example for an extrinsic motivated type of entrepreneurship.

An important legistic change on the Austrian labour market was caused by the category of the **“new self-employed”** (“Neue Selbständige”) which was introduced by the Amendment to Labour and Social Law 1997 (Arbeits- und Sozialrechts-Änderungsgesetz, ASRÄG 1997). Those persons were integrated in compulsory insurance but must be differentiated from the „old self-employed“, who are holding a trade licence and thus are members of the Economic Chamber. Journalists, scientists, artists, professionalists in the bank and insurance sector, in sports and in entertainment often have the legal status as „new self-employed“, but cannot be categorized as “classical” entrepreneurs.

Entrepreneurship is an important vehicle on the way to integration (Schuleri-Hartje, et al. 2005). On this way the **level of education** is playing an important role too, though no generalizations can be made (Flap, et al. 2000): People with lower education more often tend to take over already existing enterprises of family members¹⁸ and are often not as venturesome and flexible as entrepreneurs with a better education background. Lower educated respondents more often wanted to escape unemployment, were more dissatisfied with their previous job or continued a family tradition. From our interviews we learned that a good school education is by no means a guarantee to be successful in business. There are examples of entrepreneurs with a very low education who are very successful and university graduates who failed already with the third business they have started in different branches. Thus, social reality is very multi-faceted in the field of business, too!

¹⁸ About the advantages and disadvantages of family networks compare Davis & Tagiuri (1994).

4.6 Market

The international integration¹⁹ of enterprises is a topic which indicates that one or more company members are foreign citizens. Those international integrated enterprises are often oriented towards national and transnational and may-be international markets. Economic Chamber data mirrors a considerable proportion of limited liability companies (GmbHs) and joint-stock companies (AGs) with international integration and some connections to transnational markets. The proportion of international integration was 21.7 % (1,200 enterprises) in 2000 and 21.6% (1,151) in 2005 which was a significant increase. The most important countries of international integration were Germany, Switzerland, Great Britain and the U.S. In the period 2000 to 2006 between 38 and 47% of all business start-ups had some linkages with Germany. Compared to Germany other countries were only of minor importance, for example former Yugoslavia with 3.3%, Hungary with 3.2%, Poland with 1.6%, Turkey with 0.8% and Romania with 0% (all data first half-year 2006).

According to our analyses and the opinions of many experts **the concept of ethnic economy as a pure “niche economy” is obviously no longer valid in the case of Vienna.** Of course, there are still some niches (fruit & vegetable trade, market stalls etc) (Hatz 1997) where entrepreneurs belonging to certain migrant communities are still over-represented but in general the market orientations and business concepts are extremely heterogeneous (Kurtoglu 2007). It is a fact that no general statement can be made about the markets to which ethnic business cater.

Photo 4: Vegetable market stalls are often family businesses



Source: <http://www.wienernaschmarkt.eu/staende.html>.

There are **marked differences between the 1st generation** of ethnic entrepreneurs, who were more often oriented toward the market of their own community and their country of emigration, **and the 2nd and 3rd generation.** The classical ethnic shops of the first generation were catering for a market which was explicitly ethnic in the sense that they provided goods which were mainly demanded by migrants belonging to a certain ethno-national community. This type of the ethnic economy still exists but the competition between those explicitly “ethnic” shops is hard (see Cakir 2004). Many young entrepreneurs verbalized their intention to expand to new markets and to make use of innovative management methods after they have taken over the enterprise of their parents. In all migrant communities a new type of entrepreneurs which can be called “global entrepreneurs” can be found (Light 2007: 3 ff). Those persons are usually very well educated, having a profound knowledge of at least one foreign language and cultivate a more international thinking in international relations. They

¹⁹ International integration was defined as (a) a foreign legal form in the register of the Chamber of Commerce, (b) GmbH with at least one foreign citizen as a shareholder, (c) GmbH with a foreign citizen as a chief executive.

are oriented toward a market consisting of their ethnic communities, Austrians and an internationalized clientele (see Baycan-Levent et al. 2009; Haberfellner & Betz 1999a, b; Wang 2008).

An illustrative example of an “ethnic” shop of a new and very innovative generation is PROSI. This shop was started by Augustin Pallikunnel, an Indian citizen, who came to Vienna 1990 for continuing his studies. PROSI is not an exotic supermarket as “usual” but is the largest and best equipped Asian, African and Latin American Food Store in Austria. Thus, it is not a shop which is explicitly oriented toward the needs of the Indian community but it wants to suit all international tastes. It also offers Ayurvedic products, Asian and African cosmetics (“Prosi cosmetic World”) and a range of other activities (Exotic Street Festival, Art & Culture Events, International cooking classes). The extensive range of products has been developed and extended, from the demands of the international customers for speciality items from their home countries. A significant and highly-valued percentage of Austrian customers estimate this shop too. The range of exotic world-wide products now exceeds 6,000 various categories.

Photo 5: PROSI exotic supermarket, 7th district



Source: PROSI.

Photo 6: Augustin Pallikunnel in Prosi Pallikunnel KEG supermarket



Source: Christian Müller (<http://www.vorteilvielfalt.at/presse/>)

Another current example for an innovative business strategy is the new market stall of Sohyi Kim, an outstanding TV (Germany and Austria) cooking show star, on the famous “Naschmarkt”. This stall is conceived as a project studio of the cultural association “New Wind” which was recently founded by Kim. The business concept intends a combination of a non-conformist Asian restaurant and a specialities shop with a broad offer of food specialties, cosmetics and cookery books. Beyond that she wants to help socially problematic migrant youths of Asian descent. For this purpose she allots scholarships (“Kim-kocht-Stipendien”) and workplaces for youths in her gastronomy project-studio. As a further plan Kim intends to offer seminars for adolescents for promoting a balanced dealing with wine and other alcoholic beverages (Nowak 17-01-2010: 9; Richter-Trummer 30-01-2010: 17).

Today the availability of ethnic entrepreneurs generates special niche markets for the services of those enterprises. This sometimes creates even bizarre constellations. There exist, for example, “self-employed” Polish snow-shovelers. From legal perspective these persons are sub-entrepreneurs of a main entrepreneur, who owns a van and is transporting them to their places of action. As a further example the procedure called “carrying and lifting of heavy weights without lifting gears” (“Tragen und Heben von schweren Lasten ohne Hebezeuge”) was mentioned by experts. In this field Polish, Romanian or Moldavian migrant “entrepreneurs” are active. For a fixum of € 1,000 a crew of say 6 persons carry a weight of 1,000 kilos of cement bags within a certain time-span. Each of those carriers has the status of a self-employed “entrepreneur” who is doing this “business” on his own risk.

4.7 Competition

As migrant entrepreneurs are active in so many different branches general statements about strategies of outperforming are difficult to make. Two aspects were often mentioned in the interviews: (a) the offer of specific goods for specific (migrant) demanders and (b) the involvement of family members as cheap personnel. The numerical increase of ethnic enterprises in all fields of the local economy weakened the formerly quasi-monopolistic status which some vendors had during the 1970s and 1980s. Now, competition within the segment of ethnic business is becoming harder and harder.

A unique selling point which was verbalized in the interviews concerns the **shop opening hours**. Until the late 1990s opening hours were rigorously regulated in Vienna. A sustainable liberalisation took place in 1997 (shop opening on working day evenings until 19:30 and on Saturday afternoon). This was continued by a further liberalisation in 2003 (Wiener Öffnungszeitenverordnung, No. 35/2003; Bornett et al. 2003). Some ethnic enterprises employing family members and relatives benefited from this liberalisation above-average. Enterprises which are affiliated to Mosques and cultural associations are even open on Sundays and legal holidays [e.g. a bakery and grocery store and a hairdresser in the ATIB (Avusturya Türk Islam sosyal kültür birliği) Cultural Center in Gudrunstrasse 189, 10th district, as only one example]. In our interviews some single-person entrepreneurs complained about the practice of family enterprises to keep open their shops around the clock in unofficially employing even the shop-owner’s children below the age of 15 (e.g. some Serbian and Turkish mobile phone and Internetshops in the 12th district). By those practices a competitive advantage of family enterprises can easily be attained because relatives are often not paid adequately. As a matter of fact the number of notifications about offenses against the Law about Shop Opening Hours was significantly increasing (Nero 2009: 4). This trend was confirmed in an interview of an expert from MA 59.

Once again Mr. Augustin Pallikunnel and his PROSI Supermarket is a good example for successful outperforming his competitors by a unique business concept. In order to make shopping as relaxed as possible, and to enable shopping after normal working hours PROSI’s opening hours are from 9:00–20:00 every day from Monday to Saturday. This businessman does not only go to great length to carry an outstanding range of products for his customers, but also provides further Services. International cooking classes are offered, covering a wide range of cuisines, and Yoga courses can be arranged with a minimal fee for participants. An International Street Festival is held annually each summer, featuring performers and artists from many countries. The PROSI team is always pleased to

receive suggestions from its customers, and always do their best to accommodate the customers' requirements. This shop makes considerable efforts to maintain the selling prices as low as possible.

From the interviews we learned a lot about the **competition in Asian gastronomy**. During the last 15 years the number of Asian restaurants rose from 250 to more than 500. Because of the fierce competition between Chinese restaurants - most of them started during the 1970s - different strategies to outcome the competitors were established: A decade ago many Chinese decided to offer Japanese Sushi and Tepanyaki too, because Japanese food became very "in" in Vienna. Rising health consciousness motivated some restaurants to specialize in vegetarian cooking (compare also Wiener Bezirksblatt 01/10: 22 f.). Others decided to expand their offer to a mix of Chinese, Japanese, Thai and other Asian cuisines. As both strategies were chosen by many restaurants the success was in many cases only temporary. Second generation Chinese usually decided to change the "interieur" of the restaurants too. During the 1970s the first generation of Chinese restaurant proprietors preferred typical "tacky" interior decoration. This standard style is nowadays interpreted as old-fashioned and thus many young restaurant proprietors try to change the image of their restaurants to a more modern, neutral (not "typical Chinese") or individualistic style

Mrs. Urban-Chao, a former music student and graduated Chinese translator who works for Vienna's police, moved from Hongkong to Vienna already 1972. She is a really good example for a successful taking over and image shifting of a Chinese restaurant. She adapted a relatively rundown restaurant not only architecturally and by a innovative landscape gardening but specialized her offer to traditional Szechuan specialities, a province cuisine from southwestern China, which was a gastronomic innovation in Vienna (see Say & Bard 2009/10).

Photo 7: Chunah Urban-Chao, owner of the Chinese speciality restaurant "Sichuan"



Source: Christian Müller (<http://www.vorteilvielfalt.at/presse/>)

Even the offer of very special kitchen and a quite monopolistic status cannot guarantee business success in times of increasing competition. There was a Nepali restaurant in the 5th district (Sagarmatha Restaurant) which must be closed already after two years. According to our investigation the now existing two Nepali restaurants (Yak and Yeti, Himalayan Nepali Restaurant) and the Tibet Restaurant are running so-so. It seems that the market for Asian cuisine in Vienna is completely exploited and there are no further niches left.

4.8 Workforce

Neither the Economic Chamber nor the Employment Service (AMS), waff or the Main Association of Austrian Social Security Institutions (Hauptverband der Sozialversicherungsträger) could provide data about the size of the workforce employed by ethnic entrepreneurs. The reason is that social insurance and employment data do not inform about the employer's migration background. This means that details about the socio-economic structure of workforce are unknown too. According to some estimates²⁰, immigrant businessmen and -women created at least 25,000 jobs in Vienna and 39% of them plan to hire further employees within the next years. Renate Brauner, Deputy Mayor, estimated in one of her speeches the number of workforce in ethnic enterprises with "... more than 10,000" (ESNAF 04/2009: 35) lacking any information about the data source but seeming to be an underestimation. None of the interviewed experts could answer the question how valid these estimates are.

Table 21: Estimation of the total employment in enterprises of the ethnic economy in Vienna

Enterprises by legal form of organization	Proportion of ethnic enterprises	Absolute Number of ethnic enterprises	Average number of employees/enterprise	Number of employees in ethnic enterprises
GmbHs with foreign integration (estimation)	11.4	2,315	5.0	11,575
Other trade companies with foreign integration	11.4	1,031	5.0	5,157
Single proprietor enterprises of Austrians with (assumed) migration background	11.3	5,970	0.62	3,706
Single proprietors with non-Austrian citizenship	18.2	9,631	0.14	1,308
Total	-	18,947	1.15	21,746

Source: L&R Sozialforschung 2007: 39; data basis: Vienna Economic Chamber.

The survey of L & R Sozialforschung (2007: 11 ff.) provides a realistic estimation of the total employment in Vienna's ethnic economy. It comes to the result that about 21,750 persons are occupied in enterprises of the ethnic economy, the majority of them (11,575) in ethnic GmbHs²¹. The smallest proportion is working in single proprietor enterprises (see table 21).

As the majority of ethnic enterprises belong to the category of SMEs 60.9% of the ethnic enterprises in the sample of the L&R survey (2007: 85) don't have employees. Enterprises which have staff employ on the average 6 persons. The proportion of enterprises with employees is higher (20%) in the sub-group of entrepreneurs with Austrian citizenship and migration background than among foreign nationals. The average number of employees in enterprises of Austrian entrepreneurs without migration background is 0.8 persons. Austrian citizens with migration background occupy on the average 0.6 persons. 17% of single proprietor enterprises which are owned by Turkish or former Yugoslav entrepreneurs occupy employees, 8% of the German and 7% of the Italian enterprises. In Turkish or former Yugoslav enterprises the average number of staff is 0.5 persons per enterprise.

In our interviews as well as in L&R survey the **most frequently cited reasons for not employing staff or to refuse to employ more persons are financial constraints**. The profit situation

²⁰ See http://www.vorteilvielfalt.at/0201_en.html.

²¹ 11% (2,315) of the GmbHs with international integration had on the average estimated 5 employees.

of many small enterprises is too unstable to finance regular monthly labour-costs. Some entrepreneurs occupy part-time staff during phases of heavy workload. Some of these persons, often relatives or friends of the entrepreneur, are clandestine employed as several businessmen have admitted in the interviews.

The size of staff is determined by a branch and nationality factor. It is an empirically proved fact that single person enterprises are by far (85%) numerically dominating in the field of enterprises in the “economy of distress” where extrinsic motivation is the relevant determinant for starting an enterprise. Single person enterprises are dominating in transport and information & consulting. 52.5% of the catering enterprises have several employees. The sector of information & consulting is the least labour-intensive. More than 90% of all single proprietor enterprises in this branch do not occupy staff. In the sector of trade and crafts 73% and 76% of the enterprises are only run by the manager alone. According to L&R Survey there are some nationalities with a higher percentage of enterprises which occupy staff: In crafts 11% of the Former Yugoslavian entrepreneurs occupy one and 18% two or more employees. In the Turkish group too the willingness to have staff is relatively high: 10% of the enterprises in trade have one and another 10% more than one employee. In crafts 14% of the Turkish single proprietor enterprises occupy one and 16% two or more employees (see table 22).

There is a certain **connection between the size of the enterprises and the increase in staff.** 55% of the enterprises occupying several persons intend to augment their staff. Among the single proprietor enterprises it is only 29% who expressed the same intention. Long-established enterprises and those which were started because of extrinsic motifs are less frequently intending to employ additional staff.

Table 22: Average number of employees in single proprietor enterprises by nationalities and migration background, 2006

Single entrepreneur	Number of enterprises	Average number of employees	Total number of employees
Austria	37,142	0.8	29,201
Austria with assumed migration background	5,970	0.6	3,706
Turkey	334	0.5	165
Former Yugoslavia	764	0.5	374
Germany	918	0.2	176
Italy	206	0.2	39
Czech & Slovak Rep.	1,096	0.1	118
Romania	101	0.1	8
Bulgaria	123	0.1	8
Hungary	309	0.0	15
Poland	4,607	0.0	124
Other countries	1,173	0.2	281
Unknown	321	0.6	206
Total	53,064	0.6	34,421

Source: L&R Sozialforschung 2007: 27; data basis: Vienna Economic Chamber, August 2006.

There is some evidence for “ethnic exclusion” in the selection of personnel but not to such a degree which is sometimes anticipated. 41% of the enterprises with employees employ only persons belonging to the same ethnic group as the entrepreneur himself (L&R 2007: 86). On the other side the proportion of enterprises employing only persons who do not belong to the same ethnic group as the employer is relatively high (30%) too. These proportions prove a trend towards a progressive maceration of ethnic exclusion concerning the selection of staff. “Ethnic exclusion” can more frequently be found in enterprises which were started by immigrants who moved to Austria recently. Their short duration of stay made it impossible for them to establish contacts with other ethnic communities outside their own.

Social networks of family, relatives and the circle of friends and acquaintances are playing a central role in recruiting additional staff. This could very often be verified in our

interviews. 51% of the respondents in L&R survey recruited their staff directly in their own social network (see also Donckels & Lambrecht 1997). Not the relatives and acquaintances per se but their recommendations were also a relevant factor in recruiting staff. Of minor (10%) importance was the involvement of the Employment Service (AMS). According to L&R survey AMS services are less important in the ethnic economy than in Austrian enterprises (15.1%) (2007: 91) and was confirmed by a considerable number of interviewed entrepreneurs.

This must not be seen completely negative. On 10th September 2009 the event “Media.Trade Show.Migration” (organized by Turklook Agency together with M-Media Agency) took place. It was verbalized that “*migrants’ businesses had helped Vienna to cope with recession because of their strong family structure. Whereas other businesses resorted to lay-offs during hard times, migrant businesses did everything possible to save jobs occupied by family members*” (see Rogers 11-09-2009). The other side of the coin is that in many ethnic enterprises there are obviously no significant differences to Austrian enterprises concerning the selection of staff (L&R Sozialforschung 2007: 85).

Controversial opinions could be caught about the Turkish community, which mirrors the considerable heterogeneity of “business culture” within one and the same ethno-national group. In Turkish enterprises jobs are often assigned by informal contacts within the family or the wider ethnic community. According to the experts from AMS this method of recruiting staff carries a risk. Often not the personnel which is the best qualified can be found by formal networks. From the point of view of efficiency it would often be an advantage for entrepreneurs to use the personal search and mediation offers of AMS (Kuzugüdenli 2009e: 12²²). Some interviews mirrored the fact that **the strategy of selection of workforce by the enterprises is in a stadium of change**. In enterprises of the Turkish community too there is an increasing readiness to offer workplaces to non-relatives and members of other ethnic groups. Turkish businessmen too have realized that the staff’s qualification and not ethnic affiliations are of rising importance in a period of economic crisis.

A considerable number of respondents (see also Davis & Tagiuri 1994) mentioned that **sometimes apprentices with an ethnic background explicitly don’t want to work in ethnic enterprises** to escape the rigid social control. It’s in particular young Turkish women who verbalized those problems and who explicitly prefer Austrian or other ethnic enterprises than Turkish.

According to **AMS (Employment Service) there is no general difference in the cooperation between ethnic and Austrian entrepreneurs in the field of recruitment of workforce**. Dr Johannes Kopf, Chief of AMS Vienna stated in an interview that the services of AMS are also used by ethnic entrepreneurs to a steadily increasing extent. This positive trend can be ascribed to the expansion of contacts between AMS and entrepreneurs. The AMS offers electronic matching in the office seeker data bank, an “eJobRoom” on the AMS website where enterprises can either search for adequate personnel or place an advertisement for free. Also Europe-wide personnel procurement by European Employment Service (EURES) is offered (see Kuzugüdenli 2009e: 12).

4.9 Employment conditions and labour relations

As a matter of fact this question after employment conditions is difficult to answer because of a lack of valid and comparable data. After a lot of interviews one can’t say that employment conditions in ethnic business might be generally different – may it be better or worse - than in Austrian Enterprises.²³ Public reception of the working conditions in ethnic economy is sometimes critical because mass media usually report about some extreme cases of exploitation of labour which are doubtless rather seldom.

Experts from the Chamber of Labour (AK) and the Austrian Trade Union (ÖGB) emphasized that not the fact that an enterprise is run by a migrant makes the difference in working conditions but the affiliation to certain branches of the economy which are characterized by problematic and burdening labour conditions (cleaning, catering, retail trade, market stalls). **Those interviewed experts stated that concerning the frequency and extent of exploitation there are no specific differences between enterprises of different ethnic background. For example precarious employment conditions can be found in Austrian gastronomy and in Chinese restaurants as well. An**

²² Compare <http://www.ams.at/wien/sfu/18713.html>.

²³ An expert verbalized that as an extreme example in a well-known fast food chain an ethnic cleaning enterprise gets only € 100,- for three persons cleaning the whole branch store.

expert stated that in particular the Chinese community is so sealed-off in business matters that it is very hard to get a realistic insight in the staff's real working conditions. If such enterprises are controlled everything seems to be in accordance with legal regulations but entrepreneurs and staff as well have clever strategies to deal with public authorities. The Austrian Trade Union (ÖGB) informed us that the exploitation in construction enterprises is sometimes extreme. It is a frequent phenomenon that entrepreneurs go bankrupt and take a hike without paying the legally entitled salaries of their employees. But even in this field one has to emphasize that the proportion of exploitative practices among ethnic enterprises is not quite different to extreme cases in Austrian enterprises too.

One main difference is caused by **immigration regulations**. Migrant employees are often in a precarious situation because by legal regulations they must have an employment contract. This dilemma is often the main cause for exploitation in particular during the initial phases of their migration to Austria. If they lose their job they will also lose their residence permit. Thus, many ethnic enterprises act as a kind of “refuge” for their compatriots and some entrepreneurs make use of the dilemma of those workers.

The other – and more positive – side is that ethnic enterprises are often also a kind of “collecting tank” for workforce with serious qualification deficits. They provide job opportunities and income to workers who otherwise would not be able to be integrated in the labour market or as an expert expressed it “... *persons who are not accustomed to the speed of the modern labour market*”.

For every interested entrepreneur a lot of detailed information about the legal framework conditions of employing personnel is available on the homepages of the Federal Economic Chamber²⁴, the Arbeitsinspektion, the Employment Service (AMS), the Bundessozialamt²⁵ and Bundeskanzleramt²⁶.

The informants from the AMS (Employment Service) agreed that in the field of practices of dismissal and discharge there is no difference in the cooperation between ethnic and Austrian entrepreneurs. Dismissals are usually determined by branch-specific practices and economic necessities in certain branches (Kuzugüdenli 2009e: 12).

4.10 Problems and barriers — general management

From a general point of view the **problems and barriers show a gender-specific pattern**. Women defined as their main challenge the lack of entrepreneurial experience (47%), bureaucratic procedures (40%) and financial problems (37%). Male entrepreneurs most often have problems with bureaucratic barriers and the acquisition of financial means (L&F survey 2007: 79 f.). In our interviews we could detect a similar gender-bias in barriers. One problem which was often verbalized by the female entrepreneurs with children (but not by male businessmen) was the question of a compatibility of an entrepreneurship career and the maternal role. There are a lot of individual solution possibilities, which is a question of time management, the economic branch, social networks and financial abilities.

According to many informants in all management matters the initial phase is the most difficult phase for most ethnic enterprises. In some of the expert interviews a general problem of the 1st generation of entrepreneurs concerning the business and management concepts and ideas was verbalized. Many 1st generation entrepreneurs neglected the necessity of innovative business and management ideas. The absence of carefully thought out business plans was said to be still a problem of many entrepreneurs. The experiences of the representatives of the start-up service bureau MINGO are somehow similar, though MINGO also mentors entrepreneurs with elaborate business plans. Often those lacking a business-plan are more often running their business as “lone fighters” and don't apply for external help. Experiences of experts show that often the smaller enterprises lack the specific management know-how that would allow them to plan on a longer-term basis and, thus, to avoid the danger of insolvency.

An illustrative example for the steady expansion of an ethnic enterprise by excellent management is the IT company “DiTech”²⁷, founded by the Polish citizens Alexandra and Damian

²⁴ See www.wko.at/arbeitsundsoziales; www.wko.at/arbeitnehmerschutz, www.wko.at/kollektivvertrag.

²⁵ See <http://www.basb.bmsg.gv.at/basb/UnternehmerInnen>.

²⁶ See <http://www.ris2.bka.gv.at>.

²⁷ See wieninternational.at Immigrants - driving force in the Viennese economy, <http://wieninternational.at/en/node/16592> and <http://www.ditech.at/site.do?id=geschichte>.

Izdebski. They moved from Poland and started 1998 with a small computer shop in Vienna's 20th district. They now employ 203 workers in eleven locations all over Austria, have sales of € 64 million, are almost becoming market leaders, and run an entire business centre in the 20th district. Their formula for success is to “*modify computers to suit individual needs and sell them.*”²⁸

4.11 Problems and barriers - financial management

The financial management of many entrepreneurs can be characterized as “**step-by-step**” but **mainly dependent on the size of the business and the branch of economy**. Often those financial management strategies are not different from those of non-ethnic entrepreneurs. The majority of the interviewed entrepreneurs in information & consultancy, for example, started with equipment which was financed by their own savings, often the private flat was also used as the registered seat of the enterprise. In the case of self-employed skilled craftsman from Poland, Slovakia or Romania the tools were often bought to cheaper prices in the country of origin and brought to Vienna. Some branches which need a premise, as restaurants or grocery stores, had to start with a small room on a rather unfavourable location. With rising economic success and increasing profit the entrepreneurs invest their money into spatial expansion and the movement to better locations.

Concerning **bank loans** the situation between Austrian and migrant entrepreneurs is quite different: Many ethnic entrepreneurs did not get financial means by acquiring official credit loans from banks but by **informal credits given by family members, friends, partners or colleagues**. The advantages of such private loans are obvious: usually no or only a moderate interest must be paid, often there is no certain date of back-payment, the entrepreneur pays back as much as he/she can. As a matter of fact the only disadvantage of such private credits seems to be some “*emotional or de-facto dependency*” or “*a general feeling of obligation*”, which was often verbalized. If the credit was given by parents or spouses such persons might try to be involved into internal decision processes concerning the enterprise. Asked if they would prefer a bank or a “private” credit all of the interviewed entrepreneurs preferred the second one. No one could mention any essential advantage of a bank credit because the rates of interest are usually considerable.

The non-utilization of bank loans is usually not caused by information deficits, as it is often anticipated. Very few respondents reported about **negative experiences with the staff of Austrian banks**. They had the impression that some bank clerks have quite wrong suggestions about ethnic entrepreneurs in general. They believed that there is a general mistrust about their creditworthiness and their scheduled repayment of credits. They felt to be treated discriminatory or less respectful than Austrians. It may be that banks treat foreign citizens as more risky clients and are more strictly in demanding guarantees from their foreign applicants for credit though this was denied by all of the interviewed bank representatives. A barrier is that many ethnic entrepreneurs don't compile “business plans” (compare chapter 4.10). In the context of their application for credit they are often not able to provide details about the procedure of refunding. The application procedure is very bureaucratic and even for migrants with an excellent knowledge of German the professional terminology is difficult to understand.

Another important aspect is to recourse to **public sponsorship**. According to L&R survey (2007: 97 ff.) only 19% of the entrepreneurs had made use of “Young entrepreneur credit” (“Jungunternehmerförderung/-kredit”) or other public sponsorship with a higher proportion of male (21%) than female (13%) entrepreneurs who had got public loans. The motivation to start a business plays an important role too. One fifth of the entrepreneurs who started their business by intrinsic motivations systematically collected information and got a financial sponsorship. In the category of the extrinsic motivated entrepreneurs the proportion was marginal (1.7%). The most often cited reason for not applying for public sponsorship is a lack of adequate information. This was proved in our interviews as well as in L&R survey (2007: 97). Another important reason is that there was de facto no need for public sponsoring. In rare cases the application for sponsoring was refused. This was only mentioned in the case of entrepreneurs who had already failed with one or more enterprises, who could not offer any security etc.

An important result of our interviews was that the **duration of stay in Austria** and belonging to the 1st or 2nd generation are further relevant determinants of applying for public sponsoring. The

²⁸ See <http://www.ditech.at/site.do?id=geschichte>.

longer the duration of stay the higher the probability of applying for public funding. All entrepreneurs of the 2nd generation were very well informed about the different forms of financial assistance to trade and industry and had applied for one or the other public sponsorship. Among Austrian citizens the proportion of those who got some funding seems to be higher than among entrepreneurs you were not yet naturalized. Immigrants who had started their enterprise during the 1970 or 1980s usually did not make use of any financial sponsoring. It was difficult to investigate, if this “abstinence” was caused by information deficits or the non-existence of public funding 30 or even 40 years ago.

L&R survey (2007: 98) states that the **internal or external motivation** of starting an enterprise is playing a crucial role among the determinants of gathering information and applying for public funding. The quality of motivation is even more important than the duration of stay in Vienna. This could not be proved by our interviews. The ethnic background seems to be of minor importance than the level of education and language knowledge, two factors which are really decisive. L&R survey found out that among entrepreneurs with basic education only the proportion of those who did not apply to public funding is significantly (70%) higher than among university graduates (33%). According to our survey some higher educated founders really didn't need public funding because of considerable private (family) resources and thus did not apply for it.

4.12 Problems and barriers — marketing

A significant proportion of the interviewed entrepreneurs verbalized that the acquisition of customers and the whole field of marketing was a real challenge for them. Some entrepreneurs had to face more difficulties in this field than with formal regulations or financial feasibility. One can say that a lack of know-how in the field of marketing is usually the main cause for the collapse of ethnic enterprises. Second are ranging formal regulations. Usually business success is very much an outcome of a combination of personal background variables and individual talents of the founders, the economic branch, the location, the general and local economic development etc. Determinants of marketing strategies can be found in the actors' social position, career experience, or the structure of their businesses.

Flexibility in reacting to changing market conditions was verbalized to be the most important basis of successful marketing strategies. The customers' structure is an important determinant of successful marketing strategies. There is a complex interaction between the offered range of goods, the clientele, the individual business concepts and preferred marketing strategies of the entrepreneurs. Usually the economic branch and the markets are strongly interdependent. No generalizations about the customer's structure are possible. One can say that the majority of ethnic enterprises try to accommodate with the wishes of all clients and have an inherent profit interest in expanding to markets outside their own ethnic community because the classical niche economy represents only a small segment of the actual ethnic business. In the field of information and consulting, for example, the proportion of customers from outside the entrepreneur's ethnic community is usually very high. This means that enterprises which do not offer special services or goods for the ethnic clientele usually chose advertising strategies which are not different from those of Austrian enterprises. Wang (2008) found out that marketing strategies deployed by the second-generation Chinese restaurateurs are often ways of maintaining and negotiating boundaries between themselves and the first-generation Chinese.

Many respondents emphasized that in particular in the take-off phase the general quality of embeddedness of the entrepreneur in his ethnic community is playing a significant role as a determinant of establishing new markets. This means that not only the financial support of co-ethnics is very important but also their social networks. The social networks and marketing strategies are often more or less strongly interwoven. Relevant networks of friends and relatives play an important mediator role in the initiation of contacts within the business start-up process. This intra-ethnic solidarity is an element of considerable stability for each starting enterprise but is unevenly distributed within the immigrant communities. Intra-ethnic networks are proverbially powerful in the Turkish, Indian and Chinese communities, but relatively weak among Czech, Slovakian and Hungarian entrepreneurs. A special case is the former Yugoslavians. It was not only harder to find respondents from this group who were willing to be interviewed, but the majority of the entrepreneurs in this groups seem to be very individualistic and even distrustful. There is obviously some support from family members and close friends but only a low level of solidarity even in the same ethno-

national groups, be it Bosnians, Serbs, Croatians or Macedonians. Actually no organized business networks which would systematically embrace all these ethnic groups exist. Of course, there are some usually purely rationally motivated co-operations between entrepreneurs of different ethnic affiliation from the Balkan but closer relationships can rarely be found (see also L&R Sozialforschung 2006: 119 f.).

Marketing strategies are dependent on the branch of economy. In the service sector, in construction or the IT sector it would be an entrepreneurial mistake to narrow down the market on a certain (ethnic) group. The situation is different in shops with an explicitly “ethnic” offer, for example the “Polski Videoteka” in 3rd district or a Serbish Videoteka in the 16th district²⁹ or numerous South and East Asian retail trading shops offering “Bollywood” and Chinese films.

A, one can say, “semi-niche economy”, is still often practised by Turkish and Asian retail traders. Turkish gastronomy is comparably heterogeneous. There are Turks who offer Italian and/or international cuisine, others who are specialized in traditional Turkish food, those who are frequented by a mixed international clientele and those who offer typical Turkish food to Turkish people or run traditional Turkish tea and coffee houses, where the admission of women is not a sight of sore eyes. In particular Turkish shopkeepers reported about interethnic barriers which are difficult to break down. Those Turkish entrepreneurs are very interested to drum up Austrian customers, but there is still some basic incompatibility of food and drink culture and dress usances. There are also differences of home décor which demand a specific range of good offer.

Enterprises of EU citizens, be it Western or Eastern Europeans, are usually oriented toward a multi-ethnic clientele. Restaurants offering Balkan cuisine have usually a high proportion of co-ethnic customers and are frequently used for festivals and family celebrations.

As a resumé one can say that in many cases the influence of the entrepreneurs on customer’s structure is very modest because this is determined by a multitude of relevant factors.

According to L&R survey the orientation towards the own ethnic groups is very pronounced in gastronomy. In our interviews this could not be proved for all branches of gastronomy. As the Indian and Chinese communities are not so large in Vienna Asian restaurants try to offer a wide range of Asian dishes which are adapted to the “sensitive Austrian palate”. There are also, for example, Chinese restaurants, which are specialized on a regional cuisine (e.g. Kantonese, Szichuan) or on a specific kind of traditional food preparation (Dim Sum). These restaurants are often frequented by the Chinese community but by Austrian and international guests too, who enjoy traditional Chinese cuisine. The thesis of Wang (2008) aims at supplementing existing discussions of immigrant business whose homogenization tendency contributes to a negligence of differences among immigrant entrepreneurs of the same ethnicity. By studying the second-generation Chinese restaurateurs in Vienna, this research shows that there is a great divergence among marketing strategies of immigrants who belong to different generations, which reflects not only the owners' structural positions but also their varied identities.

Innovative business ideas are often the precondition for successful marketing. The construction company Stolex KG, for example, which was founded by a married couple of Bosnian refugees, is specialized on the refurbishment of old buildings. The enterprise offers a complete service from refurbishment and pumbing work until industrial cleaning and metalwork. The clients are saving a lot of time because Stolex coordinates all the different services and is advertising its services to house managements, estate agents and private house-owners.³⁰

The bigger ethnic communities have **publications** which offer the opportunity for advertising. Some bigger Turkish enterprises advertise in “esnaf” the **bilingual (German-Turkish) magazine** for ethnic entrepreneurs. **“Word-of-mouth advertising”** is also an important way of marketing, in particular in the smaller immigrant communities and for many of the single-proprietor enterprises which can’t afford advertising campaigns. The bigger ethnic communities possess also a network of service enterprises which are specialized on clients belonging to a certain ethnic community. Examples are tax consultant bureaus, lawyers as well as PR management and marketing enterprises. The reason is usually not monetary but must be found in language barriers and special intra-ethnic

²⁹ Both video stores are also offering international films but have an emphasis on Polish resp. Serbian films in their offer.

³⁰ Compare Milborn (25-09-2009: 28).

requirements. Among the approximately 10 enterprises for ethno-marketing there is one which has about 70% Turkish clients but also clients from former Yugoslavia etc. Its main field of activity is consulting in all fields of marketing, starting with the realization of the enterprise idea until the whole field of public relations and advertising.

4.13 Problems and barriers—rules and regulations

In many interviews the respondents verbalized that today many SMEs suffer from bureaucratic obstacles and they would need better and less regulation. A lot of respondents said that networking activities and the information flux within these networks, be it together with co-ethnics in Vienna or be it on a broader scale, are playing an important role in overcoming with rules and regulations.

Sometimes - from the local point of view - even simple rules are causing troubles for ethnic entrepreneurs. Some entrepreneurs said that in the initial phase of their business activity they were really overcharged with the abundance of regulations considering shape and conditions of the business building, pest monitoring, delivery, storage and processing of food, the visual inspection of food, correct labelling, hygiene and competence of staff. An Indian trader for example was imposed a financial fine because he used only product labels in English and Hindi and lacked German labels. This regulation he simply did not know about.

A broad field of problems can be found in **hygiene regulations** which are of special importance in food stores, food production and in catering trade. Because of frequent misunderstandings in this field the Austrian-Turkish business magazine “ESNAF” offers special “Hygiene evaluations” for interested entrepreneurs. Hygiene specialists visit the enterprise and provide professional advice. The new hygiene regulations of 2004, which became operative in 2006, introduced the self-control as an additional element of control. ESNAF even intends to offer special hygiene instruction courses for the staff members of interested ethnic enterprises (Kuzugüdenli 2009a: 26 f.; 2009d: 12-14). Many interviewed entrepreneurs expressed their opinion that this would be an urgent need and would help them to stick to the statutory provisions. As the inspections follow EU wide rules, specialised EU agencies regularly monitor inspection standards.

Particular attention is paid by MA 59 (Food Inspection and Market Authority³¹) to organic food and drinking water in businesses, but the inspectors also check cosmetics and toys. According to MA 59 experts a considerable problem appears in the imports from the People’s Republic of China. Fish, tea and toys which were produced in China are much more frequently pesticide and antibiotic polluted. The same holds true with sea food from Vietnam and with tea. The local entrepreneurs only import these goods, thus it is not within their reach to control the producers. In the past there have been objections to certain types of devices of mountain bikes; different toys made of wood or plastic that small children might accidentally swallow (danger of asphyxiation) have been confiscated.

Wrong labelling, inappropriate treatment and long storage time are further grievances. There are also sometimes complaints about inappropriate storage of hazelnuts from Turkey. An expert from MA 59 reported his experience that of course hygiene regulations are a constant problem but some media reports about hygienic deficits in shops or restaurants of specific ethnic groups are pure exaggerations. The staff of MA 59 takes approximately 11,000 samples per year for bacteriological and chemical tests. As Municipal Department 59 is only able to draw samples, it is not possible to guarantee European Union standards for each product (Wien heute 2010: 12; Wiener Zeitung 9/10-01-2010: 14). The number of reasons for an objection of this department is not higher in enterprises of the ethnic economy than in the Austrian segment. There is indeed no certain group of ethnic entrepreneurs who would make more problems concerning hygiene and health reasons than Austrian enterprises of the same branch. From the perspective of hygienic regulations there exist flagship enterprises in each ethnic community and there are some problematic cases in each section too. Some problems arise concerning the basically different hygienic understanding for example between Western Europe and most parts of Asia. Rules which according to our informants cause problems for ethnic entrepreneurs are:

- the **Price Marking Law:** the prices for goods and services have to be clearly visible for consumers),

³¹ See <http://www.wien.gv.at/english/fima/inspection.htm>.

- **Measurement and Gauge Law:** scales and other measurement devices have to be regularly gauged. Consumers need to see the measurement device while the product is being weighed.
- **Trade Register Act:** In order to ensure the protection of the consumers, all businesses have to respect the trade regulations. Business licenses are checked by MA 59 to fight illegal businesses. Such inspections are often held after betrayed or damaged consumers have filed a report.
- **Law on Categories of Quality:** Fruits and vegetables in shops and on the market have to be labelled correctly according to the law. The goods, species, origin and trading class also have to correspond to the quality labelling.
- **Product Safety Law:** Is related to goods of everyday use which are checked for potential health hazards.

We frequently heard from our informants about the entrepreneurs' escape strategies from formal regulations. If the **formal education requirements** are not available many entrepreneurs are starting a private limited company and install a business executive who gets the trade licence. This usually causes higher expenses (salary etc), which were not affordable for many first-generation entrepreneurs. Even many market stalls are run as such companies.

One must add that it is not only the regulations which are a barrier but sometimes even the **network within the ethnic community which is sometimes interested to preserve certain dependencies**. An illustrative example is balance accounts which have to be done by each entrepreneur for tax purposes. Balance accounts of private limited companies guarantee a higher profit to tax consultants (of the ethnic community) than accounting on a cash basis which is prescribed to sole-proprietor enterprises. This means that tax consultants have a considerable interest that as many business as possible are organized as private limited companies. They give advice to their co-ethnics not to start a sole-proprietor enterprise, though the formal regulations would allow this.

4.14 Problems and barriers — bureaucracy and intermediary institutions

Interestingly enough, it was only a relatively small number of the interviewed entrepreneurs who reported explicitly about considerable troubles with bureaucracy. Once again the start-up is the most difficult phase in getting along with the complicated Austrian bureaucracy. This is the reason why most of the relevant advice institutions provide special and intensive advice and support for the start-up and continuous support when the initial phase of a business is over. According to information from the Founder's Service of the Vienna Economic Chamber (Gründerservice der WK Wien) a deficit of knowledge about the administrative procedures and an uncertainty where which information can be gathered are main barriers for migrant entrepreneurs. A further problem is that the Chamber is often seen not as the entrepreneurs' lobby but more as an institution of control, because in many countries of origin comparable lobbying institutions of self-employed do not exist.

In the interviews the problem of information deficit among entrepreneurs about municipal funding opportunities was more often verbalized than problems with bureaucracy. As an outcome a certain proportion³² of business start-ups was and is made without making use of official funding opportunities. This phenomenon can be found among entrepreneurs of different ethnic background. The main cause for this is seen in language barriers because the second generation seems to have the relevant information. Usually better educated entrepreneurs have fewer problems in this field.

Concerning bureaucracy a further aspect was verbalized by entrepreneurs and experts as well: a need for more "realization of diversity" in all institutions which are involved in business matters. There seems to be still a lack of staff with migration background (and native-speakers) in the relevant institutions though without doubt the situation changed considerably during recent years.

5 Rules and regulations, policies

5.1 Overall strategy

³² The proportion can't exactly be enumerated.

It was

about one decade ago when the Municipality and the Economic Chamber as well as other economic lobbies explicitly started to promote the ethnic economy. As a result of our elaborate investigations we can say that no explicit written strategy plan exists on the Municipality's side which could be taken for an overall strategy with important relevance for ethnic business. In case of general economic development two strategy plans which were mainly formulated by the Municipal Department 27 can be defined as relevant benchmarks: **the Strategy Plan Vienna 2000 and the Strategy Plan Vienna 2004. Vienna's municipality is now well recognizing the rising importance of the local ethnic economy and is very interested in its promotion.** A fundamental shift of opinion took place and the interviewed experts verbalized that the consciousness about the importance of ethnic business has considerably risen.³³ **Without any doubt this rising consciousness is closely linked to the Diversity Strategy of the Municipality.** An important general benchmark in dealing with immigration was the installation of an integration oriented Diversity Policy in 2004 as a basis of municipal policy. This turn of policy stems from the recognition that Vienna as an international city benefits from the diversity of its population in many ways. This increasing diversity of Vienna's population is also a challenge to the City and its administration that shall be dealt with by the method of diversity management (DM). DM focuses on the question whether all goods and services of the city are open and accessible to all regardless of their ethnic and/or immigrant background.

As an outcome in 2004 the Municipal Department for "Integration and Diversity" (MA 17) was established as an internal competence centre and service provider who supports the City Administration in providing equal municipal services for all inhabitants. DM is a topic and method that is relevant for all areas of city administration and thus has to be dealt with by all sectors of the administration. This also goes for the economic sector where MA 17 and MA 27 cooperated on a range of issues. The Executive City **Councillor for Integration, Women's Issues, Consumer Protection and Personnel Mrs Sandra Frauenberger** regularly expresses the opinion that she is defining one of the main goals of her policy in an improvement of the economic and labour market chances of migrants. This aim has to be combined with a forced promotion of the ethnic economy. She defines the generation and the protection of employment as a basis for an improvement of the social situation of immigrants. An important aspect is the promotion of apprenticeship training and thus the promotion of ethnic enterprises which are prepared for apprenticeship training. For this purpose mobile consultation teams conduct intensive cooperation with migrant associations and migrant venues. Furthermore the City of Vienna promotes the education of apprenticeship-trainers. Ethnic entrepreneurs are supported to attain the proof of entitlement for apprenticeship-training ("Feststellungsbescheid"). Besides the establishment of a business network of migrant entrepreneurs is planned.³⁴

The City of Vienna has adopted a mighty critical position towards federal regulations. At the federal level, integration policy is not really institutionally anchored (the Ministry of the Interior is responsible for integration but there is no special Secretary of Integration) and Vienna is doubtless leading the way with its integration and diversity policy in Austria. This obviously has important positive consequences for the promotion of ethnic business in the capital. All interviewed experts expressed a considerable openmindedness towards ethnic business with a special focus on the diversity of the ethnic economy and the people who are active in this field. Ethnic entrepreneurs can't be seen as a homogeneous group and thus the institutions which provide services and information are well aware of their diverse needs. The competitive advantage of diversity for the urban economy is evident. As a visible sign of Vienna's openness for diversity the city (together with 9 other European cities) is also involved in the British Council-initiated OPENCities project.³⁵

A further important initiative of the City is the **Integration and Diversity Monitor 2009**. This Monitor includes the field of integration and diversity in entrepreneurship and related activities of

³³ Actually there is further focus in the field of applied economics with a special emphasis on topics at the interface between economics and politics, particularly regarding policy development, implementation, effects and evaluation.

³⁴ Sozialdemokratischer Wirtschaftsverband Österreich (SWV) (20-07-2009).

³⁵ See http://opencities.britishcouncil.org/web/index.php?home_en.

waff, Wirtschaftsagentur Wien, the Municipal Departments 27, 59 etc.³⁶ In the case of waff the whole range of services was evaluated since 2002. All promotion programs were explicitly checked if they are equally accessible for migrants. The Wirtschaftsagentur Wien focused on an explicitly diversity oriented offer of services for entrepreneurs with migration background.

From the spatial point of view the Urban Development Plan (Stadtentwicklungsplan, STEP) is an important tool in this context. It specifies whether an area is designated for traffic purposes, for commercial buildings or housing construction. The STEP 05³⁷ also defines key coordinates for the near and medium-term future of the City. This centres on the challenges facing Vienna as the middle point of a central European mega-region and the demands for constructional development as a consequence of demographic and economic changes. The Traffic and Transport Master Plan, drawn up in 2003, sets out the framework for sustainable and transport strategies. All those plans are not centred on the ethnic economy but have some influence on the framework conditions of economic development.

5.2 Objectives and dimensions

Though the Strategy Plan Vienna 2000 and 2004 don't verbalize an explicit strategy for the promotion of ethnic business, the endogenous qualification potential and the economic importance of persons with migration background is, of course, not only mentioned but strongly emphasized. This also means an essential shift in the perspective from the emphasis on migration-related problems to a view on chances and potentials which migrants possess. And this potential of chances is intended to be exploited for the benefit of Vienna's economy.

5.3 Main actors

The main actors in the field of policies and regulations which are related to ethnic business are:

- the **Municipal Department 27** (MA 27, EU-Strategy and Economic Development)
- the **Vienna Economic Chamber** (WKW),
- the **Vienna Business Agency** (WWFF), since 29th March 2010 renamed in "Wirtschaftsagentur Wien. Ein Fonds der Stadt Wien" (Vienna Business Agency. A Fund of the City of Vienna)
- the **Vienna Employment Promotion Fund** (waff).

At the beginning of 2003 both Departments „EU-Promotion“ and “Development of the Economy and Technology” were merged to form the new Municipal Department 27 “EU-Strategy and Economic Development”. This Department consists of three units “EU-Funding”, “Economic Development”, “Finance and ICT” and the Staff Groups “Public Services”, “Energy Affairs”, “Public relations” and “Quality Management”. Programme and Project Management is the common basis of the MA 27 seven organizational units.³⁸

The Austrian Federal Economic Chamber coordinates and represents the interests of the Austrian business community at a national and international level. Thus, it is an important actor not only because of the substantial size³⁹ of its staff with migration background but also because of the considerable number of initiatives and programs. All members of the Chamber are gained equal rights, except the passive electoral rights, which are still refused to entrepreneurs with a foreign citizenship.

Waff and Vienna Business Agency have substantial influence in the policy-making process as these funds also have a say in the political proposals of MA 27 which have to be consented in advance. Their measures in the field of promoting labour force and entrepreneurs with migration background are regularly evaluated.

³⁶ See Municipal Department 17 (ed.) (2009: 59 ff.).

³⁷ See <http://www.wieninternational.at/en/node/6324>.

³⁸ See Brodesser et al.

(http://www.pmplattform.at/fileadmin/rgc/images/Dokumente/Paper_POO_MD_27_fin.pdf).

³⁹ Unfortunately no exact quantitative data is available.

Though a broader entrepreneurship agenda at the city level cannot be identified many ethnic entrepreneurs are very actively engaged in activities on the district level. Local authorities in the districts (district principals etc) are very well interested in the encouragement of the local ethnic economy. Thus, many local events are organized under the active involvement of locally active ethnic entrepreneurs. The waff is launching the initiative **“Enterprise Intercult” (“Unternehmen Interkult/Interkult Workshops”)** to improve the cooperation between district administration, enterprises, schools, the Vienna Business Agency and the Economic Chamber, offering workshops at the district level. The starting point was a survey (2007) of L&R Sozialforschung on behalf of the City of Vienna about the present state of business of 300 sole traders. An important result of this survey was that ethnic entrepreneurs show a high *“business start-up propensity”* but are using to a lesser degree the public funds which are available. In this context, the waff considers itself as intermediary between (future) partners. The program started in 2007 with a workshop in 16th/17th district, followed by events in 2nd and 20th district. In October 2008 and November 2009 events took place in locations in the 16th district. Basis is a cooperation of the heads of the 15th, 16th and 17th districts. These meetings are initiated by district representatives, the waff and its partners in the *“employment pact”* (*“Beschäftigungspakt Wien”*) - the WWFF, the Employment Service (AMS) and the Economic Chamber. Entrepreneurs independently from their (ethnic) background are involved but there is an explicit focus on migrant entrepreneurs. The intention is to initiate the creation of networks, to provide support in business start-ups (from personal-finding to bookkeeping), to inform about financial funding and to support in finding personnel. Anyway personnel procurement, in particular for SMEs is an important service of waff.

Media may not be shaped as a main political actor but are without doubt of some importance in determining public opinion. Austrian media usually report very positive about the importance of ethnic business for Vienna’s economy in general. This holds true for high level media and of course for all media which are promoted by the City of Vienna (e.g. Wiener Bezirksblatt, Wiener Bezirkszeitung, wien.at etc). From November 2009 to January 2010, for example the daily newspaper *“Kurier”* printed a series about economically successful integrated immigrants from all over the world. There was a strong emphasis laid on their economic activities and their ambitions and that they avert crisis in Vienna (Bukovec 28-12-2009; Bukovec & Hacker 10-01-2010; Wolf 2009). Similar articles about the relevance of ethnic business could also be found in *FORMAT* (No 39, 25-09-2009) as well as in the daily newspapers *“Die Presse”* and *“Der Standard”*: *“Nearly 16,000 - around a third - of all Viennese single proprietors come from migrant backgrounds and are already bringing in more than 17 per cent of the total economic potential”*; *“Foreigners avert crisis in Vienna. Immigrants as a major economic factor”*; *“Migrants as successful entrepreneurs in the Viennese economy”* – these are only some examples of media headlines which reflect the growing importance of ethnic business for the Viennese economy.

There are also target-group-specific information campaigns of the Chamber consisting of a multitude of special initiatives, as information events, media campaigns and the DiverCity-Award. A media example is the telecast *“bUnternehmen Wien”* on the television channel okto-TV. In a serial of 6 broadcasts from Sept 2008 to spring 2010 it is informed about the experiences and chances of ethnic entrepreneurs in Vienna. The *“individual story”* of the entrepreneur is combined with a thematic focus and a lot of information about the services which are provided by the Economic Chamber.

5.4 Targets

Many interviewed experts expressed the opinion that it is not the aim of the City of Vienna or of the organizations which are active in the promotion and advice of entrepreneurship to be targeted on certain groups. One can say that the policies per se are not targeted. The concrete promotion measures often have a target-group-specific shape. Concerning the targeting of certain phases most of the experts agreed that the start-up phase and the first years are the most critical period. In particular the first year is often marked by a lot of starting problems. This is the main reason why the Social-Democratic Trade Association Vienna (SWV), for example, is forcefully claiming some reliefs (e.g. a general relief of non-wage labour costs for employing the first employee) for this difficult phase.

There are specific offers for ethnic entrepreneurs, but usually the financial and consultation support is also provided to Austrians, who intend to start a business. There are also special consulting and supporting offers to single-person enterprises, to SMEs etc no matter whether the entrepreneur has

a migration background or not. An expert from the Information Centre of the Vienna Business Agency emphasized that his “... *organization evaluates the business idea, the general feasibility, the credit-worthiness, the financial feasibility and other relevant “hard facts” if anybody wants to start a business. It is of no interest for the WWFF ‘who’ is starting it. The person may be a migrant or not and may belong to any migrant community.*”

5.5 Institutions

The main institutions which are relevant for (ethnic) entrepreneurs are:

- the **Vienna Economic Chamber** (WKW) and **Vienna Business League** (Wirtschaftsbund Wien)
- the **Vienna Business Agency** (until March 2010: WWFF),
- the **Vienna Employment Promotion Fund** (waff),
- the **Social-Democratic Trade Association Vienna** (SWV)
- the **Austrian Integration Fund** (ÖIF)
- the **Institute for Economic Promotion** (WIFI)
- the **Advice Centre for Migrants** (Beratungszentrum für Migranten und Migrantinnen)
- the **Austrian Trade Union** (ÖGB)
- the **MA 59**

Between these main actors manifold linkages and co-operations exist in the field of ethnic business.

The **Austrian Federal Economic Chamber** is a democratic, self-governing body, funded by its members and legally based on the Economic Chamber Act. Its guiding principles ensure the best possible representation, coordination and balance of sector and size-related interests. The Austrian Federal Economic Chamber is financially self-supporting with around 85% of expenditure covered by member contributions and a further 15% by revenues from marketable sales. This factor, combined with organisational management through democratic self-government, makes it fully independent from public authorities, though there is some political affiliation to the Austrian People’s Party (ÖVP). The Chamber coordinates and represents the interests of the Austrian business community at a national and international level. The Austrian Federal Economic Chamber functions as the national umbrella organisation for the 9 regional Chambers (one in each of Austria's federal regions; e.g. the **Vienna Economic Chamber**) and 110 trade associations for different industries. Regional Chambers and associations have local offices to provide services in close proximity to members. The Chambers’ Diversity Department acts as the main contact point for ethnic entrepreneurs. It is an organizational turntable and has a staff with a broad diversity of migration backgrounds and language competencies. According to Dr. Naumann, the leader of the Department for Economic Policy of the Economic Chamber, the Chamber is oriented towards three main challenges, which are also relevant for ethnic business:

- the dissociation of the Economic Chamber as the lobby for entrepreneurs from administrative authorities,
- the orientation in complex organizational structures,
- support in problem constellations which are specific for certain economic branches and certain enterprises.

The main aims of the Economic Chamber in the field of ethnic business are:

- to make visible the diversity of Vienna’s economy and to utilize this diversity for the benefit of Vienna as a business location;
- to provide recipient adequate preparation of relevant information in using community specific information channels, places, media, networks, multipliers etc;
- to make direct contact as the basis of interacting with the Chambers’ members.

The Vienna Business League (Wirtschaftsbund Wien) is the most important political lobby within the Chamber of Commerce. It recognizes the importance of Turkish enterprises which are active in all branches of Vienna's economy. Mr. *Ali Sahin*, a market trader, is the speaker of the Turkish entrepreneurs in this organization. Therefore all promotion offers are also offered in Turkish language, e.g. the "Golden folder" ("Goldener Ordner"). The Wirtschaftsbund is also very active in organizing special business events for entrepreneurs with Turkish background (for example ECOMIGRA 2009). The next step will be to provide seminars and instruction courses about specific topics (Kuzugüdenli 2009: 30).

The **Vienna Business Agency** (formerly WWFF, Wiener Wirtschaftsförderungsfonds) (from 29th March 2010 on: Business Agency Vienna – a Fund of the City of Vienna = Wirtschaftsentur Wien – Ein Fonds der Stadt Wien) was founded 1982 by the City of Vienna, the Economic Chamber, the Bank Austria Creditanstalt AG (formerly Zentralsparkasse) and the Erste Bank der Österreichischen Sparkassen AG (formerly Erste Österreichische Sparkasse). It is Vienna's primary business promotion vehicle and consists of two subsidiaries: the ZIT (Center for Innovation and Technology GmbH) and the ISTEAG (Infrastructure Construction GmbH). ZIT is a technology agency and ISTEAG supports the settlement of businesses by technical infrastructure provision. The Vienna Business Agency and waff cooperate in the context of rws "Regional Economic Service" (Regionales Wirtschaftsservice). **Its goal is to boost the competitiveness of Vienna's business community by helping to drive innovation.** Its range of consulting services includes support in obtaining targeted financial assistance, help in the selection, development and acquisition of appropriate sites, the construction and operation of advanced technology and start-up centres, networking and the organization of cooperative ventures throughout Austria and the EU. The Vienna Business Agency recognizes and analyzes developing trends in order to help policymakers and the business community respond changing economic conditions. It is largely publicly financed by the City of Vienna. With around 3.5 million square meters in holdings, it ranks among the City's largest property owners. The purchase and sale of commercial and industrial tracts have allowed the Vienna Business Agency to become increasingly self-financed. This organization is also benefiting from EU resources that are used to fund individual business promotion initiatives.

The Vienna Business Agency has developed a special support system for the growing group of ethnic entrepreneurs – "**The MINGO migrant Enterprises Information Centre**". The MINGO Offices offer small office space in Vienna at favourable prices, especially targeting start-ups, one-person-firms and entrepreneurs with a migration background.

The **Vienna Employment Promotion Fund** (waff, Wiener Arbeitnehmer Förderungsfonds) was founded 1995 by a cooperation of the City of Vienna, the Austrian Trade Unions, The Chamber of Labour (AK), the Economic Chamber and the AMS. It promotes staff qualification, provides recruitment assistance as part of a City of Vienna initiative to help immigrants to settle. **It is above all employee-oriented but offers also some services for enterprises.** Among the activities for enterprises there is some **location promotion**. This promotion includes advice for ethnic enterprises, for example for an optimization of the placement of their offers. The ethnic economy is usually promoted by activities which are organized in a cooperation of waff, the Vienna Business Agency and the Economic Chamber. The waff offers information on the recognition of existing qualifications in Austria and supports enterprises in finding the adequate apprentices. Furthermore it offers personnel search services ("Personnel Finder"), grants to improve workers' qualification and the advisory services of the Regional Business Service in the respective district for the attainment of educational grants from the waff. It is also active in investment projects and real estate and financing options. The waff makes regular monitorings of the effects of its measures and of the continuance of its former clients in job positions.

The **Social-Democratic Trade Association Vienna** (SWV, Sozialdemokratischer Wirtschaftsverband Wien) is strongly cooperating with the Vienna Business Agency. Its functionaries are often integrated in the Social-Democratic Party (SPÖ), in the Chamber or in the Municipality of Vienna, some are active as district councillors. About one third of the members⁴⁰ of this organization have a migration background. The SWV's self-understanding is to act as the strong representation of single-person enterprises and SMEs, because two thirds of all workplaces and 85% of apprenticeship places in Vienna can be found in small enterprises (see Schwendinger 2010: 16). One of the main

⁴⁰ Information about the exact number of members was refused by the representatives of SWV.

fields of activity of this organization is **consulting and advice**. Advice is offered by functionaries who are themselves entrepreneurs and native speakers of the main immigrant languages. An important field is to **provide information to entrepreneurs about apprenticeship training and the legal regulations in this field**. In Europe only Germany and Austria have this system of apprenticeship training, this means that most of the ethnic entrepreneurs are lacking information about it. A further field is advice in technical facilities law (Betriebsanlagenrecht) for catering and crafts enterprises and consultation in commercial law. There are some strong interrelations between the Vienna Business Agency and the SWV. The self-conception of the Vienna Business Agency as an organization of the Municipality of Vienna is cross-party oriented. Founding members were the WK, certain Austrian banks, the City of Vienna etc. President Strobl from SWV and President Jank from the WK are both members of the Steering Committee. An important claim is the so-called “SME billion” (“KMU-Milliarde”) as a specific funding instrument for SMEs.

The **Austrian Integration Fund’s (ÖIF, Österreichischer Integrationsfonds)** goal is the linguistic, professional, and social integration of migrants who have been granted asylum on the basis of their rights in Austria. It offers support to recognized refugees and to beneficiaries of subsidiary protection. The ÖIF is a fund of the Republic of Austria and a partner of the Federal Ministry of the Interior. **It is a service organization which maintains four integration centers and two integration houses**. The ÖIF has a pool of interpreters in the main migrant languages at its disposal. By signing the Integration Agreement migrants commit to acquire adequate German language skills within five years. The ÖIF is responsible for the arrangement and certification of German courses and settlement of the yellow federal voucher in the context of the Integration Agreement. In addition, the ÖIF has developed a level A2 test for the Integration Agreement and citizenship. Experienced managers from the business world provide targeted support in the job search to migrants in this project (Job Market Mentoring for Migrants, “Mentoring for Migrants” project). The project is implemented in several Austrian provinces in cooperation with the Federal Economic Chamber and the AMS (Employment Service).

The **Institute for Economic Promotion (Wirtschaftsförderungsinstitut, WIFI)** run by the Austrian Economic Chambers (Wirtschaftskammern Österreichs) is an important partner for businesses in the field of further education with a regional organisation in each of Austria’s nine provinces and more than 80 outlets nationwide. Every year 300,000 participants attend 25,000 courses and seminars given by 12,000 expert trainers from the business community employed by WIFI.

The **WIFI SME Support Center** is a team provided by the Institute for Economic Promotion. The Support Center has set itself the task of networking small and medium sized enterprises, in particular, at events. Innovation constitutes a particular focus of its activities and “Innovative Company“, is the motto chosen for the current information campaign. Advice on patents, discussions about grants and networking meetings aim to help SMEs to innovate, while examples of successful Austrian entrepreneurs inspire others to innovate too. It works on disseminating information on new issues that will be of importance to companies in the future. The Support Center offers events and publications covering current topics. The focus is on developing and coordinating sponsored consultancy programmes with co-financing partners. The Support Center coordinates the Entrepreneurs Service in the provinces. Every year, it arranges some 15,000 subsidised seminars throughout Austria focusing on management, innovation and technology etc. Entrepreneurs are given practical advice on how to succeed, to implement ideas, to finance projects or use energy efficiently, to discuss with the bank or to make an own web site. The Support Center provides a comprehensive overview of 80 publications and online tools in a free service catalogue. The aim is to make it easier for entrepreneurs to choose from the available offerings. The majority of the publications were produced in collaboration with partners such as the Federal Ministry of Economics and the Federal Ministry of Agriculture. The Center took over this service six years ago (Köstenbauer 2009: 22-24; WIFI SME Support Center 01/2009).

A further important service of WIFI Vienna is the **Business Consultancy (Unternehmensberatung, UB)** which mediates 2,800 counselling sessions each year. This institution is closely cooperating with the Diversity Department of the Economic Chamber. For migrants special counselling is provided by native speakers. The results mirror the success of the Business Consultancy. In a survey it was proved that 5 years after the initial consulting session more than 90% of the enterprises, are still active on the market. Unfortunately no specific data about the proportion of ethnic enterprises in consulting and their business success is available.

Information and intensive counselling migrants can also get from the **Advice Centre for Migrants (Beratungszentrum für Migranten und Migrantinnen)** which is intensively cooperating with the AMS and WIFI in particular in the context of their training programs. Information is available about a lot of qualification and language acquisition measures for migrants. Of importance for entrepreneurs too is the “**Competence Centre: Advice Center for the Adjudication of Educational Attainments and Postgraduate Professional Education**” (Kompetenzzentrum – Anerkennungs- und Weiterbildungsberatungsstelle) which supports migrants in the complicated “nostrification” procedure of foreign educational attainments. Advice is provided in many migrant languages. There is also financial support for the search for adequate further vocational education.

The **Municipal Department 59** (MA 59, Food Inspection and Market Authority) is responsible for the inspection of roughly 18,000 Viennese businesses and control if they follow the Food Law provisions. During unannounced inspections the standards are monitored in order to protect consumers. Particular attention is paid to organic food and drinking water, but the inspectors also check cosmetics and toys. As the inspections follow EU wide rules, specialised EU agencies regularly monitor inspection standards. The Food Inspection Authority of the Vienna Market Authority is a member of the European Working Community for Food Inspection and Consumer Protection (EWFC).

5.6 Access and involvement in policymaking

Ethnic entrepreneurs have the right to become members in all relevant associations which are active in the sector of economy. Moreover, the organizations try to attract more members with migrant roots. Not only the members but also a considerable number of functionaries in all relevant institutions have a migration background and are actively involved in decision-making processes for the benefit of immigrants.

Actually about one third of the members of the **Vienna Economic Chamber** have a migration background of any kind.⁴¹ This numerical weight gave importance to the Chamber’s sight on ethnic business as an immense source of innovation potential. This rising consciousness is expressed in the campaign under the motto “**Vienna’s economy speaks all languages**”, which was started in September 2009 in cooperation with the Vienna Business Agency and emphasizes just how important immigrant entrepreneurs are for Vienna. Staff with migration background is not only employed in the Chamber’s Diversity Department but in other sections too. One can say that the Department for Economic Policy of the Economic Chamber was always very open to support ethnic entrepreneurs. In the Chamber in general which is already divided into guilds, professional associations and “Young Economy” (“Junge Wirtschaft”), there were some tendencies to avoid the establishment of “special factions” because there were some doubts that this would lead to a high degree of fragmentation.

The SWV is especially open to the commitment of immigrants and tries to involve ethnic entrepreneurs in all decision-making processes. One of its actual Vice Presidents, *Akan Keskin*, has a Turkish migration background. At the turn from February to March 2010 Chamber elections take place and one of the main claims of the SWV is the introduction of passive electoral rights for all entrepreneurs in Chamber elections. Until now only foreign citizens from those countries have passive electoral rights with whom a mutual agreement exists. This excludes for example the important national groups from Turkey or the People’s Republic of China. Within the SWV there are well-organized and ambitious sub-groups of entrepreneurs from Turkey, Subsaharan Africa and China. In the case of former Yugoslavians the interethnic resentments are still playing a role so that no consistent former Yugoslavian sub-group could be organized so far. As a matter of fact the level of self-organization of some ethnic entrepreneur groups largely depends on the activities of ambitious functionaries.

One example for successful self-organization of entrepreneurs is the initiative “Working Group of African Entrepreneurs” (“Arbeitsgruppe der afrikanischen Selbständigen”) in SWV, which was founded by Professor *Bakhoun Habiboula Ndongo* who is active in food wholesaling and since 2006 in industrial wholesaling. This association wants to support entrepreneurs of African origin by promoting the development of their business, by networking and the exchange of experiences. It provides informations in the fields of business start-ups, marketing and advertising. It organizes

⁴¹ For informations about membership rates please compare L&R Sozialforschung (2007: 8 ff.).

conferences and seminars, German language courses and courses for the European Computer Driving Licence.

A further example of self-organization is Mr. *Jie Yang*, the representative of the estimated 1,000 Chinese entrepreneurs in Vienna. The Chinese constitute an important and very active migrant sub-group within the SWV.

5.7 Formal access to entrepreneurship

Formal access is a relatively complicated procedure which shall be outlined as follows. Generally spoken general requirements and special requirements (for certain business branches) have to be fulfilled. The **Trade Register Act** is an important fundament for the access to entrepreneurship. In order to ensure the protection of the consumers, all businesses have to respect the trade regulations and have to be officially registered. Business licenses are checked by MA 59 to fight illegal businesses. Such inspections are often held after betrayed or damaged consumers have filed a report.

As step 1 the Chamber recommends a consultation on founding, financing and legalities at the **Vienna Business Agency** and the Business Start-Up Service or the technical departments of the Chamber. **Step 2 is the declaration of the foundation of a new business or the transfer of a business.** Certain levies and fees directly connected with founding a new business or taking over one are not collected. A declaration on founding a new business must be submitted and must be confirmed by the Chamber. Official forms can be obtained at the Business Start-Up Service, the technical groups and/or guilds and district offices. **In step 3 the trade has to be registered and a lot of documents have to be submitted, if the entrepreneur evinces qualification himself (e.g. via a master's certificate):** a passport, a police clearance certificate from the country of origin for persons not resident in Austria or resident in Austria for less than five years, a residence confirmation required for TCN (Third country nationals), a proof of qualification (e.g. master's or qualification examination certificate, school or work certificates) or established individual qualification (trades not requiring a license are excepted; no proofs are required at all for them). **If the entrepreneur does not evince qualification himself and, instead, appoints a managing director authorized under trade law (working in the firm for at least 20 hours a week)** he has to submit: a passport, a police clearance certificate from the country of origin for persons not resident in Austria or for residents in Austria for less than five years, a proof of residence if they are not EU citizens. Managing directors authorized under trade law must submit: a passport police clearance certificate from the country of origin for persons not resident in Austria or resident in Austria for less than five years, a social-insurance confirmation on registration as an employee working at least 20 hours, weekly; for the person registering the trade: a proof of qualification (e.g. master's or qualification examination certificate, school or work certificates) and a declaration of the managing director authorized under trade law on his activity in the firm (on the form provided). The person registering the trade and the managing director under trade law must not be disqualified from practising the trade as defined in Article 13 of the Trade Ordinance. **Then follows the important step 4: report at the District Health Insurance Commission (DHIC).** Employees must be registered to the competent DHIC without delay after hiring them (commencement of work). If a managing director under trade law is employed he must be registered at the DHIC before registering the trade. **Step 5 is the registering with the Social Insurance Institute for Trade and Commerce** within the initial month of operation. **Reporting the trade activity and applying for a tax number at the Revenue Office within the first month of operation is step 6.** **As step 7 the Community/City administration must be notified** about employees who were hired for municipal tax purposes.

The Economic Chamber is well aware about the barrier of legal regulations within the start-up process of an enterprise. Brigitte Jank, Councillor of Commerce (KR), too, the actual President of the Economic Chamber has a small enterprise background and is very sensitive to the needs of SMEs. Since January 2005 one can find the instructions for business start-ups (a leaflet called "The 7 Steps to Start-up a business"⁴²; compare above) on the homepage of the Business Start-up Service at the Vienna Chamber of Commerce and on the Homepage of the Vienna Business Agency⁴³. These instructions are really very helpful from a practical perspective. In this information paper which is

⁴² Compare the 7 steps at the beginning of this sub-chapter.

⁴³ See http://www.wvff.gv.at/upload/medialibrary/business_location_setting_up_business_8749.pdf.

continuously actualized according to the changing legal regulations not only all formal requirements within the start-up process are described in detail it provides also information about the business start-up service at the Vienna Economic Chamber. The Economic Chamber offers ethnic entrepreneurs a **multilingual consultation** with the main focus on start-up an enterprise and apprenticeship training and with a broad range of **multilingual information leaflets** about the main topics of starting and running a business in Austria. We made the experience that many of the interviewed entrepreneurs, who recently started their business, knew about the existence of these leaflets. One must also mention the Webservice of the City of Vienna⁴⁴. It provides a range of links⁴⁵ which are relevant for everybody who intends to start-up a business.

Many entrepreneurs moved from countries where only a few formal requirements have to be fulfilled for example in starting a restaurant. In Vienna for almost all enterprises a trade licence is necessary which requires a certain education or training. Concerning **formal access** it was in particular the first generation of businessmen who faced sometimes extreme information deficits. Some of our informants said that the first generation was often not able to differentiate between the competencies of social insurance, Economic Chamber etc. Today the general level of information is considerable better. This means that the strategies to attain a trade licence are now usually well-known. During the 1970s and 1980s many officials tended to negate the requirements of migrants who wanted to start a business. The information offers often did not reach the entrepreneurs as information material and advice was mostly available in German language only. This constellation caused a kind of sub-stratification among the enterprises with the ethnic entrepreneurs as an “underclass”. Founders in the ethnic economy were highly dependent from community-specific networks. There are not only marked individual differences concerning the support-requirements of founders but the different migrant communities are also able to handle regulations with different success, though, of course, no simplifying generalisations can be made. The Turkish community for example has a well functioning communication structure about business matters and a good communication flow. The interviewed Ex-Yugoslavs often complained that they are sometimes missing such an intra-community communication flow.

The Municipal District Offices (“Magistratische Bezirksämter“) are offering „**Open Project Days**“ (“Projektsprechstage“) for all SME entrepreneurs, be it Austrians or immigrants on certain days in certain districts. The potential founders of an enterprise receive all the necessary information for their start-up by competent experts (lawyers, experts from the Municipal Building Inspection Department, officials from the Department for Technical Trade Affairs, experts from the Economic Chamber and the Health and Safety Executive.⁴⁶

5.8 Rules and regulations

The field of regulations concerning the SME sector can be labelled as extremely broad. In general SME enterprises have to obey the same regulations in the field of health, safety, environment, labour and planning regulations as bigger enterprises but with some modifications according to the branch and size of the business. **Furthermore one can say that no regulations exist which are explicitly relevant for ethnic entrepreneurs only.** Taxation depends on turnover and profit, though of course the net result of SME’s is usually modest. One has to take into consideration that the same rules and regulations may have quite different outcomes in enterprises of different ethnic background. Examples can be found in the field of formal qualifications which are necessary for enterprises of almost all branches, in the modes of apprenticeship-training, in health and safety regulations and in particular in shop opening hours etc.

⁴⁴ See <http://www.wien.gv.at/index/betriebe.htm>.

⁴⁵ Austrian Cooperative Research (ACR), Betriebsgründung (Anträge, Bewilligungen), diegruender.at - Onlinemagazin für erfolgreiche Unternehmer, Gewerbeswesen der Stadt Wien (Gewerbeberechtigungen), Gründer und Jungunternehmer (Wirtschaftskammer Österreich), Gründerservice der Wirtschaftskammern Österreichs, Gründungsservice (WWFF), GrüZe - GründerInnenzentrum für Menschen mit Handicap, i2B - ideas to business (Businessplan-Wettbewerb), Innovation Network Austria, Junge Wirtschaft Wien, Regionale Zentren im Netz, Universitäres Gründerservice INiTS, Weg in die Selbständigkeit (Verband der Wirtschaftstreuhandler), Wirtschaftsförderungsinstitut Wien (WIFI), Wirtschaftskammer Österreich (WKO).

⁴⁶ See <http://www.wien.gv.at/mba/mba.html>.

Some interviewed officials mentioned offenses against the law governing the shop opening hours as a frequent problem. Those offenses are drastically increasing. Though there were some liberalisations in this field during recent years, there are more and more entrepreneurs who try to expand opening hours even to Sundays and public holidays. Rigid controls are made by the police and by MA 59. There are even main controls in cooperation with the tax office and the Vienna Regional Medical Insurance Company (see also nero 12/09: 4).

The manifold problems with health and hygienic regulations have already been mentioned in chapter 4.13.

5.9 Zoning plans

Area zoning plans and building regulations are formal instruments with some power of determination for future trends. From the institutional perspective the Vienna Association for the Establishment of New Enterprises, which was founded in 1969, tried to regulate the spatial patterns of business settlement. This Association was followed 1982 by the Vienna Fund for the Promotion of the Local Economy, the follow-up was the Vienna Business Agency. Together with the Vienna Land Provision and Urban Renewal Fund (WBSF) they contribute to the housing location policy of Vienna (see MA 18 2000). This means that in its housing related policy the City of Vienna makes, of course, use of zoning plans. As regards to ethnic business the MA 27 experts consider it as very difficult to influence the economic development by zoning plans. In fact the Municipality tries to endeavour the framework conditions, for example by improving the public transport infrastructure etc. These measures do not steer the economic development per se.

Principally, the amount of available space for economic development in the agglomeration of Vienna would be sufficient. However, the mismatching of available areas (little demand in the north-east of Vienna versus high demand and little supply in the south) causes problems. ÖIR in collaboration with the private urban planning consultancy, Stadtländ developed a concept for decentralisation in the Vienna region in order to relieve the City of Vienna of built-up settlement pressure.

Regarding the Vienna agglomeration there is a strong intra-regional co-operation with Lower Austria and Burgenland in the organisation PGO (“Planungsgemeinschaft Ost”). An illustrative example of the competition between the core city and the suburban area are the locations of industrial sites. These were located close to the city boundaries or along the motorway in the south, mostly initiated by the city government in order to stop the further suburbanisation of enterprises to Lower Austria. In contrast, municipalities of Lower Austria have accelerated the suburbanisation by developing industrial parks. Based on the strategic plan of 2000 a concept of innovative locational strategies of business and industries was developed by the Büro für Urbanistik on behalf of the Municipal Department 18. This concept stressed the importance of innovative companies for the international competitiveness of Vienna. It proposed the redevelopment of large industrial areas in the northern part of Vienna to develop a concept of a “creative-city” as marketing strategy and to consider the policy of economic subsidies to encourage the development of innovative clusters (MA 18). This concept only considers the core city.

In the interviews any awareness about spatial plans on the side of ethnic entrepreneurs was completely absent. Not a single entrepreneur verbalized this aspect as relevant for his individual business location strategy or that he had ever heard that it had been a criterion for other entrepreneurs.

5.10 Sectoral rules and regulations

In particular for SMEs removing unnecessary barriers is an important way to provide a safe future for them. Some entrepreneurs meant that their “*entrepreneurial spirit was almost killed*” by the endless regulations and that it should not take that long as it did to start a business. Some experts propose the “one-stop-shop-principle” for business start-ups, because this would make it possible to have one central contact point to fulfil all the requirements that are necessary to start a business. The **establishment of one-stop-offices** – where all procedures necessary to set up a business could be executed in a short time – would indeed be a great relief for SMEs. A homogenization of regulations could also be an advantage for transnational business activities. Many small entrepreneurs are

discouraged from offering their services in another EU member state because of quite divergent bureaucratic burdens.

A very frequent outcome of sectoral rules which demand certain qualifications in certain branches is **to appoint a managing director authorized under trade law**. This managing director may be a co-ethnic or an Austrian who has the necessary qualification (e.g. usually a master's certificate). Often there exists a kind of symbiotic relationship or even strong dependencies between the owner and the managing director of an enterprise. With the generally rising qualification profiles of many migrants the necessity to employ an Austrian managing director has lost its former importance.

Some experts but interestingly enough not a single entrepreneur explained the concentration of certain ethnic groups in certain fields of the economy as an outcome of qualification deficits on the one side and rigid qualification requirements on the other side. This means that such specializations are more determined by pragmatic reasons than by individual or group preferences. It is relatively easy to gain a concession in the field of retail trade or in gastronomy compared to for example a dry cleaning store. Enterprises in catering are mostly founded as private limited companies. This is said to be an important reason for a concentration of Turkish entrepreneurs in the retail trade sector. In the Polish community with an on the average high level of qualification it is not attractive to start a retail trade business. As an outcome only very few Polish retail traders (one in 7th district) can be found in Vienna. During recent years the requirements to get a trade licence in trade were facilitated in many branches but in the crafts sector the formal requirements are still more rigid. These practices produced a significant bias and an underestimation of business start-ups of certain groups. In 2005 (L&R Sozialforschung 2007) the official number of Turkish business start-ups was 9 only. When the logistic regulations changed the number of Turkish business start-ups increased.

5.11 Business acumen

Concerning the existing measures it must be emphasized that most of the measures are of a “mixed type” (e.g. transferring of knowledge plus information about financial funding plus management consultation etc) and thus do not fit exactly into a certain sub-chapter of the template of this report but refer to several sub-chapters.

For the promotion of business acumen and entrepreneurial strategies (but also other entrepreneurial knowledge) the programme “**Mentoring for migrants**” (see also esnaf 4/2009: 25-27) has to be mentioned. It is a cooperation programme of the Economic Chamber in cooperation with the Austrian Integration Fund (ÖIF) and the Employment Service (AMS) and is offered in Vienna and the provinces of Lower and Upper Austria. Since 2008 qualified migrants are supported in their labour market access. The intention of this program is to initiate multiplier effects. On the basis of a matching process qualified mentors and mentees are bound together for intensive interaction and mutual exchange. Basic criteria of matching are education, the mentee's country of origin, language knowledge, the branch of economy and target markets of the enterprise. Business representatives and entrepreneurs from a broad range of branches as well as management consultants are participating as mentors. A considerable number of them are active in the SME sector. In its initial phase the length of these relationships was formally and financially limited to 4 months but was recently extended to 6 months. Before starting the mentor gets some initial and intercultural training. The time exposure is approx. 5 hours per month. The promotion of successful business start-ups is an important aspect. The mentees often have innovative ideas but do not know how to realize it on the Austrian market and in the local economic context. The mentor's task is to pass on information and experience and to give advice how to accommodate the mentee's business idea to local requirements. The interviewed experts said, that often the legal regulations are a substantial barrier on the way to a realization of good business concepts. Since the start of the project about 300 pairs were promoted, actually 90 pairs are supported financially. Exact data about the number of entrepreneurs among them is not available.

In the **ÖIF-Jobcenter** it is possible to attain all the qualifications which are needed to start a business. A lot of different training facilities are offered. In cooperation with the AMS specialist German language courses for different branches are offered as well as a specific job-coaching for graduates. The ÖIF is also cooperating with the Caritas.

The **Businesspool** is an initiative of a private association which gets financial funding by waff. This initiative is oriented towards the distribution of information about advice and funding

opportunities of the City and the Economic Chamber. Furthermore it wants to promote the formation and empowerment of internal networks and the contacts between the entrepreneurs and representatives of the Economic Chamber and trade authorities.

Since 2007 the Vienna Business Agency in cooperation with Europaforum organizes regular **Entrepreneur Meetings** for businessmen with a migration background. These meetings are moderated by persons with migration background and are regularly attended by 40 to 50 prospects.

The actual weekly capacity of the **“Start-up Service”** of the Economic Chamber (“Gründerservice” der WK Wien) is now by 15 to 20 persons. The consulting service is also available in the most important migrant languages. Beyond that the Chamber organizes “Start-up Workshops” (“Gründerworkshops”) and special networking events for young entrepreneurs (esnaf 3/2009: 22 f.). Per year the Chamber organizes about 160 “Start-up Workshops” free of charge with more than 3,000 participants, many of them with migration background (esp 20-01-2010: 19).

The already mentioned initiative **“MINGO”**⁴⁷ is very anxious to compensate information gaps by “multipliers”. These are well-informed persons who spread their knowledge in “their” migrant communities. MINGO furthermore tries to overcome existing barriers by inviting responsible officials for workshops. This provides the founders an opportunity to become acquainted with the relevant persons in an informal context which facilitates formal contacts in business start-ups. Since 2008 MINGO made more than 300 coachings of entrepreneurs of many different migration backgrounds. Unfortunately there is no evidence how successful the enterprises are on the market. There is a cooperation-project with the VHS (community college) Ottakring which provides classes for entrepreneurial know-how (social insurance, marketing, book-keeping etc). Sometimes certain groups of common interest (e.g. taxi drivers) instigate such courses in the VHS.

Starting in autumn 2007 the Young Trade Association (“Junger Wirtschaftsverband”) organized a series of events called **“SME-summit meetings”** (“KMU-Gipfel”). These meetings are information and service events for all entrepreneurs and subdivided into two categories: (a) “Regional Trade summit meetings” (“Regionaler Wirtschaftsgipfel”) and (b) “Thematic summit meetings” (“Themengipfel”). Events of category (a) are concentrated on the SMEs of certain districts and their needs; (b) are dedicated to certain thematic priorities of which financial funding (15th Thematic Summit Meeting) or business creativity are only two examples from the year 2009. Since the start of this initiative more than 2,000 persons have participated in the 15 summits and 200 applications for promotion could be supported.

The main purpose of **„Infopool“**, which is initiated by the Social-Democratic Economic Association is to provide information about all business-related sectors as quick as possible. Infopool is actually in the stadium of setup. It will provide information about the following thematic priorities: financing, insurance, support, infrastructure, further education, networking, staff matters, an expert pool and “I am a founder”.

The Economic Chamber provides special Info-sheets in different migrant languages and for different branches about many aspects of everyday business operations. An illustrative example is the **“Turkish Info sheet for grocers”** (“Türkisches Infoblatt für Lebensmitteleinzelhändler”).⁴⁸ This folder supplies information about all relevant aspects of conducting a grocer’s business: from the acquisition of a trade licence and formal business registration to the legal opening hours, hygienic regulations (cleaning and desinfection plan, staff training, pest control, service of cooling appliances, cooling temperature ranges) and details about contracts of employment, registration at the regional medical insurance company and the legal regulations about the employment of foreign citizens.

The majority of the representatives of advice centres agree that **the level of education of the entrepreneur in spe is the most important determinant for the use of consulting services and thus for the efficiency of the offered support measures**. Higher education usually coincides with significantly more willingness to accept professional advice. The L&R survey too found a significant interrelation between education and the utilization of consulting offers. Among entrepreneurs with primary school the lack of information about existing consulting services is considerable (2007: 106 f.). Language barriers are no longer relevant in the bigger migrant communities as the relevant information is offered in all major immigrant languages and in English.

⁴⁷ See <http://www.MINGO.at/de/MINGObuero>.

⁴⁸ The info sheet is also available in other important immigrant languages.

Founders are more interested in consulting than entrepreneurs who continue an already existing business. The economic branch is also determining the acceptance of professional advice. Founders in trade are the group which requests less advice whereas start-ups in the sector of information & consulting are usually accompanied by gathering as much as information which is available. According to L&R survey (2007: 105) the consulting services of the Economic Chamber are most frequently used. The large majority of the interviewed entrepreneurs are well aware of existing consulting services, although there is a certain minority who doubts the benefit of professional consulting.⁴⁹ Further reasons for the renouncement of professional consulting can be found in a short duration of stay in Vienna and in the extrinsic motivation of starting a business.

5.12 Finance

Financial measures are a domain of the entrepreneur's lobbies and the banks. In particular banks in certain districts with high proportions of immigrant population attained a high level of competence in all the formalities of giving bank loans to ethnic entrepreneurs. This means that this special knowledge is a consequence of the composition of the local population. Certain banks are also considering this fact in their distribution of staff. Staff with certain migration background is usually working in local branches situated in quarters with a high proportion of migrant population.

A good example is the traditional bank institute **"Raiffeisenlandesbank NÖ-Wien"**. This bank has recently ordered a survey among Turkish and Former Yugoslavian migrants about their needs in the field of financial operations. The main results were implemented in two project branches. Here a special consulting offensive for migrants was started. In its branch in Favoritenstraße (10th district) two Turkish counsellors are available, in the branch on Kardinal-Rauscher-Platz (15th district) a Turkish and a Serbian counsellor provide professional finance advice in the migrants' mother tongues. At the end of 2009 it was decided to expand this special offer for migrant clientele to 8 additional branches all over Vienna. Since the beginning of 2010 Erste Bank provides special consultancy by its staff with a migration background to its migrant clientele. Raiffeisen also cooperates closely with the 1st diversity marketing agency in Austria (Brainworker-Community Marketing) for the acquisition of knowhow for successful customer service (compare esnf 3/2009: 28). Despite all these initiatives Raiffeisenlandesbank has no special portfolio of funding for ethnic entrepreneurs⁵⁰ but it was one of the first banks which provided all information material in Turkish, Serbian and Croat language. It supports MINGO office and MINGO activities (e.g. "MINGO Breakfast"), "Young Entrepreneurs promotion" ("Jungunternehmerförderung") and is financing "Grätzelmillion" (compare below), but all these funding is also available for interested Austrian businessmen. The other contacted banks (DIE ERSTE, BAWAG, DenizBank) too agreed that no special loans or funding for ethnic business exist but there is, of course, equal access of migrant entrepreneurs to all typical finance programs. DenizBank⁵¹ was formerly a Turkish bank and still has a considerable proportion of Turkish clients. Ownership has changed and a representative of DenizBank verbalized that his institute is explicitly not oriented towards a certain migrant clientele but is interested in granting loans to entrepreneurs regardless of their ethnic background.

The Raiffeisenlandesbank NÖ-Wien is also active in granting loans. In cooperation with the European Investment Bank (EIB) it offers 2010 23 million € tax-supported loans for investment for Vienna's small and medium-sized trade and business enterprises. For each Viennese district one million € (called "Grätzelmillion") is distributed. Loans from 15,000 to 150,000 € can be given and are transacted very quickly. The rate of interest is variable and ranges from only 0.875% to 1.6%. Since 2005 more than 50 million € were invested in this programme and about 900 Viennese enterprises made use of such a loan, among them many entrepreneurs with migration background. The exact number could not be found out because of data security reasons. This programme provides a sustainable stimulus for the development of the local ethnic economy and is focused on new

⁴⁹ Floeting et al. (2004: 99) called them "self-certain autodidacts" ("selbstgewisse Autodidakten").

⁵⁰ A special credit not for entrepreneurs but for Turkish clients only are so-called "marriage credits". Up to 25,000 € can be granted for funding the usually expensive Turkish marriages.

⁵¹ DenizBank AG is an enterprise of the DenizBank A.S., with 400 branches among the six most important private banks of Turkey. The actual owner of the formerly exclusively Turkish DenizBank A.S. is the French Dexia-Group, one of the world-wide biggest bank groups.

investitions, replacement investitions and rationalisation investitions (Anonymus 20-11-2009a, b: 10, 15).⁵²

The **VakifBank AG International** (founded 1999) is an illustrative example for a bank with an Austrian bank licence which usually (but not explicitly) offers services to a certain ethnic community. It has a central office and two branches in Vienna and further subsidiaries in Frankfurt and Cologne. The members of its executive board and supervisory board are all Turkish citizens. It offers all classic bank services and has a special know-how for Turkish exporters in their foreign trade transactions. The representative of VakifBank stressed that the bank has no special credit offers for Turkish clientele only and that also clients from other nationalities are welcome.

An important contact point for business funding is the “**austria wirtschaftservice**” (**aws**). This is a special federal financed bank institute for business promotion. The main duties of this bank lay in the fields of business funding and providing necessary knowhow for enterprises, in particular SMEs. The broad range of funding comprises business start-ups and the promotion of innovation, new technologies and growth. In summer 2009 the new Law for the Reinforcement of Liquidity (“Liquiditätsstärkungsgesetz”) came into effect. This law tries to strengthen the financial liquidity of enterprises in providing them credit liabilities of about 10 million €. As a matter of fact mostly large enterprises profited from this reform.

Thus, for the special needs of SMEs the aws offers small ERP-loans and assumes the liability for micro-credits. Small ERP-loans were introduced as a part of the recent “economy packet” (“Konjunkturpaket”) of the Austrian Government. Those loans (ranging from € 10,000 to € 30,000) help to quickly improve financial liquidity for the realization of innovative business projects. This programme is no special offer for ethnic entrepreneurs though a considerable number of them have already taken advantage of it (Austria Wirtschaftsservice 2009: 16).

Some interviewed entrepreneurs expressed a general need of getting micro-credits during the start-up phase. In their contacts to banks some had the impression that the interest of banks to grant micro-credits is usually only marginal. The reason for this could be found in the considerable administrative and advice effort compared with the modest sales revenue in this field of small credits. Here a broad field of action for the banks could be opened up. Because of this reason the SWV is claiming a modification of the criteria in the allocation of loans. Actually the bottom limit for funding is € 10,000 which is too high for many SMEs. Those small enterprises would urgently need micro-credits (see Schwendinger 2010: 16).

5.13 Business locations

Within the framework of start-up consultation there is also advice given by WK, Vienna Business Agency and other institutions concerning the best business locations. Some experts verbalized that the tendency of a spatial concentration of ethnic entrepreneurs in certain districts and neighbourhoods (“Grätzel” in Viennese dialect) is still a problem and one important cause for insolvencies of such enterprises. In our research we could find some extreme cases of even 5 Turkish Pizzerias or Kebap stalls within a close range. This leads to cases of really hard competition between the ethnic enterprises. Thus, the spatial distribution of enterprises is still a field where additional consulting would be needed.

An important initiative concerning business locations is made by **MINGO Migrant Enterprises**. This institution provides ready-equipped offices at affordable rents in representative office buildings in the 9th, 10th, 15th (three houses), 20th and 21st (two houses) district. These offices are dedicated to starting SMEs and many migrant entrepreneurs have already made use of this offer.

Approximately 3,000 entrepreneurs who are looking for a shop or an appropriate location are serviced by the **Service Centre for Shops** (ServiceCenter Geschäftslokale, SCG) each year. This service by the Vienna Economic Chamber is part of the marketing office of the shopping city Vienna for (young) entrepreneurs, branch offices, franchise systems and chain stores as well as property managers and estate agents. The SCG gathers and analyses data on empty shops and information on locations and makes them available for individual use at no costs. The SCG's goal is to fill empty

⁵² See http://www.raiffeisen.at/eBusiness/rai_template1/184143574777874146-186488671210225938-603757192264431997-NA-1-NA-NA-NA.html.

shops in Vienna's shopping streets. The platform offers transparent information on the quality of various locations.

The initiative “**Bringing new life into empty shops**” has also to be mentioned. The association of Vienna Shopping Streets (Wiener Einkaufsstraßen) has started a broad-based campaign to tackle the problem of empty shops, because abandoned shops and dirty window displays lead to diminishing sales in entire neighbourhoods. Targeted marketing measures, such as putting up eye-catching posters with catchy slogans at 150 empty shops, are designed to attract the attention of potential investors.

5.14 Access to employment with ethnic businesses

Again one has to emphasize that some of the measures cited in the following are not exclusively employment centred but of a more mixed type.

A lot of measures in the field of **apprenticeship-training** have to be mentioned there. During recent years many big enterprises which traditionally were very active in this field reduced the number of apprentices drastically. As a consequence a lot of consultation is done by the waff and the Vienna Economic Chamber to compensate this deficit by creating more apprenticeship places in the ethnic economy. This consultation affects both sides, the ethnic enterprises as well as young people with a migration background who are searching for an apprenticeship. It is important to note that not only youth with a migration background benefit from those initiatives but as a matter of fact young migrants face much more troubles to find apprenticeship training in a non-ethnic enterprise than Austrian juveniles.

In August 2007 an **Apprenticeship Consultancy for migrants was started**. This is a cooperation initiative of the Economic Chamber and waff and was extended until 2011. The waff is funding three **apprenticeship customer akquisiteurs** (Lehrstellenakquise) which means that three apprenticeship consultants with different migration background (one with Turkish, one with former Yugoslav, one with Russian/Polish roots) contact ethnic entrepreneurs for providing logistic and formal information about the recruitment of apprentices and inform them about the advantages of apprenticeship training. From 01.08.2007 to 30.09.2009 361 enterprises were contacted of which 153 were directly visited. 48 assessments (Feststellungsbescheid) were applied for. 160 apprenticeship jobs could be created, many of them in ethnic enterprises. 59 enterprises are for the first time involved in apprenticeship training. The **Technopool** in 20th district is a youth promotion programme which supports an association in its networking activities with more than 200 enterprises, schools, and youth centres as a kind of job service for school graduates. It provides a special service for enterprises which intend to employ an apprentice. Thus, the enterprises articulate their demand profile and the waff acts as a mediator and sends the appropriate persons.

As a way to recruit new workers the waff offers a “**Personnel Finder**“, which means a cost-free personnel pre-selection for SMEs. It offers also an option for made-to-measure qualification for future employees. In this context also an “**Apprentice Finder**” is included, which means support in apprentice search and selection. This is a joint initiative of the waff, the Public Employment Service and the Apprenticeship Office of the Economic Chamber of Vienna. The “**Model Enterprise in Apprenticeship Training**” award (“Vorbildlicher Lehrbetrieb”) is the waff’s incentive for Vienna-based enterprises to continue the training of apprentices. Those enterprises are to be considered role models for other because qualified skilled workers not only benefit the companies employing them but also Vienna as a business location. All these activities are of course open for all entrepreneurs. The event “**Apprenticeship: Excellent & Informed**” (“Lehre: Ausgezeichnet & Informiert”) organised by the waff offers a broad range of information on current trends, grants and legal aspects relating to apprenticeships.

The waff also supports employee qualifications with appropriate action. For this purpose it offers “**Innovation assistance**” for innovation projects in SMEs. This is a programme, which tries to create workplaces in enterprises which are financially supported for 18 months. Since its start the programme has created more than 600 jobs. Thus, enterprises are supported by waff to create new work opportunities. Grants are paid either for a new employee (the innovation assistant) or for upgrading the qualifications of already existing employees.

The waff organizes also “**Personnel Development Grants**” for the qualification of workers in material goods production and production-related services and for the acquisition of intercultural

skills. The waff is funding 50% of the costs of advanced training for employees in the fields of intercultural communication and intercultural management.

“**Flexwork**“ is a program for temporary workers as well as for long-term employee placement.

The event “**Business Dialogue**” (“Business Dialog”) was organized by the waff in September 2009. More than 80 entrepreneurs from the 2nd and 20th districts participated in this event which was a platform for the exchange of opinions in the field of apprenticeship-training and provided the opportunity to exchange experiences about the contact with service institutions.

The Turkish immigrant organization ATIB is active in cooperation with AMS and waff in German language courses, in **private coaching** for pupils and apprentices with migration background and it also offers courses in special handicrafts which might be a help to start an enterprise in this field.

5.15 Staff matters

The **Austrian Trade Union** (ÖGB) and the Chamber of Labour (AK) are the most important lobbies which represent the interests of employees. Concerning working conditions Azem Olcay, representative of the Austrian Trade Union, said, that one cannot say that there might be typical differences between migrant and Austrian enterprises. Working conditions mostly depend on the branch of economy and are usually better in the IT sector, for example, than in construction or gastronomy. If there are concrete complaints about grievances the ÖGB intervenes. Cases of violation of employee’s rights happened in Austrian as well as in migrant enterprises, though in the latter the number of complaints is relatively small. Often informal ways of conflict resolution are preferred instead of raising a complaint at the Trade Union.

Aside from concrete complaints of employees the ÖGB intervenes in ethnic enterprises by two sets of measures:

- **By the implementation of employee representatives:** the Trade Union tries to create a basic consciousness about employee’s rights in ethnic enterprises of all branches and in all ethnic communities. ÖGB representatives are contacting the entrepreneurs who are informed about the legal necessity to have such representatives in all enterprises with a staff of at least five persons. Problems arise above all with the discrepancy between formal willingness and practical realization. According to an ÖGB expert “*there is no difference between Austrian entrepreneurs and businessmen with a migration background. [...] Both are afraid of having employee representatives in their enterprises because of their better knowledge of employee’s rights*”. Those employee representatives attend a specialized training in the Trade Union School which includes courses in Austrian labour legislation. In a former project the special needs of employee representatives with a migration background were systematically surveyed. One result was that there are no differences between Austrian and migrant enterprises.
- **German language courses** are an important element of the ÖGB Action Plan 2010 and resulted from the frequent made experience that migrants often hesitate to become active as employee representatives because of a general lack of German language knowledge. It was only two and a half years ago when third country nationals were granted by legislation the right to become active employee representatives. This language courses are offered on an in-house basis and not only to employee representatives but to all migrants who are interested in.

First-time native-speaker career counselling organised by the waff is an event for groups who require up-to-date information on the labour-market situation in Vienna, about labour legislation as well as about potential support during job search and after employment has been taken up.

We also interviewed apprentices and other staff of ethnic enterprises. Concerning the working conditions we could not detect fundamental differences between ethnic enterprises and others. In general ethnic employers obey Austrian labour law but there is a difference between non-family staff and those employees who are members of the entrepreneur’s family. The latter have in some cases a more privileged position, in other cases they complained about a heavier workload and longer and more flexible working hours. Some young women complained about rigid social control in family business.

5.16 Marketing

Many of the measures (for details please see chapters 5.11 and 5.18) which are provided by the main actors in the field of entrepreneurship include some profound advice in marketing matters too, for example the „Service on Wheels for Vienna’s enterprises“ („Service auf Rädern für die Wiener Unternehmen“), the Business Service⁵³ for founders of the Vienna Business Agency and its Information Center and the training courses of the Vienna Business Academy of the SWV which offers training in strategic and operative business management.⁵⁴ The **training courses** of the Vienna Economic Chamber that are designed for the specific needs of SMEs and the Vienna Business Agency initiatives in many Viennese districts cooperate with the district administrations. One has also to mention the **“Start-up Service”** of the Economic Chamber, the regular **Entrepreneur Meetings** which the Vienna Business Agency in cooperation with Europaforum organizes since 2007, the training facilities of the **ÖIF-Jobcenter** and the **“SME-summit meetings”** (“KMU-Gipfel”) of the Young Trade Association (“Junge Wirtschaftsverband”). These meetings are information and service events for all entrepreneurs

For the promotion of marketing strategies once again the programme **“Mentoring for migrants”** has to be mentioned (see chapter 5.11). The interviewed experts emphasized that marketing strategies of immigrants must often be adapted to local conditions. The mentors are often confronted with their mentee’s serious deficit of knowledge about the market chances in Vienna. Unfortunately exact informations about the marketing success of the mentees in running their enterprises are not available.

The initiative **“MINGO”** also tries to compensate information gaps in marketing by its “multipliers” and by inviting responsible officials for workshops. In its cooperation-project with the VHS (community college) Ottakring classes for entrepreneurial know-how (social insurance, marketing, book-keeping etc) are provided.

The main purpose of **„Infopool“**, which is initiated by the Social-Democratic Economic Association is to provide information about all business-related sectors as quick as possible. Infopool is actually in the stadium of setup.

It was not possible to collect data about the results of all these measures in the field of marketing. Even the entrepreneurs themselves could not provide a kind of quantitative evaluation about it but in general expressed the opinion that participating in these events and initiatives has helped them a lot in their marketing strategies.

5.17 Transnational economic connections

The City of Vienna is not specifically operating in this field. Of course, there are important activities to present Vienna’s economy and to praise the chances of business cooperation for entrepreneurs of every descent. Most of these presentations of recent years were located in cities on the Balkan or in Turkey, where so-called “Vienna Days” gave the opportunity to present Vienna’s economy as a whole with no special accent on ethnic business alone. The attractive “Vienna balls” in some cities offer the opportunity for companies to make business contacts too.

According to our interviews the transnational aspect is sometimes heavily overestimated in particular transnational connections with the (original) countries of emigration (see also Light 2007: 3 ff). Some entrepreneurs have mentioned the relevance of transnational connections with their countries of origin or co-ethnics all over Europe but this aspect is mostly depending on the subject of the enterprise. It seems to be a very important factor among enterprises of the Turkish community and was also frequently mentioned by entrepreneurs with a Chinese or Indian background.

In the case of Turkish groceries, for example, only a smaller part of the foodstuff is imported from Turkey. Usually those “Turkish” products are produced in Germany or the Netherlands at a high quality. The main reason is that because of tariff regulations importing goods from non-EU countries is too costly for many of the smaller ethnic enterprises. In Germany and the Netherlands some Turkish wholesale merchants are specialized on the import from Turkey and distribute it all over the EU. This

⁵³ See Wiener Wirtschaftsservice – Informationszentrum für die Wiener Wirtschaft (www.wvff.gv.at/wirtschaftsservice).

⁵⁴ Compare www.vienna-business-academy.at.

means that “direct” import from Turkey is rather unusual. Perishable foodstuff (fruits, vegetables, meat) usually comes from the wholesale traders in Central market Vienna-Inzersdorf and the Metro-Central Market in Vösendorf. This means that transnational business relations are mostly established within the enlarged EU. But in this aspect the economic branch plays an important role. Travel agencies are usually maintaining elaborated networks with the countries of destination.

From our interviews we learned that measures and strategies in the field of transnationality are more or less individually shaped and not really determined by official measures of the city administration. About the results the entrepreneurs said that the main outcome can be found in a general increase in sales but can hardly be evaluated exactly in monetary terms.

As an example of the relevance of transnational connections the freight forwarding agency Unitcargo, which was founded 2004 by a former Yugoslavian, shall be mentioned. Actually this enterprise has subsidiaries in Slovenia and Turkey and is moving 5,000 trucks yearly mostly all around former Yugoslavia.⁵⁵ The Serbian entrepreneur is using his and his staff’s language competency and his network to former Yugoslavia.

5.18 Training and management support

A lot of initiatives which also include business training and management support were already mentioned in previous chapters. According to the Chamber representatives management mistakes are the main cause of insolvencies because smaller enterprises often lack the specific management know-how that would allow them to plan on a longer-term basis. For this reason the Vienna Economic Chamber offers **training courses** that are designed for the specific needs of SMEs and provides cutting-edge management know-how. The Chamber even takes over one third of the costs for all participants. A compact eight-day course divided into five modules was started in November 2006.

Since 13th October 2009 the SWV provides a “**Service on Wheels for Vienna’s enterprises**“ (“Service auf Rädern für die Wiener Unternehmen“) in specially shaped cars. This initiative offers direct help and advice to entrepreneurs in the fields of funding, legal regulations and all questions which are relevant in running a business. In particular the ethnic entrepreneurs, often sole traders, have very limited time resources. This makes it sometimes difficult for them to use the consultation offers of the Economic Chamber.

The Vienna Business Agency and its Information Center provide also a **Business Service**⁵⁶ for **founders**. This service offers support in starting-up a business. It provides start-up offices in attractive locations, it supports in funding and financial affairs and helps in interaction with administration and Mobile Regional Support (RWS). The RWS-staff personally visits the enterprises for direct consultation, asks for business requests and for help in investment and funding. There are also initiatives in many Viennese districts because the Vienna Business Agency is also responsible for all measures and actions of the local/regional business service. The waff organizes initiatives in cooperation with the district administrations.

A further initiative is the first training course (October 2009 until February 2010) of the **Vienna Business Academy** of the SWV which offers training in strategic and operative business management. Its main aim is to give entrepreneurs the opportunity to adapt and develop their management competencies. Guest lecturers and top consultants constitute the nucleus of a business-alumni-network for the promotion of management competencies. The SWV plans further management training courses in regular intervals.⁵⁷

5.19 Illegal and informal practices

To get reliable information about the outcome of measures to crack down illegal practices was logically very difficult. **Tax dodging is a very widespread phenomenon in economy but not a specific characteristic of ethnic business.** The interviewed experts meant that the finance authority

⁵⁵ See also Milborn (25-09-2009: 26).

⁵⁶ See Wiener Wirtschaftsservice – Informationszentrum für die Wiener Wirtschaft (www.wvff.gv.at/wirtschaftsservice).

⁵⁷ Compare www.vienna-business-academy.at.

makes absolutely no difference if tax avoidance is detected in an Austrian or a migrant enterprise. As would seem natural no entrepreneur was ready to provide informations about possible tax dodging.

Illegal employment in Vienna's construction sector is still a considerable problem but not confined to ethnic enterprises alone. Exact numbers about the extent of irregular employment are not available, but the consequences can be observed in a high liability to bankruptcy among construction enterprises and a considerable financial deficit of the Vienna Region Health Insurance. This deficit is caused by outstanding financial obligations of many construction enterprises. The share of ethnic enterprises on this deficit can't be specified exactly. Experts expect a fundamental change for the year 2011, when the temporary regulations concerning the occupation of Eastern Europeans in Austria will expire.

5.20 Non-action

In Vienna no institutions which are normally involved in the regulation of the economy have so far abstained from targeting ethnic entrepreneurs. One can say that since at least 5 years the process of awareness-raising is so advanced that all those institutions co-operate in one or the other way in the field of promotion of ethnic business. All interviewed institutions expressed the opinion that in a city like Vienna, economic success must not be a matter of ethnic origin, language, skin colour or religion. What really matters is successful business performance and innovative initiatives. And these values are shared by all entrepreneurs, regardless their ethnic background.

As already mentioned the adaption of the principle of diversity and diversity management by the City in the year 2002 and the implementation of the Municipal Department for "Integration and Diversity" (MA 17) in 2004 were important steps forward. Integration and diversity matters are now more firmly embedded in the City Administration's agenda. This view on diversity as an important capital for future development is also shaping the strategies in economic policy. "Europaforum Wien" has developed the concept for a communication offensive "Vienna's businesses for diversity - Concept for a communication offensive 'Ethnic Economies' in Vienna" on behalf of the Vienna Business Agency. The communication offensive aims at further mobilising the entrepreneurial potential of the different communities and at the same time visualising - in Vienna and internationally - the creativity and productivity made possible through diversity.

5.21 Dialogue

There is a vivid dialogue between all institutions and actors in the field of business. Most of the consultation and promotion measures and programs are offered on the basis of a cooperation of more than one actor (compare the foregoing chapters).

There is also a dialogue with foreign actors in economy. The Association of Turkish Democrats (Vereinigung Türkischer Demokraten - UETD, Avrupalı Türk Demokratlar) is promoting social, political and economic integration by a cooperation of Federal Economic Chamber with the Chamber of Commerce Istanbul (ITO). For 2010 the UETC is planning a further cooperation with the Chamber of Labour (Repper 2009: 8).

From the wide range of dialogue activities the recent campaign under the motto "**Vienna's economy speaks every language**" should be ranked first. This campaign was started in September 2009 and is an important cooperation project of the Chamber of Commerce, the Vienna Business Agency and the "Skills Groups", which was officially presented in a media conference on 11-09-2009. It emphasizes just how important immigrant entrepreneurs are for Vienna. Within the scope of this campaign a lot of promotion activities take place and are planned (for example an information and networking event for entrepreneurs and local decision-makers on 19th February in the 12th district).

Photo 8: Deputy Mayor Mag.a Renate Brauner and President of the Chamber of Commerce, Brigitte Jank, both presenting the initiative "Vienna's Economy speaks every language" on Michaelerplatz (1st district), in September 2009



Source: PID/Pressefoto Votava (<http://www.vorteilvielfalt.at/presse/>)

Photo 9: An illustrative example for a Chinese Poster of the initiative “Vienna’s Economy speaks every language”: “There is no limit to success”



Source: <http://www.vorteilvielfalt.at/presse/>

A further important initiative in the context of dialogue is “**Business for Integration**”. This is an organization which was founded in March 2009 and is financed by the Raiffeisen Bank. Mr. *Ali*

Rahimi, a well-known carpet-dealer with Iranian roots together with Mr. Georg Kraft-Kinz, a bank manager, founded this initiative. The Lord Mayor of Vienna, Dr Michael Häupl, officiates as the honorary patron of this association. The City of Vienna supports the initiative on the basis of networking and in the conceptual phase of its projects but not with financial funding. Actually the initiative has about 50 members, many of them managers of important enterprises (UNIQA, Wien-Holding, REWE, PORR Novomatic, HINK, Mann, Siemens, Kapsch, Hohegger, etc) the majority of them Austrians. The initiative is still in its initial phase but is oriented towards a more balanced mixture of members with and without migration background. Its main projects are language courses for entrepreneurs, networking opportunities for managers and entrepreneurs in **“Forum Brunnenpassage”** (a meeting centre which is maintained by Caritas), special training offers in the editorial office of the migrant newspaper “biber” and education programs for migrant children. It is important to note that this initiative is not first and foremost oriented towards the promotion of ethnic entrepreneurs. Its intention is the promotion of migrants’ integration by projects which are financed by entrepreneurs (migrants or Austrians) and their enterprises. “Business for Integration” is a business organization and no social-welfare initiative. It wants to intermediate and to interlink between potential sponsors and integration initiatives. Its main goal is to help migrants to attain a good education and to prevent de-qualification.

- In the period 2009/10 the focus of the activities was/is on the promotion of language competencies (German as well as the migrants’ mother languages) with a speaker’s competition, school projects and German language courses for business and trade. **“German language for trade and commerce”** is a German language course for business application in particular for migrant entrepreneurs.
- The **education funds of this association finances the translation of foreign diplomas and helps to make examinations and to gain needed qualifications.** It promotes the equality of chances on the labour market and wants to counteract de-qualification in supporting the nostrification of foreign certificates and the translation of diplomas.
- Young people are supported by traineeships in different branches of the economy. An example is “Biber fellowship”, which means media training in the editorial office of the migrant periodical “biber”: It offers three months fellowships to young people from 18 to 28 years with a profound knowledge about their migrant communities who want to make a journalistic career. It also offers individual career-coaching. In 2009 the enterprise “Novomatic” financed fellowships for ten persons.

A further project for the promotion of dialogue is **“Forum Brunnenpassage”**. It started in May 2009 and is financed by the Bank Raiffeisen and supported by Caritas Vienna. It organizes regular meetings between managers and entrepreneurs. Its intention is to create an information turntable for projects and initiatives and to create networks which are connecting economy, politics and media. The key theme of the 1st Forum Brunnenpassage on 11th May 2009 was ethno-marketing and the potential of migrants as customers. Further focus areas were education and integration as a future question for Vienna as a business location.

6 Other

6.1 Summary and conclusions

With just one fifth of the Austrian population, Vienna accounts for more than one quarter of the country’s total economic performance. Vienna’s economic success is based on a high degree of diversification with a strong focus on modern service industries, as well as on measures to strengthen material goods production and promote research. More than 300 international corporations have chosen Vienna (and its surrounding region) to set up their Eastern European headquarters. An estimated 10% of all Austrian material-goods exports are produced there. The main emphasis is on machines, electro-technical equipment and chemical products, motor vehicles and foodstuffs. The Vienna economy’s high level of prosperity is founded on a strong and diverse services sector, which

generates well over 80% of the economic output. In the service field the City of Vienna share probably amounts to around 50% of the Austrian total. Besides public administration, trade and the financial services sector, Vienna has also an above-average share of other business-related services. Today de-industrialisation and expansion of service activities affect both the structure and the nature of employment.

In Vienna ethnic entrepreneurs are usually called “UnternehmerInnen mit Migrationshintergrund” (“entrepreneurs with migration background”) which means self-employed persons who themselves migrated to Austria or of whom at least one parent has immigrated. This definition does not consider the actual citizenship of the individual. Sometimes in media also the term “*UnternehmerInnen mit migrantischen Wurzeln*” („entrepreneurs with migration roots”) is used. Actually about one third of the members of the Vienna Economic Chamber have a migration background of any kind.

A systematic analysis of ethnic business was made 2006/7 in a cooperation of Municipal Department 27 and the Vienna Economic Chamber. This detailed report clearly mirrors the importance which is attached by both institutions to ethnic business as an aspect of Vienna’s diversity. On 31-12-2005 79,914 active enterprises were counted, the majority of them (50,983 or 63.8%) were single proprietors. Second in ranking was the legal form of limited liability companies, with slightly decreasing percentages. The enterprises which are legally organized as OHG’s and AG’s showed a high degree of stability, whereas the traditional form of the limited commercial partnership was continually losing its former numerical importance. The data bank of the Vienna Economic Chamber contains information about the nationality of each business owner at the time of founding his/her enterprise. To which extent the second or third generation is involved in ethnic entrepreneurship can only be estimated. Unfortunately some relevant data about the ethnic economy was not available at time of data collecting for this report. This data problem was already recognized by the Municipal Department 17 and its experts in the context of integration and diversity monitoring. The promotion of self-employment is an important aspect of the Integration and Diversity Monitor. Efforts were already started to overcome the existing lack of data and to solve this empirical problem in the near future.

The proportion of self-employment in Vienna is moderate compared to cities in France or Great Britain, but since the 1990ies it is steadily increasing. **The view on ethnic economy as a “niche economy” is obviously not applicable in Vienna. A growing diversity of ethnic enterprises and entrepreneurs is one of the actual features of ethnic business in Vienna.** The “classical ethnic shops” and restaurants are only one side of the coin but public reception of ethnic economy is often strongly influenced by this picture. Of course, there are still some niches (fruit & vegetable trade, market stalls etc) where entrepreneurs belonging to certain migrant communities are still over-represented but in general the market orientations and business concepts of entrepreneurs with migration background are extremely heterogeneous. Thus, no general statement can be made concerning the markets to which ethnic business cater. Foreign citizens to a higher degree than naturalized migrants are active in the secondary sector. The highest concentration of immigrant entrepreneurs can be found in the tertiary sector but there are marked differences between the ethno-national groups of the migrant economy. Enterprises in the secondary sector are often run by former Yugoslavs, in particular by businessmen from Croatia, Slovenia and Bosnia & Herzegovina. Immigrants from Poland are a further group with a high quantitative representation in secondary sector. Enterprises in the tertiary sector often run by Hungarians and other EU-country nationals, by Turks, Chinese, Indians and other Asians.

During the last three decades many shopping streets got important stimuli by ethnic enterprises but **the most visible concentrations of ethnic shops can be found on Vienna’s traditional open markets. It is obvious that in many traditional shopping promenades (e.g. Lerchenfelder Strasse, Hernalser Hauptstrasse, Thaliastrasse etc) a succession process is going on.** This process has already started timidly during the 1980s and was intensified since the 1990s. A mixed structure of former Austrian enterprises is replaced by ethnic business. This trend is especially pronounced in areas with higher proportions of immigrant population but in a weakened form it is also observable in districts with a more middle-class population.

Ethno-culturally or socially determined traditions, individual motivations and some kind of (economic) pressure are determinants of entrepreneurship careers. There are still considerable differences concerning the entrepreneurship careers between the groups of different origin. Some

ethnic communities have a strong tradition of being self-employed. In those communities, e.g. of Turkish, Indian, Chinese, Latin-American or African origin, making business enjoys a high reputation. Many families in these communities have a long tradition and a rich experience in entrepreneurship.

Migrant entrepreneurs are confronted with a lot of barriers. Female entrepreneurs defined as their main challenge the lack of entrepreneurial experience, bureaucratic procedures and financial problems. Male entrepreneurs most often have problems with bureaucratic barriers and the acquisition of financial means. In our interviews a very similar gender-bias in barriers was proved. The initial phase is the most difficult phase for most ethnic enterprises. In particular the 1st generation of entrepreneurs neglected the necessity of innovative business and management ideas. The absence of carefully thought out business plans is said to be still a problem of many entrepreneurs. A significant proportion of the interviewed entrepreneurs verbalized that the acquisition of customers and the whole field of marketing was a real challenge for them. Some entrepreneurs had to face more difficulties in this field than with formal regulations or financial feasibility. One can say that a lack of know-how in the field of marketing is usually the main cause for the collapse of ethnic enterprises. Usually business success is very much an outcome of a combination of personal background variables and individual talents of the founders, the economic branch, the location, the general and local economic development etc. Determinants of marketing strategies can be found in the actors' social position, career experience, or the structure of their businesses. Flexibility in reacting to changing market conditions was verbalized to be the most important basis of successful marketing strategies. Usually the economic branch and the markets are strongly interdependent. Many respondents emphasized that in particular in the take-off phase the general quality of embeddedness of the entrepreneur in his ethnic community is playing a significant role as a determinant of establishing new markets.

In Vienna there is a multitude of institutions and organizations which are active in the field of promoting ethnic business. A very broad range of consultation and advice is offered by the responsible institutions, some offers are specifically shaped for the needs of ethnic entrepreneurs others are oriented towards help in entrepreneurial needs in general but all these offers are also available for entrepreneurs with a migration background. There is a fundamental difference concerning two service approaches: (a) the offering of special services for the needs of the ethnic entrepreneurs; (b) a diversified offer of advice services for the needs of entrepreneurs in general. In Vienna both service approaches are existent and we think that both are working successfully and complementary. Though there are a lot of fruitful cooperations for the benefit of ethnic economy the considerable number of actors also produces some problems concerning the coordination of sometimes diverging interests. The main institutions which are relevant for (ethnic) entrepreneurs are: the Vienna Economic Chamber (WKW) and Vienna Business League (Wirtschaftsbund Wien), the Vienna Business Agency (WWFF), the Vienna Employment Promotion Fund (waff), the Social-Democratic Trade Association Vienna (SWV), the Austrian Integration Fund (ÖIF), the Institute for Economic Promotion (WIFI), the Advice Centre for Migrants (Beratungszentrum für Migranten und Migrantinnen), the Austrian Trade Union (ÖGB) and the MA 59. The ethnic economy is usually promoted by activities which are organized in a cooperation of waff, Vienna Business Agency and the Economic Chamber. There exists a broad range of successful initiatives and programs for the promotion of ethnic business (for details see chapter 6.21) and these cooperations are even broadened from one year to the other.

From our expert interviews we learned that the ethnic or religious background of a businessman may not be evaluated as a major criterion. Much more important are his ambitions, his business sense, his innovation orientation, his sensitivity in marketing strategies etc. This contradicts to the fact that some migrant entrepreneurs on the other side very well verbalized their need for a more tailor-made promotion and for specific funding offers for ethnic business.

The numerical weight gave importance to the view on ethnic business as an immense source of innovation potential. **During recent years a fundamental shift of opinion took place.** It was a decade ago when the Municipality and the Economic Chamber as well as other economic lobbies explicitly started to promote ethnic business. **Vienna's municipality is now well recognizing the rising importance of migrants for the local economy.** This rising consciousness is, for example, expressed in the campaign under the motto "Vienna's economy speaks all languages". Staff with migration background is not only employed in the Chamber's Diversity Department but in other sections too. One can say that the Department for Economic Policy of the Economic Chamber was always very open to support ethnic entrepreneurs. During our survey we found a high level of consciousness about the importance of ethnic business in all relevant institutions. Illustrative

indicators for this are not only the broad variety of measures for the promotion of migrant entrepreneurs but also ECOMIGRA, the first fair of ethnic business in Vienna, which took place in Dec. 2009.

As a result of our elaborate investigations we have to say that no explicit written strategy plan exists on the Municipality's side which could be taken for an overall strategy with important relevance for ethnic business. In case of general economic development two strategy plans which were mainly formulated by the Municipal Department 27 can be defined as the relevant benchmarks: the Strategy Plan Vienna 2000 and the Strategy Plan Vienna 2004. There was an essential shift in the perspective from the emphasis on migration-related problems to a view on chances and potentials which migrants possess. **Without any doubt this rising consciousness is closely linked to the Diversity Policy of the Municipality. A diversity-oriented approach was developed in cooperation of MA 17, MA 27 and other relevant Municipal Departments.** Ethnic entrepreneurs are no homogeneous group and thus the institutions which provide services and information are well aware of their diverse needs. The competitive advantage of diversity for the urban economy is evident. All interviewed experts expressed a considerable openmindedness towards ethnic business with a special focus on the diversity of the ethnic economy and the people who are active in this field.

Though the general picture is really positive one must not neglect that there are also deficits: One of the main deficits can be seen in a **lack of adequate data sources**: At the time of data collecting no data was available about the size of the workforce in ethnic business and thus about its employment effect. Another critical point may be **the considerable number of institutional actors in this field**. Though the authors of this report got a very positive impression that the cooperations between those institutional actors are working well for the benefit of the migrant entrepreneurs it should be of some advantage to concentrate the responsibilities on to a smaller number of institutions. **A simplification of some bureaucratic procedures**, in particular in the start-up phase of a business, can also be recommended. A considerable proportion of the entrepreneurs meant that these procedures were too time-consuming.

6.21 Good practices

From the wide range of activities the **Integration and Diversity Monitor 2009** (presentation in April 2010) shall be ranked first. This Monitor also includes the field of integration and diversity in entrepreneurship and the related activities of waff, WWFF, the Municipal Departments 27, 59 etc. In the case of waff the whole range of services was evaluated since 2002. All promotion programs were explicitly checked if they are equally accessible for migrants. Vienna Business Agency lays its focus on an explicitly diversity oriented offer of services for entrepreneurs with migration background.

An important initiative is the campaign of the Economic Chamber under the motto **“Vienna's economy speaks every language”**. It was started in September 2009 and is an important cooperation project of the Chamber of Commerce, the Vienna Business Agency and the “Skills Groups”, which was officially presented in a media conference on 11-09-2009. It emphasizes just how important immigrant entrepreneurs are for Vienna. Within the scope of this campaign a lot of promotion activities take place.

“MINGO” (since 2008) with its sub-services **“MINGO Migrant Enterprises”** and **“MINGO Academy”** is an important example for good practice in the field of the promotion of ethnic business. It is an initiative within the promotion services of the Vienna Business Agency and offers profound support to small and micro enterprises, single entrepreneurs, in particular with migrant background, to “new self-employed” and “MINGO”-office tenants. Important aspects of the “MINGO Migrant Enterprises” advice spectrum contain detailed information about the promotion and funding services of the Municipality, costless special service for start-ups (“start-off coaching” on a cost-free and individual basis), support in the realization of innovation and expansion, support in the interaction with administrative authorities, profound help in cross-linking with business institutions of the Municipality and with the “MINGO” offices, the promotion of the innovative potential (“innovation management”) and cooperation and networking for common projects. **“MINGO Groups”** offer regular forums for the exchange of experiences and for the development of innovative products and services. It gives funding to regular conference days with experts on special topics. **“MINGO Academy”** organizes workshops about business relevant themes (during January 2010 11 workshops about public relations, E- and online-marketing, bookkeeping, finance and making a business plan are

planned). Regular conference days with experts are organized. **“MINGO Offices”** are six office centres in different districts, which offer small and inexpensive office space (from 15 sqm) for enterprises of all branches. MINGO is also active in the organization of information- and networking-events for the exchange of experiences and networking (e.g. **“Business-Breakfast”**, **“Business-Lunch”** etc). 25% of the clients made also use of a cost-free start-up coaching. Once in a year the **MINGO Award** honours six innovative projects and business ideas of small or micro-enterprises with 5,000 €. The first award of 2009 was granted to a business which provides social media instructions (Facebook, Twitter etc) by workshops.

An important recent initiative is the association **“Business for Integration”** (**“Wirtschaft für Integration”**)⁵⁸, which was founded in 2008 by the well-known entrepreneur *Ali Rahimi*, who was born in Teheran and Georg Kraft-Kinz, executive director of the Raiffeisenlandesbank Lower Austria-Vienna. This association of actually 50 regular members is supported by a group of high-ranked managers. The association is promoting the multicultural potential of the Viennese economy. Ethnic business is seen as a very important factor for the urban development. There are co-operations with the Ministry of Economics, the Economic Commerce and the Advice Centre for Migrants.

An innovative good-practice event which is worth to be mentioned was **ECOMIGRA**, a fair for ethnic enterprises and institutions which are involved in this field. It took place for the first time in Vienna’s City Hall, 4-6th December 2009, with 120 exhibiting companies and 5,000 expert visitors. The programme included more than 30 seminars, lectures and special thematic workshops. The focus was on enterprises of the Turkish community. For the future the Economic Chamber intends to organize this event regularly. In 2010 the regional focus will be on former Yugoslavia and on entrepreneurs from Bosnia-Herzegovina, Croatia and Serbia. The main financial sponsor is the publishing-house **“Business-to-Business Communications”** (Wirtschaftsverlag). For 2010 it is planned to provide a mixture of “ethnic” and Austrian enterprises which are economically active in former Yugoslavia (Kuzugüdenli 2009: 10).

“Local Neighbourhood Management” (**“Grätzelmanagement”**)⁵⁹ is a successful programme of the wvff for the integral development of structural weak urban neighbourhoods and done in cooperation with MINGO. Its 1st phase until March 2008 was integrated into the EU Objective 2 Program (Ziel-2-Programme) for Vienna and further continued by the Business Service Center (BSC) in cooperation with a team of entrepreneurs.

From 2008 to 2013 the new programme **“Grätzelmanagement Wirtschaft Neu”** (GMW, **“Local Neighbourhood Management New”**) is active in those districts, where MINGO office centres exist; these are the 2nd, 10th, 15th, 16th, 20th and 21st districts. Based on the rich experiences of the antecedent programmes in the 2nd and 20th district a lot of innovative project ideas are initiated for the enhancement of competitiveness and the reinforcement of local business locations. This program is intended to produce an improvement of local structures in respect of economic and social fields. The programme is focused on small-scale projects which are implemented in cooperation with local players, in particular with the local business community. It shall be an “engine” of neighbourhood development. An important focus is the revitalization of the local market places and a systematic marketing of business locations. The involvement and promotion of the local ethnic economy is an important aspect of this initiative. Specifically targeted entrepreneurship-coaching, a further focus on women and single-person enterprises is intended to result in a sustainable enforcement of entrepreneurship and business culture. Professional “neighbourhood managers” (**“GrätzelmanagerInnen”**) are entrusted with project initiation and networking, business-oriented information and advice offers, public relations, the reinvention of the local image and the involvement of the entrepreneurs in the local innovation process.

„WIP komplett“ means an innovative training course which was initiated by the Chamber in cooperation with the WIFI. **“WIP”** means **“Commercial Language German”**, is structured in three modules and is a combination of a language course which imparts intercultural knowledge and practical applications of business German in economy. Its target audience are migrants from Turkey and former Yugoslavia who should acquire knowledge about Austrian economy and also practical skills for a career as an entrepreneur or an employee as well (Wiener Wirtschaft 22-01-2010: 11).

⁵⁸ See <http://www.vwfi.at/unsere-projekte.html>; see Madner & Milborn 20-03-2009.

⁵⁹ „Grätzel“ as a typical Viennese term refers to the immediate neighbourhood, where people know each other and where daily interactions take place.

Since 2007 the Vienna Business Agency in cooperation with Europaforum organizes regular **Entrepreneur Meetings** for businessmen with a migration background. These meetings are moderated by persons with migration background and are regularly attended by 40 to 50 prospects.

The **“Start-up Service”** of the Economic Chamber (“Gründerservice” der WK Wien) service is available in the most important migrant languages. Beyond that the Chamber organizes “Start-up Workshops” (“Gründerworkshops”) and special networking events for young entrepreneurs. Per year the Chamber organizes about 160 “Start-up Workshops” free of charge with more than 3,000 participants, many of them with migration background. The Economic Chamber provides also **special Info-sheets in different migrant languages** and for different branches about many aspects of everyday business operations.

Since 2007 the Young Trade Association (“Junger Wirtschaftsverband”) organized a series of events called **“SME-summit meetings”** (“KMU-Gipfel”). These meetings are information and service events for all entrepreneurs and subdivided into two categories: (a) “Regional Trade summit meetings” (“Regionaler Wirtschaftsgipfel”) and (b) “Thematic summit meetings” (“Themengipfel”). Since the start of this initiative more than 2,000 persons have participated in the 15 summits and 200 applications for promotion could be supported.

The main purpose of **„Infopool“**, which is initiated by the Social-Democratic Economic Association is to provide information about all business-related sectors as quick as possible. Infopool is actually in the stadium of setup. It will provide information about the following thematic priorities: financing, insurance, support, infrastructure, further education, networking, staff matters, an expert pool and “I am a founder”.

One must also not forget the **“Service on Wheels for Vienna’s enterprises“** (“Service auf Rädern für die Wiener Unternehmen“) in specially shaped cars. This initiative offers direct help and advice to entrepreneurs in the fields of funding, legal regulations and all questions which are relevant in running a business. In particular the ethnic entrepreneurs, often sole traders, have very limited time resources. This makes it sometimes difficult for them to use the consultation offers of the Economic Chamber.

For the promotion of business acumen and entrepreneurial strategies the programme **“Mentoring for migrants”** has to be mentioned. Since 2008 qualified migrants are supported in their labour market access. The intention of this program is to initiate multiplier effects. On the basis of a matching process qualified mentors and mentees are bound together for intensive interaction and mutual exchange. Basic criteria of matching are education, the mentee’s country of origin, language knowledge, the branch of economy and target markets of the enterprise. The promotion of successful business start-ups is an important aspect. Since the start of the project about 300 pairs were promoted, actually 90 pairs are supported financially. Exact data about the number of entrepreneurs among them is not available.

Furthermore the **Business Service⁶⁰ for founders** of the Vienna Business Agency and its Information Center and the training courses of the **Vienna Business Academy** are important. Many initiatives are performed as cooperations of more than one organization, thus overlapping is avoided as much as possible. Despite this strategy some experts meant that in certain cases some overlapping has been reported.

6.3 Any other final comment or suggestion?

6.4 Contacts and Informants

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