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Immigrant entrepreneurship: a study in cooperation with MicroStart

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Abstract

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Abstract of Master's thesis: 'Immigrant entrepreneurship: a study in cooperation with MicroStart'

The aim of this thesis is to identify and analyze the different barriers immigrant entrepreneurs experience in starting or running a business, and to add value in guiding and supporting immigrant entrepreneurs in Belgium. In the first part, an extensive literature review is performed on the matter, including the conceptual framework used to analyze the different barriers that immigrant entrepreneurs face. The main barriers identified in the conceptual framework are: human capital, access to entrepreneurship, social capital, the institutional environment and the societal environment. The thesis then describes the methodology of the research, and further outlines the sub-questions and their corresponding statistical tests. In a detailed third section the thesis provides an analysis, in which statistical tests are performed on the data gathered through a survey. The purpose of the analysis is to investigate which barriers have a significant effect on the business conduct of immigrant entrepreneurs, compared to natives. The results indicate that immigrant entrepreneurs use their social network significantly more to gather information and it is a specific source of support when they experience difficulties in their access to entrepreneurship. Furthermore, the results indicate that being informed on the Belgian legislation seems to form a specific barrier to immigrant entrepreneurs. Based on the results obtained from the analysis, the thesis then draws conclusions and recommendations in a fourth section. The findings and recommendations are intended to contribute to the improvement of guidance and economic integration of immigrant entrepreneurs in Belgium.

Executive summary

In deze studie wordt ingegaan op het ondernemerschap van immigranten, een thema in opkomst op economisch gebied. Het onderzoek is uitgevoerd in samenwerking met MicroStart. MicroStart is een organisatie dat ondernemers ondersteunt, die uitgesloten zijn van het traditionele banksysteem, bij het opzetten en ontwikkelen van een eigen onderneming door het toekennen van microkredieten. Hierbij bieden ze ook gratis begeleiding, meestal door ervaren vrijwilligers. Voor startende ondernemers zijn er doorgaans al een aantal valkuilen: een gebrek aan voorbereiding, onvoldoende startkapitaal, administratieve problemen, hoge vaste kosten, enzovoort. De personen die MicroStart om hulp vragen, ervaren naast deze algemene valkuilen ook specifieke barrières zoals: onvoldoende kennis van de taal of markt, financiële onzekerheid, werkloosheid, onvoldoende kennis van de wetgeving, afkomst, gezins- en thuissituatie, discriminatie, enzovoort. Er zijn grote uitdagingen en mogelijkheden op het gebied van ondernemerschap door immigranten, echter is er nog niet veel onderzoek over uitgevoerd en/of gepubliceerd. Dit is te wijten aan het feit dat er een gebrek is aan gegevens over start-ups, aangezien het in veel landen nog niet verplicht is om financiële overzichten openbaar te maken voor kleine bedrijven. In België is dit echter wel verplicht. Op basis hiervan heeft MicroStart mij gevraagd om de uitdagingen die allochtone ondernemers ervaren verder in kaart te brengen en te onderzoeken hoe maatschappelijke organisaties en de overheid ondernemers beter kunnen ondersteunen. Als gevolg is de opzet van deze thesis het identificeren en analyseren van de verschillende barrières die allochtone ondernemers ervaren bij het starten of runnen van een bedrijf, om uiteindelijk met behulp van de geconstrueerde aanbevelingen bij te dragen tot de verbetering van de ondersteuning en economische integratie van allochtone ondernemers in België.

De centrale onderzoeksvraag die ik hiervoor heb opgesteld, is de volgende:

‘Wat zijn de uitdagingen voor allochtone ondernemers in België en hoe verschilt het zakendoen met autochtonen?’

Om een antwoord te geven op de centrale onderzoeksvraag heb ik deze onderverdeeld in verschillende subvragen, die ik eerst zal analyseren:

- In welke mate vormt 'menselijk kapitaal' een barrière voor allochtone ondernemers in België?
- In welke mate vormt 'toegang tot ondernemerschap' een barrière voor allochtone ondernemers in België?
- Vormen 'sociale netwerken' een bijkomende barrière voor allochtone ondernemers in vergelijking met autochtone ondernemers?
- In welke mate belemmert de 'institutionele omgeving' allochtone ondernemers in het opstarten en runnen van een bedrijf?
- Hebben discriminatie en culturele verschillen, als onderdeel van de maatschappelijke omgeving, een significante impact op het zakendoen van allochtone ondernemers in België?
- Welke barrières zijn van het grootste belang bij het starten of runnen van een bedrijf?

Teneinde de geformuleerde subvragen te beantwoorden, heb ik door middel van een uitgebreide vragenlijst de standpunten van allochtone en autochtone ondernemers bevestigd over: het menselijk kapitaal, de toegang tot het ondernemerschap, het sociale netwerk, de institutionele omgeving en de maatschappelijke omgeving, als barrières in het zakendoen. De vragenlijst is gestructureerd en bevat zowel kwantitatieve als kwalitatieve vragen. Om een beeld te vormen van de 'soorten' ondernemers die het onderzoek hebben ingevuld, werden verschillende demografische kenmerken van de respondenten ondervraagd. Tot slot werd hen gevraagd om de bovengenoemde barrières te rangschikken naargelang hun relevantie in het ondernemerschap.

Vervolgens werd de bekomen data uit de vragenlijst geanalyseerd met behulp van statistische testen, teneinde de subvragen te beantwoorden. Subvragen 1, 2, 4 en 5 werden beantwoord door middel van een meervoudige lineaire regressie. Subvraag 3 werd beantwoord met behulp van een independent samples t-test. De laatste subvraag werd beantwoord met behulp van een paired samples t-test.

Voor subvraag 1 werd de barrière 'menselijk kapitaal' onderverdeeld in factoren. Deze factoren bleken 'toegang tot informatie', 'taalvaardigheid' en 'kennis' te zijn. De 'toegang tot informatie' lijkt geen significant effect te hebben op het zakelijk gedrag van zowel immigranten als autochtonen. Voor allochtone ondernemers hebben geen van de genoemde

factoren een significante invloed op de bedrijfsvoering. Voor autochtone ondernemers blijken de factoren 'taalvaardigheid' en 'kennis' echter wel een significant effect te hebben op de bedrijfsvoering. 'Taalvaardigheid' heeft een significant negatief effect en 'kennis' blijkt een significant positief effect te hebben op het zakendoen. Er kan gesteld worden dat taalbeheersing een specifieke uitdaging vormt, terwijl kennis over de markt van hun bedrijf een specifieke bron van voordelen inhoudt voor autochtonen, wanneer zij moeilijkheden ondervinden in het opstarten of runnen van een bedrijf.

De toegang tot ondernemerschap werd vervolgens onderzocht in subvraag 2. Hieruit blijkt uit een factoranalyse dat deze barrière bestaat uit de factoren 'toegang tot financieel kapitaal', 'familie & vrienden' en 'gebrek aan vereisten'. De 'toegang tot financieel kapitaal' lijkt een aanzienlijke negatieve invloed te hebben op het zakelijk gedrag van zowel immigranten als autochtonen. Bovendien hebben 'familie & vrienden' een belangrijke positieve invloed op het zakelijke gedrag van immigranten, al geldt dit niet voor autochtonen. Er kan gesteld worden dat familie & vrienden een specifieke bron van steun zijn voor immigranten wanneer zij moeilijkheden ondervinden bij hun toegang tot het ondernemerschap.

Het sociale netwerk werd onderzocht in subvraag 3. Met behulp van een independent samples t-test kan er geconcludeerd worden dat allochtone ondernemers hun sociale netwerk aanzienlijk meer gebruiken om informatie te verzamelen, ten opzichte van autochtone ondernemers. Dit significante verschil geldt echter alleen voor 'het verzamelen van informatie' en niet voor de volgende factoren: 'de invloed om een bedrijf te starten' en 'veel leren over het zakendoen'. Als gevolg kan er gesteld worden dat er in het algemeen geen significant positief effect is van het sociale netwerk in het zakendoen, in vergelijking met autochtone ondernemers. Enkel wanneer allochtone ondernemers behoefte hebben aan informatie zullen zij zich, aanzienlijk meer dan autochtone ondernemers, wenden tot hun sociale netwerk.

De institutionele omgeving werd geanalyseerd in subvraag 4. De uitspraken over de barrière van de institutionele omgeving werden verdeeld over 2 factoren, namelijk 'informatie' & 'complexiteit' van de wetgeving in België. De complexiteit van de wetgeving blijkt een significante negatieve invloed te hebben op het zakelijk gedrag van zowel immigranten als autochtonen. Het effect van onvoldoende geïnformeerd te zijn over de wetgeving blijkt een

specifieke barrière te vormen voor allochtone ondernemers wanneer zij moeilijkheden ondervinden ten gevolge van de institutionele omgeving, in vergelijking met autochtonen.

Vervolgens werd de maatschappelijke omgeving als barrière onderzocht in subvraag 5, dit met behulp van een meervoudige lineaire regressie. Discriminatie blijkt een significante negatieve invloed te hebben op de bedrijfsvoering voor zowel allochtone als autochtone ondernemers. Het effect van discriminatie op autochtone ondernemers blijkt meer gematigd te zijn dan het effect van discriminatie op allochtone ondernemers.

Uiteindelijk werd subvraag 6 beantwoord met behulp van een paired samples t-test. Hieruit blijkt dat 'toegang tot het ondernemerschap' en 'menselijk kapitaal' de belangrijkste barrières zijn bij het opstarten of runnen van een bedrijf. De invloed van de maatschappelijke omgeving blijkt de minst belangrijke barrière te zijn. Er kan worden vastgesteld dat de respondenten rationeel in plaats van emotioneel rangschikten. De toegang tot kapitaal, diploma's behalen, onvoldoende kennis van de markt en toegang tot informatie zijn de belangrijkste barrières, terwijl meer emotionele barrières zoals discriminatie en culturele verschillen pas op het einde aan bod komen.

Na de analyse werden de resultaten geïnterpreteerd en werden er conclusies getrokken met betrekking tot de subvragen. Om het onderzoek af te sluiten werden er dan ook aanbevelingen gemaakt. Deze aanbevelingen zijn gericht naar middenveldorganisaties, zoals MicroStart, en de Belgische overheid.

De eerste aanbeveling werd geformuleerd vanuit de resultaten die bekomen werden uit de analyse van subvragen 1 en 3. Zo blijkt het dat wanneer autochtone ondernemers voor een uitdaging staan, ze dit lijken te overwinnen met behulp van hun huidige kennis van de markt van hun bedrijf. Er is een duidelijk verschil merkbaar met allochtone ondernemers. Er wordt aanbevolen dat MicroStart en soortgelijke organisaties de kennis van hun klanten omtrent hun specifieke markt trachten te stimuleren. Dit kan bereikt worden door het organiseren van workshops omtrent specifieke sectoren, bijeenkomsten voor soortgelijke bedrijven waarin men gemakkelijk kennis en informatie kan delen of 'communities' kan creëren voor mensen die een soortgelijk bedrijf hebben. Dit voegt ongetwijfeld waarde toe en verlaagt de drempel voor allochtone ondernemers om hulp te zoeken bij middenveldorganisaties of

overheidsinstellingen. Verder blijkt het dat allochtone ondernemers aanzienlijk meer gebruik maken van hun sociale netwerk dan autochtonen om informatie te verzamelen. De hierboven beschreven aanbevelingen voor de kennis van ondernemers te stimuleren, passen dan ook perfect binnen deze redenering.

De tweede aanbeveling komt voort uit de resultaten van de analyse betreffende subvraag 2. De toegang tot financieel kapitaal heeft een aanzienlijk negatief effect op het zakelijk gedrag van ondernemers, en allochtone ondernemers wenden zich meer tot familie en vrienden wanneer financieel kapitaal nodig is. Op basis van deze resultaten raad ik MicroStart en soortgelijke organisaties aan om alternatieve manieren van borgstelling te gebruiken. MicroStart biedt al de mogelijkheid om een andere persoon, vriend of familie borg te stellen, voor de situatie waarin men zich niet aan de terugbetaling kan houden. Verder wordt er aangeraden dat commerciële banken in België zich meer zouden moeten inspannen om allochtone ondernemers in het traditionele banksysteem te krijgen. Om dit te bereiken zouden de huidige vereisten voor het verkrijgen van een lening kunnen worden herzien en verlaagd worden voor allochtone ondernemers. Het gebruik van 'community officers', zoals MicroStart dat doet, zou ongetwijfeld meer geïmmigreerde ondernemers aanmoedigen om via het traditionele banksysteem krediet te verkrijgen en deze drempel te verlagen.

Het gebruik van 'community officers' wordt vervolgens ook aanbevolen binnenin het kader van de institutionele omgeving. Op basis van het literatuuronderzoek kan worden geconcludeerd dat er een kloof bestaat tussen de allochtone ondernemers en de officiële overheidsinstellingen. De lagere drempel die men ervaart bij het benaderen van maatschappelijke middenveldorganisaties, zoals MicroStart, stelt allochtone ondernemers in staat om zich effectiever en sneller te ontwikkelen. Het is vanuit dit standpunt dat er soortgelijke organisaties aanbevolen wordt om 'community officers' in dienst te nemen. Teneinde de complexiteit en kennis van de huidige wetgeving in België aan te pakken, wordt er aanbevolen dat MicroStart en soortgelijke organisaties vrijwilligers aanwerven die gespecialiseerd zijn in deze materie. Dit verlaagt op zijn beurt ook de drempel voor ondernemers om informatie of uitleg te vragen aan overheidsinstanties.

In het laatste deel van de thesis worden de beperkingen van het onderzoek vermeld. Hierin wordt besproken dat de hoofdzakelijke beperkingen voortvloeien uit de COVID-19 crisis, tijdens de maanden maart, april en mei in België. Hierdoor was het niet meer mogelijk om interviews op locatie af te nemen, dewelke meer persoonlijke en kwalitatieve inzichten hadden opgeleverd. Mede door de COVID-19 crisis was de respons van het onderzoek laag. Dit was te wijten aan het feit dat ondernemers in deze moeilijke tijden vooral bezig waren met het redden van hun bedrijf. Vragenlijsten worden vaak niet als primair beschouwd in vergelijking met andere dagelijkse essentiële taken. Ondanks deze beperkingen ben ik er sterk van overtuigd dat de verkregen resultaten en geformuleerde aanbevelingen een meerwaarde bieden in onderzoek omtrent het thema van immigrantenondernemerschap.

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List of abbreviations

CVBA-SO	Cooperative company with a social purpose
IPO	Initial Public Offering
U.S.	United States
U.K.	United Kingdom
ACS	American Community Survey
SBO	Survey of Business Owners and Self-Employed Persons

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Introduction

This study concerns immigrant entrepreneurship, an emerging topic in the economic field. In the long-run, economic growth depends on the creation of new businesses as the creation, growth and export of new businesses is related to the proportion of immigrants in a country (Li et al., 2017). Although there are major challenges and opportunities to be found in immigrant entrepreneurship, not much research has been carried out and/or published about it. This is due to the fact that there is a lack of data on start-ups, as in many countries it is not yet mandatory to disclose financial statements publicly for small businesses. In Belgium, however, it is compulsory to do so.

The study is conducted in cooperation with MicroStart. MicroStart is an institution that provides microcredit in Belgium. They finance start-ups and established entrepreneurs who want to grow through small loans. In addition, MicroStart provides free guidance, usually provided by experienced volunteers. Their organization consists of a cooperative company with a social purpose (CVBA-SO) for financial services and a non-profit organization for guidance. The entrepreneurs who end up at MicroStart are often unable to obtain a loan from a banking institution for a number of different reasons. According to MicroStart, everyone, regardless of income, education or origin, has an inalienable right to economic initiative and the right to take fate into their own hands.

In general, there are already some pitfalls for starting entrepreneurs: a lack in preparation, insufficient starting capital, customer shortage, administrative difficulties, high fixed costs, fierce competition, being too self-confident towards one's own product, inability to draw up a good business plan, the tricky work-life balance. The people who ask MicroStart for help have, in addition to these general pitfalls, specific barriers such as: insufficient knowledge of the language or market, financial insecurity, unemployment, origin, family and home situation, discrimination, etcetera.

On this premise, MicroStart has asked me to further map out the challenges and to explore how civil society organizations and governments can better support newcomers in creating their own jobs. The purpose of this thesis is to identify and analyze the different barriers that immigrant entrepreneurs experience when starting or running a business, in order to

contribute to the improvement of the support and economic integration of immigrant entrepreneurs in Belgium.

The central research question I have formulated for this purpose is the following:

“What are the challenges that immigrant entrepreneurs face in Belgium and how does business differ with natives?”

In order to provide an answer to this central research question, I have separated it into several sub-questions, that I will first analyze:

- To what extent does ‘human capital’ constitute a barrier for immigrant entrepreneurs in Belgium?
- To what extent does ‘access to entrepreneurship’ constitute a barrier for immigrant entrepreneurs in Belgium?
- Do ‘social networks’ form an additional barrier for immigrant entrepreneurs compared to native entrepreneurs?
- To what extent does the ‘institutional environment’ hinder immigrant entrepreneurs in starting up and running a business?
- Do discrimination and cultural differences, as part of the societal environment, have a significant impact on the conduct of a business for immigrant entrepreneurs in Belgium?
- Which barriers are of the greatest importance in starting up or running a business?

These sub-questions are answered on the basis of elements that try to determine to what extent they contribute to the barriers experienced by immigrant entrepreneurs. With the help of an extensive survey I investigated the opinions of entrepreneurs, immigrants as well as natives, concerning human capital, access to entrepreneurship, the social network, the institutional environment and the societal environment. With the results of the survey I try to identify and describe the different barriers entrepreneurs experience in starting or running a business. With the obtained results, the different barriers are discussed and conclusions can be derived. On the basis of the formulated conclusions, recommendations are then formed, addressed to civil society organizations and the government. I expect that the research offers added value in guiding and supporting immigrant entrepreneurs in Belgium.

1. Literature review

1.1. Belgian context of immigration

1.1.1. Population groups and movements

In order to describe the Belgian context in relation to immigration, I will use reports published by Myria (Myria, 2016 & 2018). Myria is a public independent institution that analyzes migration, defends the rights of foreigners and fights human trafficking and smuggling. However, these are figures from the 1st of January 2017, as well as some figures from December 2015 regarding the distribution of the Belgian and foreign population.

Let us first define some key concepts, which are essential to distinguish different population groups. The 'immigrant population' are all persons born abroad and officially residing in Belgium. They have therefore left another country to settle in Belgium. The criterion is the country of birth. These immigrated persons are both persons of foreign nationality and persons who have become Belgian. The 'foreign population' is then defined as all persons who do not have the Belgian nationality and who officially reside in Belgium (regardless of whether they were born in Belgium or abroad). The criterion used here is therefore the current nationality. Finally, there is the 'population of foreign origin'. We define this population group as all persons who were not born Belgian and who officially reside in Belgium. They may have been born in Belgium or abroad. Some have become Belgian, others have not. The criterion is nationality at birth.

Recent research has pointed out that about 20% of the population residing in Belgium was born with a foreign nationality, which can be seen in the figure below (Myria, 2018). Of the 11.3 million inhabitants in Belgium, 11.7% have a foreign nationality (foreigners), 8.8% were born with a foreign nationality but have acquired the Belgian nationality in the meantime (foreigners who have become Belgian). Together, these population groups represent the population of foreign origin, some 20.5%. The remaining 79.5% are Belgian at birth.

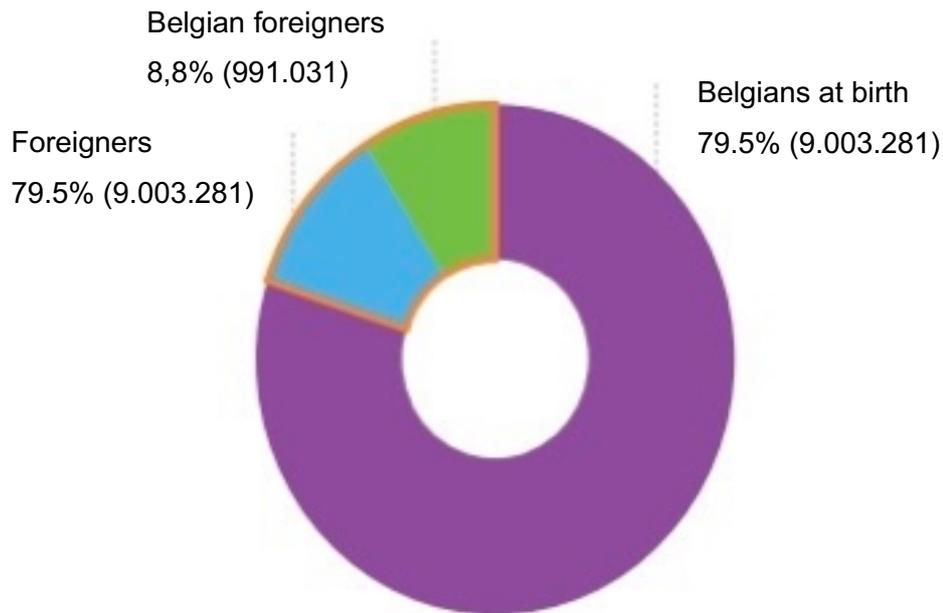


Figure 1: Distribution of the Belgian and foreign population in Belgium on 1 January 2015. Retrieved from https://www.myria.be/files/Migratie2016-2-Migratie_in_Belgie_statistische_gegevens.pdf

Statistics on immigration at Belgian level relate to the declared immigrations, the changes in the register and the re-registration of persons after they had first been removed from the National Register. These are mainly persons recognized as refugees or authorized to reside in Belgium on another basis. In 2016, these changes in the register accounted for 13% of the immigrations. Some 136,327 immigrations of foreigners were registered in Belgium in the course of 2016, according to recent research. As shown in the figure below, there are some fluctuations in the number of immigrations of foreigners in Belgium. Nevertheless, there is an overall upward trend in immigration flows of foreigners into Belgium since the beginning of the millennium (Myria, 2018).

Number of immigrations of foreigners in Belgium

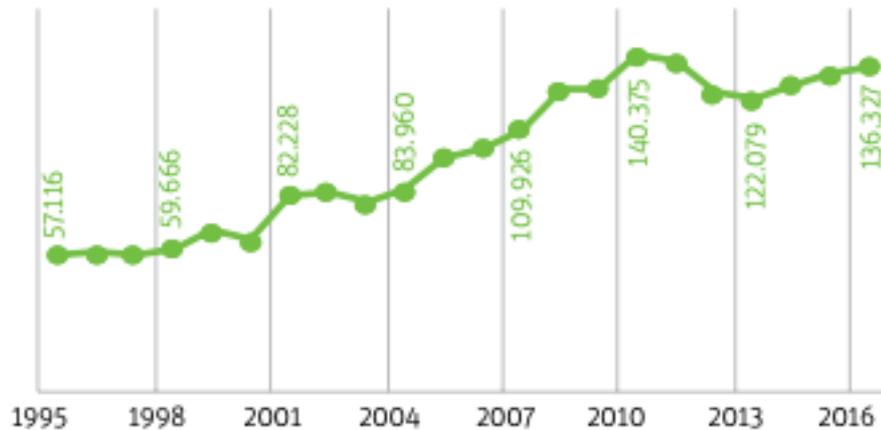


Figure 2: Number of immigrations of foreigners in Belgium. Retrieved from <https://www.myria.be/files/NL2018-2.pdf>

Another concept that needs to be clarified is the migration balance. The migration balance is the difference between the number of immigrations and the number of emigrations during a specific period of time. A positive migration balance therefore indicates that more people entered the country than left during that period. A negative balance indicates the opposite. We use the migration balance to describe several migration flows to and from Belgium. As illustrated in the figure below, it appears that after a few years of sustained growth (2003-2010), immigration of foreigners has decreased for three consecutive years (2011-2013). However, in 2014, the number of immigrations of foreigners increased by roughly 5%. A relatively unstable evolution of the inflow of foreigners is found, which since 2010 has fluctuated between 120,000 and more than 140,000 entries. Since the mid-1980s, there have been considerably fewer emigrations of foreigners than immigrations, which has led to a positive and rising migration balance for the whole period. Even though Belgium today is mainly an immigration country (with a positive migration balance of 50,968 in 2014), emigrations have also shown a clear increase, especially since the beginning of the 2000s. This trend reflects the overall increase in mobility. (Myria, 2016)

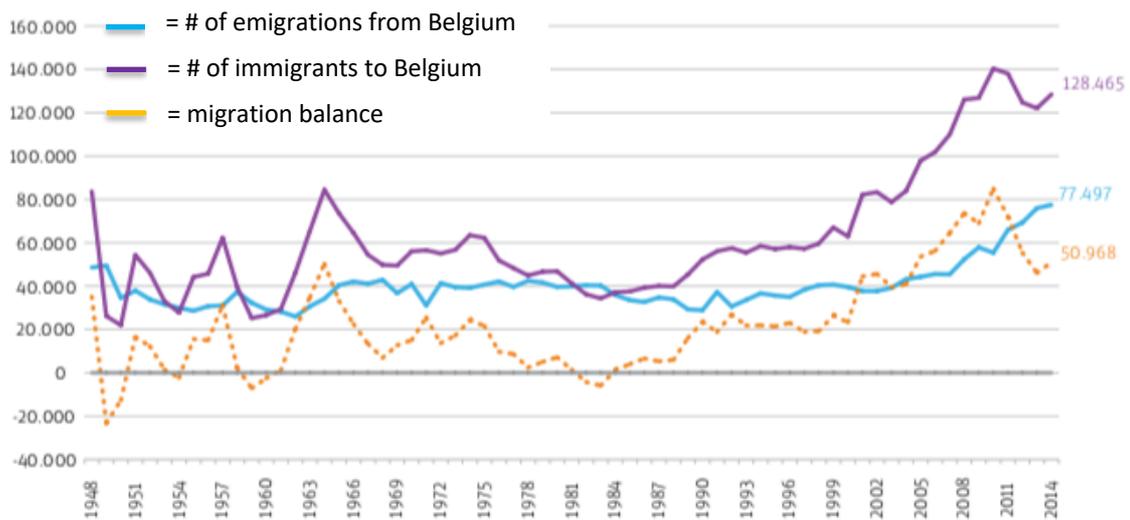


Figure 3: Evolution of the number of immigrations and emigrations of foreigners, 1948-2014. Retrieved from <https://www.myria.be/files/NL2018-2.pdf>

On this figure, the blue line represents the number of emigrations from Belgium while the purple line represents the number of immigrants to Belgium. The orange dotted line represents the migration balance.

When we discuss the composition of these migration flows, Myria's research reveals a number of changes that have taken place over the past twenty years. First and foremost, there has been a substantial increase in immigration from the new EU member states. Immigrations from the EU-28 member states account for the vast majority, about 64%. This is mainly due to the recent enlargements of the EU in 2004, when ten new Member States joined. The main country of origin was Poland. Following the entry of Bulgaria and Romania in 2007 and later Croatia in 2013, the share of new Member States rose to 25% of immigrations of foreigners to Belgium. The number of Romanian immigrants is particularly noteworthy here, some 15,000 in the year 2014, representing a first place of immigrations to Belgium at the moment. A second change in migration flows is the proportional reduction in immigration from EU-15 countries. These have of course continued to increase steadily, but they are decreasing in proportion to the overall migration of foreigners. For example, migration flows from the neighboring countries France and the Netherlands fell from 25% in 2004 to 19% in 2014. The third change we notice is the significant and recent reduction in immigration from Morocco and Turkey. These two countries mainly represent the entire

decrease in the number of immigrants coming from North Africa. In the last 10 years, Moroccan immigration has decreased by about 40% and Turkish immigration by 41%. Finally, the latest change in immigration flows is the recent increase in immigration from West Asia. In fact, this has doubled in the period from 2004 to 2014, from 4% to 8%. As a result, Syrians and Afghans are now among the 20 main nationalities of immigrants to Belgium. However, these two nationalities mainly represent persons who have been granted some form of international protection and have applied for asylum (Myria, 2016).

1.1.2. Motives for migration to Belgium

When migrating to another country, people need a certain reason or motivation to do so. Here, however, we can only look at the legal motivations of population groups. In this section, only the motivations of immigrants from third world countries are discussed and illustrated in the figure below. The most general motivation is family migration, in which people try to reunite with family members who are already settled in the country. Family migration concerns all nationalities, but its extent varies according to nationality. Morocco, Guinea, DR Congo and Turkey are particularly distinct from other countries of origin in this regard. Syrians and Afghans, on the other hand, distinguish themselves from the rest due to the large percentage of immigration on the basis of refugee or subsidiary protection status. The motives related to a paid activity mainly relate to Indians and Americans. Subsequently, there is immigration for study purposes, which is represented by a significant proportion of people coming from Cameroon, China and Brazil. Finally, humanitarian reasons represent only a very small proportion of the number of immigrants. It applies to all nationalities, but is especially applicable to Brazilians and Russians (Myria,2016).

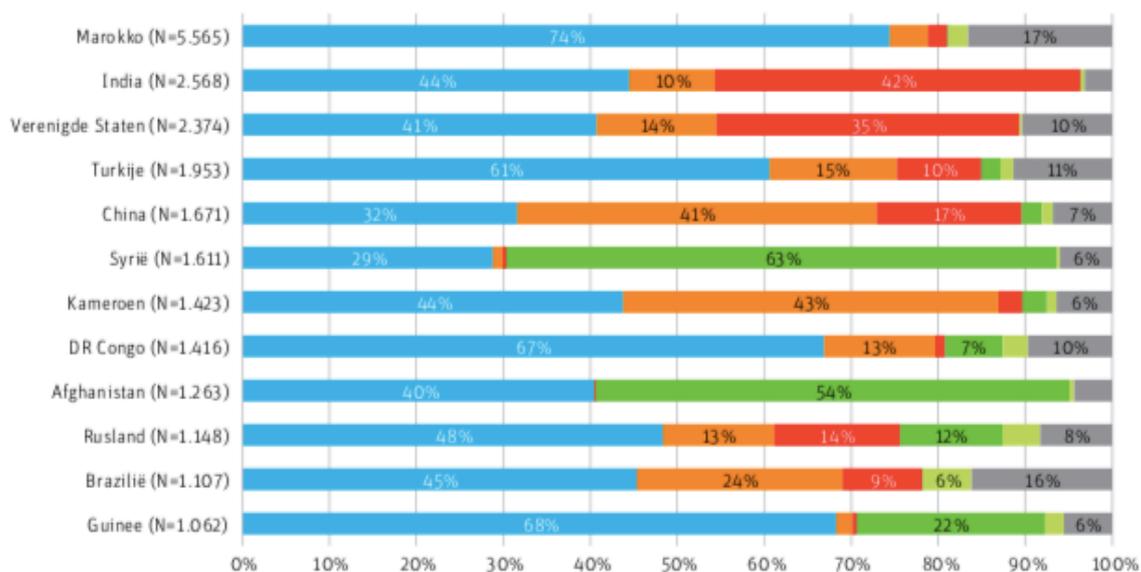


Figure 4: Distribution of the reasons for issuing the first residence permits to the nationals of the main third countries, 2014. Retrieved from <https://www.myria.be/files/NL2018-2.pdf>

In this figure, blue represents the family migration motive, orange represents the migration for study purposes, red represents the motives related to paid activities, dark green represents the immigration motives on the basis of refugee or subsidiary protection status, bright green represents the humanitarian reasons and finally grey represents 'other' motives for immigration.

1.2. Immigrant Entrepreneurship

1.2.1. Contributions of immigrant entrepreneurs to the economy

It is widely understood that immigrants are highly entrepreneurial and eager to start their own business. Therefore, they also offer high business formation rates, employment, innovation and know-how. Their economic contributions to society are not to be underestimated and therefore worth investigating, as well as the differences in entrepreneurship and their success across groups. It is essential to have an overview of the previous economics literature devoted to immigrant entrepreneurship and the most fundamental issues that come along with it. Fairlie and Lofstrom (2015) state that "Immigration is a debated topic because of the contrasting concerns over lowering wages for existing workers, increasingly public assistance rolls, security and changing the demographic

makeup of host countries, the need for less- and high- skilled workers, supporting an aging population, insourcing instead of outsourcing labor and family reunification. The key question to this debate is whether immigrants provide a net positive or net negative contribution to the host economy” (Fairlie and Lofstrom, 2015).

Recent research has shown that business ownership is higher among the foreign-born than the native-born in many developed countries such as the U.S., U.K., Canada and Australia (Borjas 1986; Lofstrom 2002; Clark and Drinkwater 2000, 2010; Schuetze and Antecol 2006; Fairlie et al. 2010). As a result, many developed countries have created visas and entry requirements for immigrant entrepreneurs in order to attract them (Schuetze and Antecol, 2006). Evidence shows that small businesses create a disproportionate share of new jobs in the economy, are an important source of innovation, increase the national productivity and alleviate poverty. As a result, promoting entrepreneurship is viewed as a priority by governments all over the world (Fairlie and Lofstrom, 2015). In what follows, I will be summarizing some of the large contributions immigrant entrepreneurs make to the U.S. economy, group differences in business ownership rates and business performance. The literature I review to discuss the general background of immigrant entrepreneurship uses data from the U.S., though it is representative for the purpose of this paper.

The first substantial contribution to the U.S. economy that we come across is simply the high business ownership rate compared to the U.S.-born rate. Some 11% of immigrants own a business, compared with 9.6% of the native-born work force (Fairlie and Lofstrom, 2015). As new businesses are associated with economic growth, innovation and job creation (Fairlie, 2012), it is important to also have a look at the immigrant contribution to business startup activity in the United States. After analyzing panel data for consecutive months of the 2007-2011 Current Population Survey, it is found that immigrants represent 24.9% of all new businesses in the United States, which is a lot higher than the immigrant share of the workforce at risk of starting a business each month. Immigrants represent 15.6% of the non-business owning workforce, the high share of immigrant business startup activity thus translates into much higher business formation rates compared to non-immigrants (Fairlie and Lofstrom, 2015).

In order to discover the amount of value that immigrants create for the U.S. economy, it is essential to measure how much immigrant-owned businesses contribute to the total business income. This can be measured by using two measures based on the available data. First, the contribution of immigrant business owners to the total business income generated by all U.S. business owners is examined with ACS data. Next, total sales and receipts by immigrant-owned businesses will be examined by using data from the 2007 Survey of Business Owners (Fairlie and Lofstrom, 2015).

With a total business income of \$808 billion, immigrants make up for \$121 billion, or 15%, of all business income in the United States. It is found that the immigrant representation of total business income is actually lower than the representation of the total number of business owners, which in turn proves that the immigrant-owned businesses have lower average incomes than non-immigrants businesses (\$49,779 & \$62,695 respectively) (Fairlie and Lofstrom, 2015). In addition, there is the immigrant-owned business contribution to total sales and receipts. As illustrated in Table 1 below, the estimates from the SBO indicate that immigrant-owned businesses generated 10% of total sales generated by firms in which the majority foreign born status can be classified (Fairlie and Lofstrom, 2015).

On average, immigrant businesses have lower sales than non-immigrant businesses (\$434,000 & \$609,000 respectively). This is equivalent to the patterns we found for the average levels of business income (Fairlie and Lofstrom, 2015).

**Total Sales for Immigrant and Non-Immigrant Owned Firms
Special Tabulations from Survey of Business Owners (2007)**

Ownership	Number of Firms	Share of Total Firms	Total Sales (\$000s)	Share of Total Sales
Immigrant (majority foreign-born)	1,798,541	13.4%	\$ 779,833,278	10.0%
Non-immigrant (majority native-born)	11,578,280	86.6%	\$ 7,047,737,009	90.0%
Total immigrant and non-immigrant	13,376,821	100.0%	\$ 7,827,570,287	100.0%
Equally foreign-/native-born	244,070		\$ 102,760,238	
Foreign-born status indeterminate	12,673,969		\$ 3,019,131,351	

Note: (1) The sample includes businesses that are classified by the IRS as sole proprietorships, partnerships, 1120 corporations, or employers, and that have sales of \$1000 or more. (2) Excludes publicly held and other firms not classifiable by owner status.

Table 1: Total sales for Immigrant and Non-Immigrant Owned Firms Special Tabulations from Survey of Business Owners (2007). Retrieved from Immigration and entrepreneurship, Fairlie, R.W., Lofstrom, M., 2015.

Another contribution to the U.S. economy is how immigrant-owned businesses contribute to the total employment. By using data from the SBO, it is found that immigrant-owned businesses make large contributions to the total employment. As illustrated in Table 2 below, immigrants own 14.1% of businesses that hire employees, which represents 9.9% of the share of total employment. Among the firms that hire employees, immigrant-owned business hire an average of 8 employees each (Fairlie and Lofstrom, 2015).

Employment for Immigrant and Non-Immigrant Owned Firms
Special Tabulations from Survey of Business Owners (2007)

Ownership	Number of Employer Firms	Share of Total Empl. Firms	Total Employment	Share of Total Employment
Immigrant (majority foreign-born)	501,973	14.1%	3,997,977	9.9%
Non-immigrant (majority native-born)	3,049,698	85.9%	36,426,585	90.1%
Total immigrant and non-immigrant	3,551,671	100.0%	40,424,562	100.0%
Equally foreign-/native-born	74,006		642,138	
Foreign-born status indeterminate	1,564,291		15,559,855	

Note: (1) The sample includes businesses that are classified by the IRS as sole proprietorships, partnerships, 1120 corporations, or employers, and that have sales of \$1000 or more. (2) Excludes publicly held and other firms not classifiable by owner status.

Table 2: Employment for Immigrant and Non-Immigrant Owned Firms Special Tabulations from Survey of Business Owners (2007). Retrieved from Immigration and entrepreneurship. Fairlie, R.W., Lofstrom, M., 2015.

Finally, I would like to share with you the payroll breakdown regarding immigrant-owned businesses. This can be seen in Table 3 below. The immigrant share of total payroll is 8.8% and the average immigrant employer pays out \$252,758 to its employees with the average pay being \$31,740 to each employee. These average annual wages paid to employees are not substantially lower than the wages paid by non-immigrant employers, which amount to \$35,880 per employee (Fairlie and Lofstrom, 2015).

**Payroll for Immigrant and Non-Immigrant Owned Firms
Special Tabulations from Survey of Business Owners (2007)**

Ownership	Number of Employer Firms	Share of Total Empl. Firms	Total Payroll (\$000s)	Share of Total Payroll
Immigrant (majority foreign-born)	501,973	14.1%	\$ 126,877,578	8.8%
Non-immigrant (majority native-born)	3,049,698	85.9%	\$1,306,936,752	91.2%
Total immigrant and non-immigrant	3,551,671	100.0%	\$1,433,814,330	100.0%
Equally foreign-/native-born	74,006		\$ 21,106,032	
Foreign-born status indeterminate	1,564,291		\$ 485,652,582	

Note: (1) The sample includes businesses that are classified by the IRS as sole proprietorships, partnerships, 1120 corporations, or employers, and that have sales of \$1000 or more. (2) Excludes publicly held and other firms not classifiable by owner status.

Table 3: Payroll for Immigrant and Non-Immigrant Owned Firms Special Tabulations from Survey of Business Owners (2007). Retrieved from Immigration and entrepreneurship. Fairlie, R.W., Lofstrom, M., 2015.

1.2.2. [Immigrant business ownership](#)

As mentioned earlier, business ownership is higher among the foreign-born than the native-born in many developed countries such as the U.S., U.K., Canada and Australia (Borjas 1986; Lofstrom 2002; Clark and Drinkwater 2000, 2006; Schuetze and Antecol 2006; Fairlie et al. 2010). In Belgium, the proportion of self-employed people in the working population is higher among a number of immigrant groups than among native Belgians (Noppe et al., 2018). We found in the previous section 1.6.1. that the business ownership rate among immigrants is 11% in the U.S., which is higher than the native born rate of 9.6%. Also the new business creation rates are substantially higher among immigrants than natives (Fairlie and Lofstrom, 2015).

In what follows, I will be summarizing previous research on the factors that try to explain group differences in self-employment among immigrants. These factors include human capital, wealth and access to financial capital, parental entrepreneurship, home country business experience, ethnic enclaves, blocked opportunities in formal employment as well as selection (Fairlie and Lofstrom, 2015).

Human capital is the first factor that tries to explain group differences in self-employment among immigrants. It is measured by education and language proficiency. In earlier literature,

it has been found to be a major determinant of business ownership differences across groups. It is well known that education plays an important part in the success or failure of small businesses, but its role in explaining entry into firm ownership is unclear (Fairlie and Lofstrom, 2015). This is due to the fact that a higher education increases an individual's opportunities and compensation in wage/salary work. Subsequently it increases the opportunity cost of entrepreneurship and makes entry into self-employment less likely (Fairlie and Lofstrom, 2015). On the other hand, education is likely to generate skills that are associated with greater success, for example analytical abilities, communication skills and other skills needed to start/run a business (Fairlie and Lofstrom, 2015). Previous research and the evidence coming forth is mixed. A possible explanation can be found in literature coming from Lofstrom, Bates and Parker. Lofstrom, Bates and Parker find that educational credentials of highly educated potential entrepreneurs are associated with a lower probability of small-firm ownership in less financially rewarding industries whereas it encourages entry into higher barrier industries that offer higher returns.

With regard to the role of human capital in explaining the group differences in business ownership of immigrants, we will be comparing two ethnic minorities: Latinos and Asians. For example, the low levels of education of Latinos are partly responsible for their lower business ownership rates. These education differences account for 32.8% to 37.9% of the entry gap for Mexican Americans (Fairlie and Woodruff, 2007). On the other hand, the high rate of business ownership by Asians is due to their relatively high levels of education (Fairlie, 2006). In addition to education, human capital also consists of language ability. In case of a limited language capability, communication with potential customers and suppliers is hampered, as well as knowledge about regulations. In contrast, the limited language capability limits opportunities in the employment market, increasing the likelihood of becoming self-employed.

The second factor in explaining group differences in self-employment of immigrants is wealth and access to financial capital. It is also one of the most important barriers when starting or growing a business. This concept will be explicitly described in sections 1.3.1 and 1.3.2, I therefore refer to each of these sections. In general, most studies find that asset levels in one year increase the probability of starting a business by the following year (Fairlie, 2012).

Previous studies found, for example, that Latinos have substantially lower levels of wealth than whites (Cobb-Clark and Hildebrand, 2004). This in turn may be a reason of the differences in rates of business ownership among different ethnic minorities. In recent research, it was indeed found that the low levels of assets among Mexican-Americans explain roughly one quarter of the business entry-rate gap for Mexican Americans (Fairlie and Woodruff, 2007). However, it is found that immigrant-owned businesses have higher levels of startup capital than non-immigrant owned businesses (Fairlie, 2012). These opposing findings are attributable to the group differences among ethnic minorities when starting a business. It is found that Hispanic immigrant firms have lower levels of startup capital compared to the immigrant total and Asian immigrant firms have higher levels of startup capital (Fairlie, 2012).

The third factor explaining the group differences in self-employment of immigrants is the home country business experience. The relationship however between the home country self-employment and host country self-employment is unclear. Previous research indicated that home country self-employment rates are either positively associated with self-employment rates in the U.S. (Yuengert, 1995) or that they are not significantly associated (Fairlie and Meyer, 1996). The Mexican immigrants pose a clear outlier for a positive relationship as roughly one fourth of Mexico's workforce is self-employed, whereas the Mexican immigrant rate of self-employment is 6% in the U.S., which is substantially lower than the national average of 11% (Fairlie and Woodruff, 2007). An explanation for this can be found through the reasoning that although previous home country self-employment experience is useful, it is still overwhelmed by other constraints when starting a business (Fairlie and Lofstrom, 2015). Recent research however found that home country self-employment increases the probability of self-employment in the U.S. by about 7 percentage points (Akee, Jaeger and Tatsiramos, 2008).

The fourth contributor to the higher rates of business ownership among immigrants, especially Asians, are the ethnic enclaves. An ethnic enclave is the residential concentration of co-nationals or co-ethnics in certain urban areas (Fairlie and Lofstrom, 2015). These ethnic enclaves come with ethnic resources, for example skills or knowledge to provide services or goods to other co-ethnics, availability of low wage labor, social support networks, that may assist entrepreneurs in obtaining a startup capital or managerial skills (Fairlie and Lofstrom,

2015). Ethnic enclaves offer opportunities for entrepreneurs to take advantage of the limited labor market choices that co-nationals have due to language and cultural barriers. As a result, the immigrant entrepreneurs that live in the same area with high proportions of co-nationals may have a comparative advantage compared to natives or other immigrants in managing their businesses. According to this theory, higher self-employment rates can be found among immigrants living in these ethnic enclaves (Fairlie and Lofstrom, 2015).

Aside from the advantages and opportunities that arise through ethnic enclaves, enclaves can also dampen opportunities for the immigrant entrepreneurs by creating intense competition among co-ethnics (Aldrich and Waldinger, 1990 & Razin and Langlois, 1996). Other research suggested that minorities turn to self-employment as a survival strategy, possibly due to employment discrimination (Light and Roach, 1986). The higher rates of business ownership represent blocked opportunities in the employment market in this case (Fairlie and Lofstrom, 2015).

The final contributor, or rather barrier, to business ownership among immigrants is legal status. Someone's legal status can affect their decision to start a business for a number of reasons. First of all, for many institutions important to entrepreneurs, the legal status is a prerequisite to access them. Legal residents have access to the legal system should disputes arise with employees or customers. A legal status may also be necessary for participating in government contracts. Legally resident migrants are more likely to own property that can be used as collateral in a bank loan, and thus have easier access to credit. As a result, these factors suggest that the legal status should lead to a higher level of business ownership (Fairlie and Lofstrom, 2015). The relationship between legal status and business ownership is however theoretically ambiguous as Kossoudji and Cobb-Clark (2002) found that wage and salary workers gaining a legal status through IRCA experienced wage increases, making it less favorable for them to start a business.

1.2.3. Immigrant business performance

The contributions of immigrant entrepreneurs I have mentioned earlier are of course partially dependent on their performance as business owners. When we think of business performance, several measures can be used to measure and overview the business

performance. Earnings or income naturally were used the most in previous research. In general, the economic returns of self-employment have been studied and measured extensively, for example, that potential wages and wage growth of entrepreneurs are higher or not significantly different from the wages and growth of paid employees (Lofstrom, 2011). However, Hamilton (2000) found in his research 'Does Entrepreneurship Pay?' that these results are influenced by several high-income entrepreneurs and that most entrepreneurs have both lower earnings and lower earnings growth than they would receive in a salary employment. It is unclear whether this general finding applies to immigrants as well, due to the difficulty in finding valid instruments to measure employment choices, comparing wage and self-employment earnings and the limited sources of panel data that include key information such as pre-self-employment experience and length of time in business (Fairlie and Lofstrom, 2015). In section 1.2.1. we noticed that the average earnings of immigrant-owned businesses are lower than native-owned businesses. This finding however hides the heterogeneity across several immigrant groups. One issue is that the immigrant business earnings tend to rise with time in the country, possibly reflecting that business ownership is a stepping stone in an upward economic mobility representing a tool in immigrants' economic assimilation process (Cummings, 1980 and Fairlie and Lofstrom, 2015).

In other research, Lofstrom (2002) analyzed both self-employment probabilities and earnings and found that they both increase with time spent in the U.S. The data suggests that self-employed immigrants are relatively successful and may reach earnings parity with similar U.S. born entrepreneurs, after about 25 years in the country (Lofstrom, 2002). Another analysis that includes immigrants in Canada and Australia, found that self-employment increases with time in the country but in terms of earnings relative to natives, self-employed immigrants in the U.S. out-performed the self-employed immigrants in Canada and Australia (Fairlie and Lofstrom, 2015). This is an interesting finding as unlike immigrants to Canada and Australia, U.S. immigrants are not extensively selected and admitted based on their skills (Antecol and Schuetze, 2007).

Another strand of literature relevant for this subject focuses on earnings growth, including comparative studies of minority groups that are mostly immigrants. Fairlie (2004) found evidence of faster earnings growth among self-employed Latino men than among male Latino

salary workers. Lofstrom (2011) on the other hand focused on low-skilled workers and found that the returns to low-skilled self-employment among immigrants is higher than it is among natives. However, he also found that salary employment appears to be more financially rewarding for most low-skilled immigrants. To conclude, he states “The lack of strong evidence of relative success among low-skilled immigrant entrepreneurs suggests that the previous finding of greater labor market assimilation among self-employed immigrants is driven by the relative success of the comparatively higher skilled immigrant entrepreneurs” (Fairlie, 2011).

In addition, there is also a substantial body of literature that focuses on the differences in earnings among different immigrant groups. These studies generally find high levels of business earnings among Asian immigrant groups and lower levels among Latino immigrant groups. Fairlie and Robb (2008) found that Asian-owned businesses, which are 80% immigrant-owned, have higher sales and profits, are more likely to survive and hire employees than native-owned businesses. The causes of these differences between immigrant groups can be found through non-linear decompositions. High levels of startup capital explain roughly 50%-100% and high levels of education explain 8%-26% as to why Asian-owned businesses perform better on average (Fairlie and Robb, 2008).

Within the Asian immigrant groups there are some remarkable variations. The highest levels of business earnings are attributed to immigrants from India, Pakistan and the Philippines, whereas the lowest levels of earnings are attributed to immigrants from Vietnam and Bangladesh. Fairlie, et al. (2010) also found that Indian immigrants have the highest level of business earnings across all immigrant groups, not just Asian groups. With average earnings of \$84,080 in 2000, these are considerably higher than the national average of \$52,086. A potential justification for this high figure is the fact that Indian business owners in the U.S. are found to be highly educated, nearly 70% of them have at least a 4-year college degree. These high levels of education are responsible for nearly half of the higher level of entrepreneurial earnings, while industry differences explain an additional 10% (Fairlie et al., 2010).

In other research, it was found that the low levels of education and wealth explain the entire gap between Mexican immigrants and natives in the business formation rates. Together with language ability, these factors also explain the entire gap in business income. As we have seen

earlier, business formation as well as business earnings from Mexican immigrants are substantially lower on average than native-owned businesses. (Fairlie and Woodruff, 2010)

1.2.4. Immigrant entrepreneurship spillover effects

Needless to say, immigrants' contributions cannot only be allocated to their business earnings and their business growth. In order to obtain a more complete picture, it is also necessary to have a look at their contribution to economic growth, innovation and possible spillover effects.

Recent research points towards more positive spillover effects of immigrant entrepreneurs, in particular innovation. Hunt and Gauthier-Loiselle (2010), for example, found that skilled immigrants strongly contribute to innovation in the U.S. The increase in the share of the population of immigrants with at least a college degree increased patenting per capita by about 21%. This higher rate of patenting is entirely explained by the greater share of immigrants with science and engineering education compared to natives (Hunt and Gauthier-Loiselle, 2010).

Kerr and Lincoln (2010) on the other hand, take a different approach to assess the impact of high-skilled immigration on technology formation, measured by science and engineering employment and patenting. Kerr and Lincoln focus on the largest source country group of H-1B¹ holders, immigrants from India and China as well as the most relevant occupations, science and engineering. They found that changes in the H-1B population account for a significant share of the growth in the U.S. immigrant science and engineering employment, while ruling out the crowding out effects on labor market outcomes of native scientists and engineers (Kerr and Lincoln, 2010).

Besides innovation, immigrant entrepreneurs also contribute to the U.S. economy through exports as it is also a measure of current success and the potential for long-term success of

¹ The H-1B program allows U.S. businesses to temporarily employ high-skilled foreign workers in key specialty occupations generally requiring at least a bachelor's degree. The H-1B visa is valid for three years and is renewable once for an additional three years. New visas are subject to an annual cap - which is one source of the controversy of the program - currently set at 65,000 visas (but which has been as high as 195,000). Exemptions from the cap include those workers hired by universities and non-profit research institutes and 20,000 individuals who hold a master's degree or higher from a U.S. university

firms (Fairlie and Lofstrom, 2015). The tabulations of export levels for immigrant and non-immigrant businesses from the 2007 SBO are illustrated in Table 4 below.

**Immigrant Share of Businesses by Export Level
Special Tabulations from Survey of Business Owners 2007**

Export Level	Immigrant Firms		Immigrant and Native-Born Firms
	Percent of Immigrant Export Level		Percent of Total
	Total	Total	
None	92.9%	12.7%	95.2%
Less than 1%	1.4%	11.1%	1.7%
1% to 4%	1.0%	14.7%	0.9%
5% to 9%	0.6%	17.1%	0.5%
10% to 19%	0.8%	20.2%	0.5%
20% to 49%	1.0%	24.8%	0.5%
50% to 99%	1.2%	35.1%	0.4%
100%	1.0%	50.5%	0.3%
Total reporting	100.0%	13.0%	100.0%

Note: (1) The sample includes businesses that are classified by the IRS as sole proprietorships, partnerships, 1120 corporations, or employers, and that have sales of \$1000 or more. (2) Excludes publicly held and other firms not classifiable by owner status.

Table 4: Immigrant Share of Businesses by Export Level Special Tabulations from Survey of Business Owners 2007. Retrieved from Immigration and entrepreneurship. Fairlie, R.W., Lofstrom, M., 2015.

As illustrated above, immigrant owned businesses are more likely to export than are non-immigrant owned businesses. Among the immigrant owned businesses, 7.1% export, compared with 4.4% of non-immigrant owned businesses and 4.8% of all firms. At the same time, immigrant firms are also more likely to have very high levels of exports with 3.2% of immigrant firms having exports representing 20% or more of their total sales. In comparison, less than 1% of non-immigrant owned businesses and 1.2% of all firms have exports representing 20% or more of their total sales (Fairlie and Lofstrom, 2015). It is clear that immigrant-owned businesses represent a large share of businesses with high levels of exports. They constitute one quarter of all businesses with exports of 20-49% of total sales, 35.1% of all businesses with exports of 50-99% and 50.5% of all businesses with exports of 100% of their total sales (Fairlie and Lofstrom, 2015).

Several factors that cause immigrant companies to have very high levels of exports are business networks with their home countries, similar languages and cultural ties (Fairlie, 2012). Some evidence of the positive effects of immigrant entrepreneurs on exports is found in Rauch and Casella (1998) and Rauch and Trindade (2002). Their research shows that co-ethnic networks promote bilateral trade by providing market information as well as by supplying matching and referral services (Fairlie and Lofstrom, 2015).

1.3. Access to capital

1.3.1. Entrepreneurial finance

Entrepreneurial finance involves many different types of financing and providers, such as venture capital, private equity, private debt, trade credit, IPOs, business angel financing and crowdfunding, in addition to other forms of financing, such as grants, incubator financing or accelerator financing and support from family and friends (Cosh et al., 2009). There are two main issues that distinguish entrepreneurial finance as a part of corporate finance. First, research shows that entrepreneurial finance is characterized by important issues related to information asymmetries between entrepreneurs and funders, which vary over the life cycle of the business (Walz and Hirsch, 2019). As a result, fund providers devote considerable attention to the problems of negative selection and moral hazard associated with their investments in businesses (Fu, Yang, and An, 2019). Secondly, entrepreneurial companies lack the necessary tangible and intangible resources, such as human capital, access to networks, reputation or legitimacy to achieve their value creation potential (Block et al., 2019; Capizzi, Bonini, and Zocci, 2019). The association with highly respected or well networked investors can provide valuable legitimacy in their market and can serve as a quality signal (Plagmann and Lutz, 2019). We can link this to the important role of social networks within immigrant entrepreneurship. We observed that informal social relationships often play a very important role within communities, where expertise and information can easily be passed on and learned from each other. If one already has contacts in the specific business, it can serve as leverage to be more creditworthy with banks or in this case, MicroStart or similar organizations. Investors are also much more likely to be actively involved in their portfolio companies to provide advice on strategy, marketing, finance and human resources, in addition to their monitoring efforts (Knyazeva, 2019).

Within entrepreneurial finance there also appears to be a deficit, an equity gap. This equity gap is linked to the information asymmetries that new companies bring with them. As informational asymmetries may be associated with insufficient supply of entrepreneurial finance to meet demand from entrepreneurs, interest from policymakers also focuses on the so-called equity gap and how to fill it (Wilson, Wright and Kacer, 2018). As information asymmetries, risks and resources needs change during the life cycle of businesses, themes are also examined in the phases of the life cycle of both the entrepreneurial firm (seed, start-up, growth and maturity) and of the investment process (from dealing identification through exiting). Research and policy have generally viewed the different sources and types of finance as being applicable to particular stages in the development of entrepreneurial firms (Berger and Udell, 1998). In this context, it is common practice to speak of a 'financial escalator', where companies successively use funds from family and friends, grants, trade credit, business angel financing, venture capital, private equity and IPO financing, while developing from the seed stage through growth and IPO.

In their recent paper 'New directions in entrepreneurial finance', Cumming, Deloof, Manigart & Wright depict some other recent advances in entrepreneurial finance. First of all, there is the life cycle approach to entrepreneurial finance. According to the financial growth cycle paradigm of Berger and Udell (1998), the financial sources and needs of start-ups change as they grow and mature. Carpenter and Petersen (2002) declare that this informational opacity constrains access to external financing, especially bank debt. This makes the start-ups more dependent on insider financing, trade credit and business angel financing. Once start-ups develop a track record, generate a steady cash flow and possess tangible assets on their balance sheets, bank debt becomes available. Although there is some empirical evidence for the financial growth cycle paradigm, several other studies found that bank debt actually plays a crucial role in the start-up phase of many entrepreneurial firms. Secondly, there is new research on business angel financing. For example, Bonini et al. (2019) combined multiple business angel surveys to show how differences in angel behavior impact the economic performance of their portfolio companies. It is found that these angel-backed companies perform better and have a higher probability of survival, although there is a negative effect on the extent of their presence in the firm and on the provision of equity in tranches instead of a lump sum. Block et al. (2019) on the other hand analyze how the personality traits of the

angel investors impact their syndication behavior. They found that extraversion as a personality trait makes syndication more likely. Nevertheless, the personality of a business angel has no direct impact on the performance and survival of their portfolio companies. The final recent advance in entrepreneurial finance is research on venture capital. It is rare that entrepreneurial firms obtain venture capital. Recent research identified an important role for the matching between entrepreneurs and their investee firms (Yung, 2009; Cumming and Johan, 2013; Fu et al., 2019). The matched relationships that were examined however can change over time, subject to market conditions and entrepreneurial performance, however a successful match can significantly affect the entrepreneurial firm's outcomes (Cumming, Deloof, Manigart, & Wright, 2019, p. 255). In general, we can state that there is a more direct way of financing entrepreneurial businesses by, for example, business angel investors. There is also a trend in co-investment between different types of fund providers.

1.3.2. Immigrant entrepreneurs & their access to capital

In his research, Fairlie (2012) has come up with some key findings regarding immigrant entrepreneurs and small business owners, and their access to financial capital. In general, immigrant-owned businesses contribute greatly to the U.S. economy. Even though the findings in Fairlie's research are from the U.S. industry instead of a European country like Belgium, his paper represents the overall context and impact of immigrant businesses in a country quite well. Immigrants bring along high business formation rates and many successful businesses. They also hire employees and export goods and services to other countries. This is why Fairlie stresses on the fact that "insuring sufficient access to financial capital is important for the continued contribution of immigrant-owned businesses to economic growth, job creation, innovation and exports"(Fairlie, 2012). As mentioned before, one of the main reasons for the lack of research regarding access to financial capital among immigrant entrepreneurs, even immigrant entrepreneurship in general, is data availability (Fairlie, 2012). Some anecdotal evidence though suggests that immigrant entrepreneurs rely heavily on informal sources to finance their businesses instead of banks or other institutions (Fairlie, 2012). We can relate this to the statements of Coemans and Meyvis in their report 'Social integration through self-employment' that will be discussed in section 1.4 'Social Networks'. There they conclude that there exists a gap between the government and the entrepreneur.

Due to the lack of trust and understanding that the city or other institutions can also be a partner, immigrant entrepreneurs are more inclined to turn to their own social network to obtain information, or in this case funding. Although there is a lack of research on the matter of immigrant entrepreneurs and their access to financial capital, a very large amount of literature examines the impact of financial capital on small business formation and performance (Fairlie, 2012). This literature and research indicates that access to financial capital is one of the most important determinants of small business creation and success. Moreover, access to capital, wealth inequality and lending discrimination are known to pose substantial barriers to minority business owners and their success (Fairlie, 2012).

Previous research has indicated a strong positive correlation between startup capital and the business performance directly. Therefore, businesses with higher levels of startup capital are less likely to close, have higher profits and sales and are more likely to hire employees (Fairlie and Robb, 2008). This positive relationship is consistent with the inability of some entrepreneurs to obtain the optimal level of startup capital due to borrowing constraints, as we have seen in numerous cases at MicroStart. The starting entrepreneurs are constrained in acquiring a certain amount of startup capital, that could be used to purchase buildings, equipment and other investments. As a result, their businesses are less successful than if they could have invested the optimal amount of capital (Fairlie and Robb, 2008). Further evidence of the negative consequences of limited access to financial capital can be found in previous research that focus on explaining the low levels of business formation and performance among minority-owned businesses (Fairlie, 2012). Fairlie compared different concepts between immigrant and non-immigrant business owners by analyzing data collected by the U.S. Census Bureau. In what follows, I will sum up some of the key findings of his research regarding immigrant entrepreneurs and their access to financial capital.

As mentioned before, immigrants are found to have higher business ownership rates and higher business formation rates than non-immigrants (Fairlie, 2012). Roughly one out of 10 immigrant workers own a business and 620 out of 100,000 immigrants start a business each month. Also, immigrant-owned businesses are slightly more likely to hire employees than non-immigrant owned businesses but they tend to hire fewer employees on average (Fairlie, 2012).

Immigrant-owned businesses are also more likely to export than non-immigrant owned businesses. Some 7.1% of immigrant firms export, compared to 4.4% of non-immigrant firms, these higher levels of exports among immigrant firms may help them succeed in the long run and improve the U.S. trade imbalance (Fairlie, 2012).

The U.S. Census Bureau's data also indicates that immigrant owned businesses start with higher levels of startup capital than non-immigrant owned businesses as nearly 20% of immigrant owned firms started with \$50,000 or more in startup capital compared with 15.9% of non-immigrants (Fairlie and Lofstrom, 2015). "Although startup capital requirements differ substantially across industries, the lack of differences in industry concentrations between immigrant and non-immigrant businesses indicates that these differences do not contribute to differences in levels of startup capital", concludes Fairlie (2012).

Another key finding is that the most common source of startup capital for immigrant firms is from personal or family savings as roughly two-thirds of businesses report this source of startup capital (Fairlie, 2012). Other types of startup capital are found to be credit cards, bank loans, personal or family assets and home equity loans. This also applies for capital used to finance expansions among immigrant-owned businesses. Overall, these sources of startup capital do not differ substantially from those used by non-immigrant firms (Fairlie, 2012).

Finally there is the important role of home ownership as it is an important determinant of business formation. Home equity can be invested directly in the business or used as collateral to obtain business loans. As a result, home owners are found to be roughly 10% more likely to start a business than are non-home owners, even after controlling for other factors such as education, family income and initial employment status. Based on the latest available data on home ownership patterns, it appears that immigrants have substantially lower rates of home ownership than non-immigrants (52.1% and 70.8% respectively). Given these low rates of home ownership, the business formation among immigrants could be higher if they had more similar home ownership rates to non-immigrants (Fairlie, 2012).

The findings from the analysis of the U.S. Census Bureau data contribute to our understanding of the use and access to financial capital among immigrant-owned businesses. The barriers to the access of financial capital for immigrants are important to address, because of many

untapped potential coming from immigrants, as well as the fact that immigrants represent an increasing share of the total population and have a proclivity towards entrepreneurship (Fairlie, 2012).

1.4.Social networks

As MicroStart had already pointed out to me, the social network in which immigrants find themselves has a major role to play. The different social interactions and relationships within an ethnic group are crucial to help understand these groups of people better and why it is not evident for them to turn to the government or other agencies for guidance.

Kerr and Mandorff (2015) have studied the relationship between ethnicity, occupational choice and entrepreneurship for certain ethnic groups in the United States. It is found that immigrants cluster in specific business sectors, supported through a model of social interactions in which non-work relationships facilitate the acquisition of sector-specific skills (Kerr and Mandorff, 2015). Kuznets (1960) already stated that “all minorities are characterized, at a given time, by an occupational structure distinctly narrower than that of the total population and the majority.” Obviously, ethnic groups and their professions vary over time and place, but Kerr and Mandorff (2015) claim that specialization takes place in ethnic groups that are socially cohesive and where self-employment as a profession is the norm. There’s plenty of examples of such ethnic specializations. In the United States these are typically described as the Korean dry cleaners and the Indian motel owners (Kerr and Mandorff, 2015). This phenomenon also occurs in Belgium and other Western countries. For example, Greeks concentrate in the restaurant sector, whereas Middle Eastern immigrants cluster in grocery stores and liquor stores.

In order to understand these ethnic group differences, Kerr and Mandorff (2015) developed a theory of how economic behavior can lead to stratification. The theory is related to the concept of ethnic capital, developed by Borjas (1992,1995) but emphasizes choice and interactions more explicitly. By tying together occupational choice with social interactions, entrepreneurship and skill acquisition, Kerr and Mandorff demonstrate how social relationships can generate long-run occupational stratification and lead to persistent differences in economic outcomes between ethnic groups.

When looking at the social interaction component, Granovetter (1973) already found that jobs are often found through referrals, and that these tend to come from more casual acquaintances, or 'weak ties'. Skill acquisition however also has an important role to play. As entrepreneurs are often self-employed, especially in the small business sector, they rely on their own knowledge or judgment to make business decisions (Kerr and Mandorff, 2015). This way, skills can also be information about the current market conditions and tacit knowledge on how to start a business, insight into legal and tax-related issues, etcetera. It is clear that these skills are valuable and cannot be instantaneously transferred from one person to another. This is where social interaction plays an important role as it can reduce the cost of skill acquisition. For example, industry information and professional advice can be exchanged at family gatherings with little or no time cost, making social interaction complementary to skill acquisition (Kerr and Mandorff, 2015). Another argument, made by Dunn and Holtz-Eakin (2000), leading to the conclusion that social interaction has an influence on people's occupation is that the incidence of self-employment, controlled for other factors, doubles when an individual's parents are self-employed.

Kerr and Mandorff (2015) then make a clear distinction between market interaction and social interaction. They analyze the situation in which ethnic groups are economically integrated but not culturally. This implies that the social interactions are exclusive to certain ethnic groups, yet people participate together in the market economy. Both market interaction and social interaction generate stratification, however in different forms and with different consequences. For example, minorities, with their own social interactions, are discriminated against and driven out of industries where market interaction is important. For instance, minorities are discriminated against due to their inability to speak the national language. According to Becker (1957), this discrimination in the market has a greater economic cost for the ethnic minority than for the majority. To summarize their model, Kerr and Mandorff (2015) state the following: "Social complementarities in industries where sector-specific skills are important can drive otherwise similar groups to specialize in different sectors, and these social complementarities can result in a favorable economic outcome for some minority groups.". This type of discrimination that often occurs in the workplace is one of the reasons why many immigrants cluster together. For instance, it is easier to do business if people speak

the same language and share the same values or culture. It enriches society on the one hand, but also creates a certain division in society on the other hand.

The social interaction within ethnic groups is one of the reasons why MicroStart believes that word-of-mouth advertising is important, and is proving to be very effective. Coemans and Meyvis state in their report 'Social integration through self-employment. Entrepreneurship among refugees and migrants', that there exists a gap between government institutions and the entrepreneur. We can link this to the concept of social networks we are currently exploring. Due to a lack of trust and a lack of understanding that the city can also be a partner, the threshold for contact with the city seems enormous. However, this may also be a result of people's experiences in the past with the functioning of the government in their country of origin. Concluding, Coemans and Meyvis find that entrepreneurs often turn to their own 'network' when they are looking for information. The report of Coemans and Meyvis is written in the framework of the European project SIREE, short for Social Integration of Refugees through Education and Self Employment.

1.5. Conceptual framework

1.5.1. Conceptual framework

In order to analyze the different barriers that immigrant entrepreneurs face, I will be using the theoretical framework of Waldinger et al. (1990), in which several determinants of ethnic entrepreneurship are united into a single multivariate model (Heilbrunn & Kushnirovich, 2007, p. 344). This interactive model of ethnic business development contains two groups of variables that influence the success rate of ethnic businesses: opportunity structure and group characteristics. (Wauters & Lambrecht, 2008)

The term 'ethnic entrepreneurship' will be used in combination with the term 'immigrant entrepreneurship' throughout this study. It is therefore essential to understand the difference between these two concepts. Ethnic entrepreneurship is 'a set of connections and regular patterns of interaction among people sharing common national background or migration experiences' (Waldinger et al., 1990). 'Immigrant entrepreneurship' is an alternative term, however this term only includes individuals who have actually immigrated over the past few decades (Volery, 2007). Further on, the term 'immigrant entrepreneurship' will be used when

speaking specifically of the early stages in the process of ethnic entrepreneurship, when an ethnic group is new in a host society and its members can clearly be considered as immigrants (Volery, 2007).

Opportunity structure consists of two elements: market conditions and access to entrepreneurship. The market conditions are opportunities that immigrant entrepreneurs can take advantage of, for example, in sectors with ethnic products and services. The access to entrepreneurship is also of importance, as it can be interfered by legal restrictions, financial difficulties etcetera (Wauters & Lambrecht, 2008, p. 896). These opportunity structures are viewed as interacting with group characteristics to generate outcomes.

The group characteristics consist of human capital and social networks. Human capital in turn consists of characteristics, skills, competences, education, etc. that are inextricably tied up with the individual and have a positive impact on the person (Becker, 1975). Social networks can be important sources of information, attract customers and suppliers, and provide access to financial capital (Wauters & Lambrecht, 2008, p. 896).

Some critique towards the model of Waldinger et al. states that the model pays almost exclusive attention to social and cultural characteristics of groups. The fact that the interplay between transformations in the economy (opportunity structures) and changes in the socio-cultural environment takes place within a broader and more dynamic framework of institutions is neglected (Wauters & Lambrecht, 2008). This is where Kloosterman et al. (1999) express their criticism by using the concept of 'mixed embeddedness' to designate the broader framework. This mixed embeddedness can be then divided into two components, the institutional environment and the societal environment. The institutional environment consists of everything that has to do with legal requirements. The institutional environment and societal environment thus include not only policy measures but also the composition of districts, the presence of organizations and entrepreneurial habits. In table 5 below, the three groups of variables are presented: opportunity structures, group characteristics and the institutional and societal environment, together with their respective parts (Wauters & Lambrecht, 2008, p. 896).

Variables	Parts	
Opportunity structures	Market conditions	Access to entrepreneurship
Group characteristics	Human capital	Social networks
Institutional and social environment	Institutional environment	Societal environment

Source: Kloosterman *et al.* (1999); Waldinger *et al.* (1990b).

Table 5: Overview of the theoretical framework of barriers for ethnic entrepreneurship. Retrieved from 'Barriers to Refugee Entrepreneurship in Belgium: Towards an Explanatory Model', Wauters & Lambrecht, 2008.

The general framework that stems from Waldinger *et al.* is explicitly multivariate, identifying a wide array of factors predicted to stimulate immigrant entrepreneurship, however it does not identify the barriers encountered by immigrant entrepreneurs (Heilbrunn & Kushnirovich, 2007, p. 344). In order to identify the specific problems encountered by immigrant entrepreneurs, sufficient previous literature concerning immigrant entrepreneurship, reveals that a variety of social, cultural, political and economic impediments may discourage or even suppress immigrant entrepreneurial endeavors (Heilbrunn & Kushnirovich, 2007, p. 344).

In what follows, I will briefly mention some studies that have examined these factors, in order to provide an overview of the specific problems that immigrant entrepreneurs encounter in starting up and running their businesses. The list of these specific difficulties is considered as the starting point of this study in which I attempt to identify the main barriers that immigrant entrepreneurs encounter, as well as their importance and the differences with native entrepreneurs.

Constant (2004) stated that one of the most important obstacles is credit constraint or limited financial capital for start-ups. For immigrants, family and friends are often the business angels who invest in their new business. Another obstacle is the lack of knowledge about the support programs available to encourage and promote self-employment. The bureaucratic legislation also creates difficulties for immigrant entrepreneurs, Mitchell (2003) noted that the overall constraints facing immigrant entrepreneurs include the business environment, finance, market, regulations, skills and labor. As mentioned earlier, social capital is of significant importance as well. According to Pearce (2005), the networks of relationships are key to business success, especially for immigrants. Lowe (2003) considers relevant social capital, as

a possible obstacle for immigrant entrepreneurs as the following problems could hinder business: language problems, different business norms, lack of familiarity with jurisdiction, lack of knowledge on the market situation, lack of human resources and cultural problems (Heilbrunn & Kushnirovich, 2007, p. 344).

In combination with the Waldinger et al. model, we now obtain a framework for obstacles and barriers that immigrant entrepreneurs encounter when starting up and running a business. I will be using this framework to develop a survey that will test which barriers are most important and encountered the most, compared to native entrepreneurs.

The following figure 5 shows the main groups of barriers for immigrant entrepreneurs. Access to entrepreneurship is divided into lack of financial capital and lack of requirements. These lack of requirements include permits, diplomas, and other requirements before you are able to start a business. A recurring example is the acquisition of a business management certificate, which still has to be obtained in Brussels and Wallonia before starting a business. Next there is human capital, which consists of a lack of knowledge and difficult access to information and advice. Lack of knowledge in turn includes language proficiency, market knowledge and the understanding of the current legislation. Social capital concerns social networks. The literature will show that this can have a positive, but also a negative impact on immigrant entrepreneurs when they want to start a business. Finally, we have the institutional and societal environment. The institutional environment consists of laws and legislation, as well as bureaucracy. The societal environment mainly contains negative perceptions. In this context, the most important factors are discrimination and cultural differences.

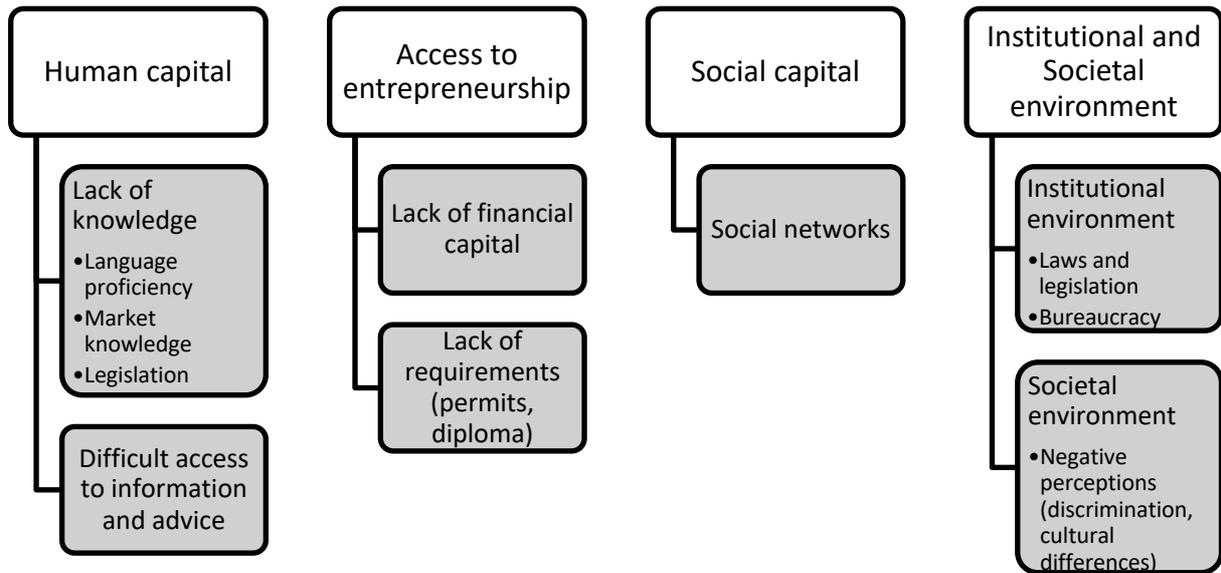


Figure 5: Framework obstacles and barriers for immigrant entrepreneurs. Sources: Wauters, B., & Lambrecht, J. (2008). & Heilbrunn, S., & Kushnirovich, N. (2007).

Based on this conceptual framework, the survey was created. In this way, the opinions of immigrant and native entrepreneurs on certain statements were questioned. These statements were grouped per barrier in the survey. The respondents were chronologically presented with statements concerning 'access to entrepreneurship', 'human capital', 'social capital', 'institutional environment' and 'societal environment'. These variables are defined as the barriers mentioned in the sub-questions.

1.5.2. Hypotheses

The hypotheses were formulated on the basis of the sub-questions:

H1: Human capital has a significant negative effect on the business conduct of immigrant entrepreneurs compared to native entrepreneurs.

H2: Access to entrepreneurship has a significant negative effect on the business conduct of immigrant entrepreneurs compared to native entrepreneurs.

H3: The social network (parents, friends, acquaintances) has a significant positive effect on the business of immigrant entrepreneurs compared to native entrepreneurs.

H4: The institutional environment has a significant negative effect on the business conduct of immigrant entrepreneurs compared to native entrepreneurs.

H5: The societal environment has a significant negative effect on the business conduct of immigrant entrepreneurs compared to native-born entrepreneurs.

1.6. MicroStart

MicroStart was founded 9 years ago on the initiative of the French NGO Adie, BNP Paribas Fortis and the European Investment Fund. It supports all those excluded from the traditional banking system (small self-employed, unemployed, CPAS benefit recipients, etc.) in setting up and developing their own business by granting micro credits. In addition, MicroStart provides free guidance, usually provided by experienced volunteers. Their organization consists of a cooperative society with a social purpose (CVBA-SO) for financial services and a non-profit organization for guidance. In the following, I will capitalize on the tools that MicroStart provides, in order to share them with stakeholders and describe their activities on the grounds of both the available information as well as personal impressions on the company.

The way MicroStart operates can be summarized in 5 stages. The first step is to set up an appointment by phone or online. This can be done by anyone who is looking for financing to start or develop a professional activity but who does not have access to credit in traditional financial institutions (MicroStart, 2019). Afterwards, the loan application will be assessed by the local MicroStart team during a credit committee, on the basis of the following criteria: experience in the field / as a self-employed person, feasibility of your business plan, your environment and network, relationship to money and possible debts, and your attitude (MicroStart, 2019). Within a period of 10 days the decision of how to proceed will be communicated to you. If the loan application is approved, one can start developing or creating his/her business and start with the loan repayment. Overall, MicroStart will support you during the project and renew the credit according to your specific needs. With MicroStart, microcredit can be applied to the following needs: testing, market research, investments, working capital, administrative and operational start-up costs, and the solving of cash flow problems. A recurring problem for start-ups is the lack of seed capital to launch and run their business. With the revenues from the first several months, entrepreneurs can gradually start

to repay MicroStart. When we talk about the people MicroStart is striving to support, it is important to create an overall image of the target audience. Of the audience that approaches MicroStart, 62% are born outside the EU, of which 84% live below the poverty line. About 41% of them are unemployed, which is a significant percentage. Some 67% of the target audience have no higher level of education (MicroStart, 2019).

MicroStart grants credits from €500 up to €25,000. In general, they classify three different microcredits, each of them applicable to a different situation. First of all, there is the 'test credit'. The client receives a loan of €2000 that has to be refunded over a 12-month period. An additional €100 in file costs will be added. The monthly installment is set at €175.79. Secondly, there is the 'start credit'. The client receives a loan of €7500 that has to be refunded over a 36-month period. An additional €375 in file costs will be added. The monthly installment is set at €238.32. At last there is the 'grow credit'. The client receives a loan of €15,000 that has to be refunded over a 48-month period. An additional €750 in file costs will be added. The monthly installment is set at €372.92. (MicroStart,2019)

Test credit		Start credit		Grow credit	
€ 2 000 / 12 months		€ 7500 / 36 months		€ 15 000 / 48 months	
File cost	Monthly installment	File cost	Monthly Installment	File cost	Monthly Installment
€ 100	€ 175,79	€ 375	€ 238,32	€ 750	€ 372,92
Online application		Online application		Online application	

Figure 6: Microcredits MicroStart. Retrieved 13 December 2019, from <https://microstart.be/nl/microkredieten>

It is possible, of course, to apply for an even smaller amount or an amount that falls in between the predetermined amounts. The duration of each loan depends on the specific project, up to a maximum of 4 years. The interest rate is set at 8.95% for the majority of the loans. The administrative costs amount to 5% and are immediately deducted from the loan amount. The conditions depend on the specific project and the situation. There is always a request for a third party who morally vouches for the requested credit and believes in your project and a correct repayment (MicroStart, 2019).

As mentioned earlier, MicroStart also offers free guidance. MicroStart offers support in the preparation and start-up of the professional projects run by its clients. In the following sections I will describe the training program that is offered.

First and foremost, everyone can create their own business plan with the assistance of E-learning. For each part of the business plan there will be an opportunity to watch a short video on the specific component of the business plan that shows you how to get started, the most important things to do, and the potential pitfalls. For each separate part of the business plan, there are also a number of links that explain the concepts in the video if people do not understand them right away or want to obtain more information. With the help of these links, visitors are redirected to some official government sites, many of which are difficult to find if you are unaware of the current legislation or if you are not proficient in the spoken language. Some other links are also available, for instance links referring to the guidance possibilities of MicroStart or websites that simply provide additional information. An interesting example concerning 'reaching customers' within the business plan is the link that refers to the website 'hetinternetookuwzaak.be', a website of the Agency for Innovation and Entrepreneurship Flanders. An E-scan can be carried out on this website in order to discover the possibilities for your business on the internet. Finally, within E-learning, MicroStart provides a number of tools specifically tailored to each part of the business plan. For example, templates can be downloaded to make it easier to calculate a cost price, to fill in and analyze the business model canvas of competitors but also to formulate various strategies regarding distribution, customer relations, cost structure, etcetera (MicroStart, 2019).

Secondly, there is the possibility of participating in group training courses. In this course you can gather more knowledge concerning the business plan, accounting, marketing & sales and communication. The participants will also be assisted in passing the business management exam. This is no longer mandatory in Flanders, but it still is in Brussels and Wallonia, in order to start your own business. A small branch of MicroStart therefore focuses on advocacy, in which they try to change the climate around microcredit. For example, MicroStart is trying to remove the mandatory business management exam in Brussels and Wallonia. As the exam can only be conducted in Dutch or French, it creates an additional barrier for most immigrants. (MicroStart, 2019)

Subsequently, there are the individual experts, usually experienced volunteers, who are ready to support the clients in various areas. For instance, before you are granted a loan, an appointment can be made with one of the experts in your region. Often they will help you draw up a business plan or a financial plan. If a microcredit is granted afterwards, there is the possibility of having a personal coach assigned to you. By staying in regular contact with the coach, the start of the business becomes smoother and well-organized. The personal coach will help you develop new tools, make financial analyses, formulate general advice about your organization, and so on (MicroStart, 2019).

Finally, MicroStart provides guidance on a measure that has been made available by the federal government. 'Springboard to self-employment' is a measure that allows you to maintain your unemployment allowance for 12 months and at the same time start up as a self-employed person in a secondary occupation (MicroStart, 2019). Before this measure can be applied, a number of conditions must be met simultaneously, as stated on the website of the 'Rijksdienst voor Arbeidsvoorzieningen' (Rijksdienst voor Arbeidsvoorziening, n.d.). For example, you must declare your self-employed activity at the same time as you apply for an unemployment allowance, or, if you already receive allowances, you must do so before the start of your self-employed activity. Furthermore, your unemployment must not be the result of the termination or reduction of work with a view of obtaining this benefit. Furthermore, you cannot have practiced the secondary activity as a main occupation during the last 6 years and you cannot allow the self-employed activity to be carried out by third parties. If all the conditions are met, one can start the secondary occupation whenever and wherever one wishes. During the 12 months that the benefit is granted, a number of other conditions must be met. For example, you must be registered as a job seeker, be available for the labor market, be fit for work and reside in Belgium. After having enjoyed the benefit for 12 months, 2 options remain. You either remain self-employed as a main occupation, in which case the unemployment benefit will be terminated, or alternatively stop your activity and continue to benefit from the unemployment allowance (Rijksdienst voor Arbeidsvoorziening, n.d.).

At MicroStart, I was introduced to their functioning through my on-site visits. Every Monday they organize a credit committee in which the proposed projects are discussed and finally approved or rejected. What struck me is that they handle the cases in a very personal way. At

MicroStart, first the person is evaluated and afterwards the project. They value the initiative and courage that the potential customer offers them. A mutual bond of trust is clearly built up before the project can be evaluated. By trusting them, people are able to develop as well as possible and integrate into society. Take, for example, Yassin. Yassin wants to buy food and drinks from wholesalers and sell them to food shops, initially located in Antwerp and Brussels. He has done this activity for 10 years in Iraq and therefore has a lot of experience on this matter. In addition, he has already built up a network: a friend of his wants to help him with the start-up and has put him in contact with several wholesalers in Brussels and Antwerp. Though Yassin has been in Belgium for 12 years, he has been unable to find a steady job for a longer period of time. As a result, he wants to become an entrepreneur again. There are some doubts from MicroStart about the feasibility of the project. However, because of their trust in Yassin, they ask him to provide some additional information such as a list of suppliers / customers and give the project the benefit of the doubt for now. MicroStart works with community officers, for example Hassan, the branch manager of Ghent. He knows Arabic and many people in specific communities, so he can gain more insight into the situation of the customers, leading to a better overall assessment of the person and project.

During the credit committees, sufficient attention is paid to the customers who have already been assisted and whether they need any further help or not. If problems arise, such as the absence at an appointment with the advisor, this will also be addressed. MicroStart's personal way of doing business is expressed here. Instead of making an immediate judgement about the client, MicroStart will ask them to explain why they did not attend. There are often private matters that are given priority by the client at that time. However, if a client fails to communicate, refuses to accept coaching or fails to show sufficient initiative, MicroStart will no longer proceed at this point. They are eager to offer assistance, but also expect the clients to be committed and to run their own business independently.

Needless to say, MicroStart cares about their clients and does all in its power to provide them with the best possible financing and guidance. For example, MicroStart offers Muslims the opportunity to apply for a credit on which they are not required to pay interest, due to religious reasons. Muslims who want to use this tool pay a higher file cost but no interest.

They will eventually pay the same amount but will not be limited in obtaining a credit because of their personal religious reasons.

In 2017, MicroStart commissioned a 'Social Impact Study' by Vlerick Business School, Vises and KPMG. I would like to share with you the most important results of this study as a conclusion, to demonstrate that MicroStart does bring about changes in society. Some 84% of the people that have applied for a credit are still at work after two and a half years, either on a self-employed basis or as an employee. The income of people after obtaining the microcredit has increased on average with 9.5% and some 75% of the starters build a sustainable business. On average, every entrepreneur financed by MicroStart creates 1.6 jobs and for every euro invested in microcredit, the community gets 4 euros back after two years.

More recently, the COVID-19 crisis has affected MicroStart and their clients strongly. The lockdown in March, April and May hits MicroStart's customers particularly hard. In order to help their clients, MicroStart set up an ambitious support plan. MicroStart allows each customer a monthly delay in repayment of their current loans, at least until the end of June. In addition, the organization set up an emergency lending fund that provides 'mS Express' microloans of EUR 2,000, without a third person as bail, to quickly meet customers' urgent cash flow needs. A micro-entrepreneur also receives an 'honorary loan' of 1,000 euros for each loan taken out within this context. This is an interest-free loan that complements the microcredit and for which the customer does not have to provide any guarantee. With the donation of 200,000 euros from the main shareholder BNP Paribas Fortis, this system can be launched (BNP Paribas Fortis, 2020).

2. Methodology

2.1. Sample and procedure

Before collecting data, it is important to determine the analysis unit and observation unit of the research. Since the unit of analysis can be described as the 'object' on which, on the basis of an analysis, generalizations can be made, we can consider the immigrant and native entrepreneurs in Belgium as the units of analysis. Subsequently, the observation unit is defined as a concept in the research on which information is systematically collected. Since I investigated the main barriers: human capital, access to entrepreneurship, social capital, the

institutional environment and societal environment, while also collecting data from immigrant and native entrepreneurs in Belgium, in order to perform a final analysis, we can state that the observation unit is the set of barriers mentioned earlier (Cambré, Van Andel & Van Woensel, 2018).

To be able to collect data, it is essential to take a sample as it is impossible to survey the whole population. With a sample, a thorough questioning of a number of individuals of the desired population can be carried out. The results of the survey can then be generalized to the population. In the context of this study, I took a sample from the population of entrepreneurs in Belgium (Cambré, Van Andel & Van Woensel, 2018).

2.2.Survey

With the help of an extensive survey I investigated the opinions of entrepreneurs, immigrants as well as natives, concerning human capital, access to entrepreneurship, the social network, the institutional environment and societal environment. With the results of the survey I try to identify and describe the different barriers entrepreneurs experience in starting or running a business. The survey was drawn up in Qualtrics, it can be found in Appendix 1. It is a structured survey that contains both quantitative and qualitative questions. The questions are presented to the respondent in a fixed order. Within the survey the demographic characteristics of the respondents are polled to get an idea of the 'types' of entrepreneurs who have completed the survey. They were also asked for their opinions on human capital, access to entrepreneurship, the social network, the institutional environment and the societal environment as barriers to entrepreneurship. Finally, they were asked to rank the barriers mentioned above according to their importance in starting or running a business.

In order to get more information from the obtained data, I surveyed the opinions of entrepreneurs on certain statements, which are expressed on the basis of a Likert scale. In social scientific research, equal appearing intervals are assumed, and therefore Likert scales of 5 points can also be interpreted as metrically scaled variables. Metrically scaled variables can express differences and are unambiguously arranged (Van den Driessche, De Keyzer, Vanpaeschen, 2019).

The sub-questions are evaluated on the basis of the questions in the survey. These questions can be found in Appendix 1. In order to provide an answer to sub-question 1, which measures human capital, questions 19 to 22 were used. These questions measure the respondent's lack of knowledge, language proficiency and their access to information. Sub-question 2, on access to entrepreneurship, was answered by questions 14 and 18. These questions measure the opinions on the respondent's lack of financial capital and lack of diplomas/licenses. Sub-question 3, which investigates the social network, was answered by question 23. Sub-question 4, which measures the influence of the institutional environment, was answered by question 24. This question measures the respondents' opinions on the current rules and legislation in Belgium. Sub-question 5, which examines the influence of discrimination and cultural differences as part of the societal environment, was answered by question 25. All these questions are measured using a five-point Likert scale.

The last question of the survey responds to sub-question 6, the respondents were asked to rank the five barriers, i.e. human capital, access to entrepreneurship, social network, institutional and societal environment according to their importance in starting up or running a business. The barrier that was considered to be the most important one was ranked first, while the least important one was ranked fifth.

Various analyses were carried out with the SPSS program. Table 6 gives an overview of the sub-questions and which tests were used. The results are presented in the next section.

Sub-question	Test
1. To what extent does 'human capital' constitute a barrier for immigrant entrepreneurs in Belgium?	Factor analysis Multiple linear regression analysis
2. To what extent does 'access to entrepreneurship' constitute a barrier for immigrant entrepreneurs in Belgium?	Factor analysis Multiple linear regression analysis
3. Do 'social networks' form an additional barrier for immigrant entrepreneurs compared to native entrepreneurs?	Independent Samples T Test
4. To what extent does the 'institutional environment' hinder immigrant entrepreneurs in starting up and running a business?	Multiple linear regression analysis

5. Do discrimination and cultural differences, as part of the societal environment, have a significant impact on the conduct of a business for immigrant entrepreneurs in Belgium?	Multiple linear regression analysis
6. Which barriers are of the greatest importance in starting up or running a business?	Paired Samples T Test

Table 6: Overview sub-questions and their test(s)

3. [Analysis](#)

In view of the problem definition and the sub-questions, it is useful to identify which persons are immigrants, and natives. This makes the analysis clear and efficient. The place of birth was therefore asked in the survey, in order to separate these two groups. The purpose of the analysis is therefore to investigate which barriers have a significant effect on the business conduct of immigrant entrepreneurs, compared to natives. With the results, recommendations can be made for organizations such as MicroStart. After the distribution of the survey, 76 respondents completed the survey. It is worth mentioning that only entrepreneurs have completed the survey. This was achieved by means of the first question of the survey, where respondents were asked whether or not they are entrepreneurs. Those who answered 'no' to this question were redirected towards the end of the survey. In the analysis, the immigrant entrepreneurs are often separated from the native entrepreneurs, so that differences can be clearly demonstrated. There were 38 immigrant entrepreneurs and 38 native-born entrepreneurs who participated in the survey.

3.1. [Sub-question 1](#)

To what extent does 'human capital' constitute a barrier for immigrant entrepreneurs in Belgium?

3.1.1. [Factor analysis](#)

In questions 21 and 22 of the survey, 7 statements concerning the barrier 'human capital' were questioned. First, a factor analysis was carried out on these 7 statements, to see if there are underlying factors that are being surveyed.

Using the factor analysis allows us to group the 7 statements on individuals. In other words, we look for an underlying dimension of what is meant by 'human capital'. After checking the conditions, an explorative factor analysis, the Principal Component Analysis (PCA), was used. The KMO and Bartlett's test are performed to determine whether the data is suitable for a factor analysis. The KMO test gives a value of .616. This is more than the rule of thumb of .6, furthermore the Bartlett's test is significant ($p < 0.05$) which means that the variables are related and therefore suitable for a factor analysis. In addition, it can be useful to perform a factor analysis to avoid multicollinearity in the regression analysis further on.

The 'Scree-plot' and the 'Total Variance Explained' indicate that the last factor that has a value above 1 is the third factor. The 7 statements concerning 'human capital' can thus be reduced to three factors that sufficiently explain the variance. The first factor 'Access_Information' seems to include statements that measure human capital as a barrier through the unclear provision of information by authorities and complexity of information. The second factor 'Language_Proficiency' contains items that assess human capital as a barrier created through language proficiency. The final and third factor 'Knowledge' refers to human capital as a barrier created on whether or not the respondent has enough knowledge of the Belgian market in their sector of business. A regression analysis is then carried out based on these components.

Rotated Component Matrix^a

	Component		
	1	2	3
My insufficient knowledge of one of the national languages or English is an obstacle to doing business	.160	.770	-.228
Most of my clients speak the same language as me	-.102	.713	.527
I have enough knowledge of the Belgian market in my sector of business	.044	-.081	.921
In Belgium, it is difficult to find the right information to start a business	.817	.180	-.024
There are plenty of organisations in Belgium that provide advice to entrepreneurs	.722	-.002	-.061
Belgian government authorities are unclear in providing information	.725	-.241	.184
Information from public authorities should be available in more languages (e.g. Arabic, Spanish, ...)	-.615	-.324	.054

Table 7: Rotated Component Matrix Sub-question 1

3.1.2. Multiple linear regression

By conducting a multiple linear regression analysis, the measures in which the business conduct is determined by the three defined factors of human capital, can be determined. The model is as follows:

The business conduct = $\beta_0 + \beta_1$ Access_Information + β_2 Language_Proficiency + β_3 Knowledge + ϵ

In which the variables 'Access_Information', 'Language_Proficiency' and 'Knowledge' represent the factors of the barrier human capital.

To clarify 'the business conduct' within this sub-question, this variable is defined with the following Likert-scale question, which was questioned in the survey: 'Not knowing how my business's market works in Belgium is a large barrier to me'. The question represents the dependent variable that is tried to be explained using the factor scores of the barrier 'human capital'.

3.1.3. Immigrants

The requirements for conducting a multiple regression analysis are then checked separately for immigrant and native entrepreneurs. The causality is difficult to verify in this research, however I assume that this first condition is fulfilled as one associates entrepreneurship with human capital, with factors such as access to information, language proficiency and knowledge. The 'normal probability plot' was used to check linearity. We see that the standardized residues are close to the line given, with some minor deviations. Thus, the data is normally distributed and linearity can be verified. Next, the lack of multicollinearity was tested. It can be noted that factor scores were used, which avoids multicollinearity. The Durbin-Watson statistic gives a value of 2.206 and thus complies with the rule of thumb that says that the Durbin-Watson statistic should be a value between 1 and 4. The Tolerance statistics with their values of .985, .982 and .995 respectively for β_1 , β_2 , β_3 are greater than .30. The VIF statistics of 1.015, 1.018 and 1.005 respectively are less than 2 which again indicates that there is no multicollinearity. Next, the scatterplot was used to evaluate homoscedasticity. There are no clear patterns on the scatterplot that allow us to consider

homoscedasticity. With 76 respondents, there are more than 5 times as many observations as variables in the model, which confirms the sufficient number of observations. Finally, there were no outliers and the variables were metrically scaled as we can assume in scientific social research that Likert scale questions are considered as 'equal appearing intervals'.

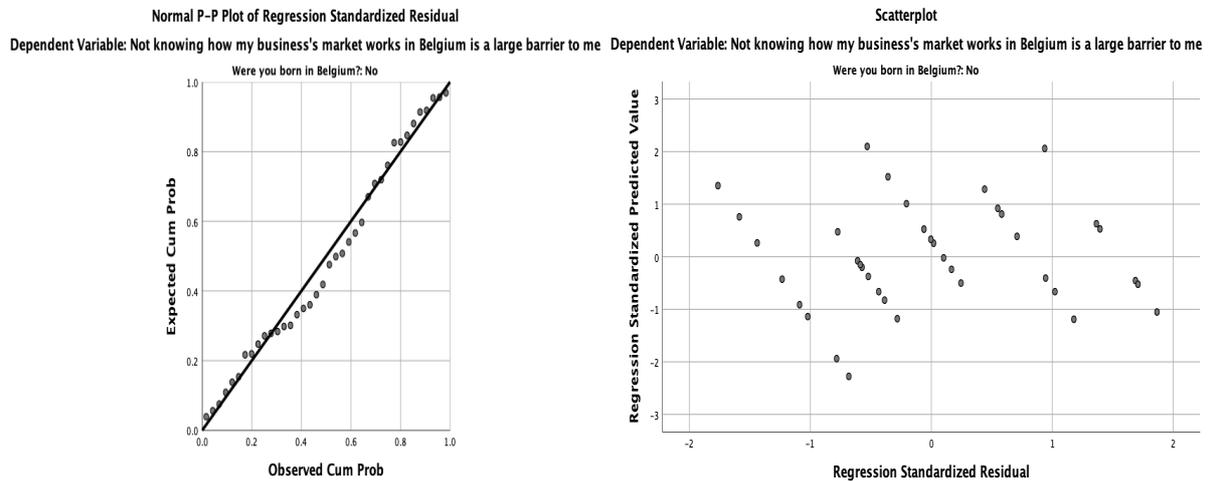


Figure 7: Normal P-P Plot & Scatterplot Sub-question 1

The conditions are met so the multiple linear regression analysis can be performed. The R-square of this model equals .088. This means that the 'human capital' barrier can only explain 8.8% of the variance of the dependent variable 'the business conduct' or 'Not knowing how my business's market works in Belgium is a large barrier to me' within this sub-question. Since the influence of 5 different barriers on business conduct is investigated and 'human capital' explains only a small part of the variance, it is concluded that this barrier has little to no effect on business conduct. The ANOVA results show that this variable indeed has no significant influence ($F=1.096$, $p=.364 > .05$). We obtain information about the regression coefficients β_1 , β_2 and β_3 in the coefficients output:

		Coefficients^{a,b}				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.029	.240		12.611	.000
	ACCESS INFORMATION	.201	.198	.167	1.012	.319
	LANGUAGE PROFICIENCY	.326	.207	.261	1.579	.124
	KNOWLEDGE	.060	.239	.041	.250	.804

Table 8: Multiple Linear Regression Immigrants Sub-question 1

According to the table above, none of the 3 factors have a significant effect on business conduct.

3.1.4. Natives

Next, a brief comparison is made with the results of native entrepreneurs. The conditions are met so the multiple regression analysis can be performed. The R-square of the model is .271 which indicates that the model can explain about 27.1% of the variance in the business conduct. The ANOVA table shows a significance level smaller than .05 ($p = .012$) which allows us to assume that the model has explanatory power. In other words, the variance explained by the model is greater than the variance explained by the residues.

		Coefficients^{a,b}				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.100	.206		15.037	.000
	ACCESS INFORMATION	.073	.242	.044	.300	.766
	LANGUAGE PROFICIENCY	.495	.235	.312	2.109	.042
	KNOWLEDGE	-.435	.173	-.372	-2.510	.017

Table 9: Multiple Linear Regression Natives Sub-question 1

In contrast to immigrant entrepreneurs, a couple factors do explain the business conduct of native entrepreneurs. The coefficients table shows that the factors 'language proficiency' and 'knowledge' have a significant effect on the business conduct. When we look at the standardized beta-coefficients, it is important to note that all Likert scale questions that were formulated negatively have been re-coded in the positive sense. The questions related to 'language proficiency' were formulated in a negative way in the survey, whereas the question related to 'knowledge' was formulated in a positive way. A significant positive effect in the coefficients table therefore means that these variables have a significant negative impact on business conduct and the other way around. With a positive beta coefficient of .312, the factor 'language proficiency' can be seen as the main difficulty within the barrier 'human capital' and has a significant negative effect on the business conduct. In addition, the factor 'knowledge', with a negative beta coefficient of -.372, therefore has a positive significant effect on the native entrepreneurs' business conduct.

3.1.5. Conclusion

In the study, a factor analysis was used to distinguish the various difficulties within the barrier 'human capital'. These difficulties turned out to be 'access to information', 'language proficiency' and 'knowledge'. 'Access to information' doesn't appear to have a significant effect on business conduct for both immigrants and natives. Furthermore, for immigrant entrepreneurs, none of the factors mentioned have a significant influence on the business conduct. However, for native entrepreneurs, it appears that the factors 'language proficiency' and 'knowledge' do impose a significant effect on their business conduct. 'Language proficiency' has a significant negative effect and 'knowledge' appears to have a significant positive effect on business conduct. We can state that language proficiency poses a specific significant challenge, whereas knowledge regarding their market of business implies a specific significant source of benefits for natives when they experience difficulties in running or starting up a business.

3.2. Sub-question 2

To what extent does 'access to entrepreneurship' constitute a barrier for immigrant entrepreneurs in Belgium?

In questions 14 and 18 of the survey, 8 statements concerning the barrier 'access to entrepreneurship' were questioned. First, a factor analysis was carried out on these 8 statements, to see if there are underlying factors that are being surveyed. Next, a multiple linear regression analysis was performed to formulate an answer to this sub-question.

3.2.1. Factor analysis

Using the factor analysis allows us to group the 8 statements on individuals. The KMO and Bartlett's test are performed to determine whether the data is suitable for a factor analysis. The KMO test gives a value of .668. This is higher than the rule of thumb of .6, furthermore the Bartlett's test is significant ($p < .05$) which means that the variables are related and therefore suitable for a factor analysis.

The 'Scree-plot' and the 'Total Variance Explained' indicate that the last factor that has a value above 1 is the third factor. The first factor 'Access_Financial_Capital' seems to include statements that measure access to financial capital, which is mainly described by difficult access to capital and difficulties with banks. The second factor 'Family_Friends' contains items that assess access to entrepreneurship created through the help of family and friends. The third factor 'Lack_of_requirements' contains statements that assess the difficulty of accessing and obtaining diplomas and/or licenses. A regression analysis is then carried out based on these components.

Rotated Component Matrix^a

	Component		
	1	2	3
It is difficult to obtain a bank loan	.893	-.247	.027
The requirements for a bank loan are too high	.898	-.166	.089
I have asked family to finance my business	-.269	.749	-.109
I have asked friends to finance my business	-.098	.906	-.046
Banks focus only on the financial and not on the personal aspects	.821	-.145	.135
Difficult access to financial capital is the biggest barrier for starting a business	.712	-.014	-.372
I found it difficult to obtain a diploma or a licence in Belgium	.208	.054	.841
Not obtaining a diploma or a license has hindered me in the past	-.167	-.231	.716

Table 10: Rotated Component Matrix Sub-question 2

3.2.2. Multiple linear regression

By conducting a multiple linear regression analysis, the measures in which the business conduct is determined by the three defined factors of access to entrepreneurship, can be determined. The model is as follows:

The business conduct = $\beta_0 + \beta_1$ Access_Financial_Capital + β_2 Family_Friends + β_3 Lack of requirements + ϵ

In which the variables 'Access_Financial_Capital', 'Family_Friends' and 'Lack_of_Requirements' represent the factors of access to entrepreneurship.

To clarify 'the business conduct' within this sub-question, this variable is defined with the following Likert-scale question, which was questioned in the survey: 'I've had difficulties starting up and/or expanding my business because of insufficient financial capital'. The question represents the dependent variable that is tried to be explained using the factor scores of the barrier 'access to entrepreneurship'.

3.2.3. Immigrants

The requirements for conducting a multiple regression analysis are then checked separately for immigrant and native entrepreneurs, as outlined in sub-question 1. In order to avoid multiple repetition, I will not explain the requirements for a multiple linear regression in detail from now on, the following is a brief overview. The 'normal probability plot' was used to check linearity. We see that the standardized residues are close to the line given, with some minor deviations. Thus, the data is normally distributed and linearity can be verified. Next, the lack of multicollinearity was tested. The Durbin-Watson statistic gives a value of 2.355 and thus complies with the rule of thumb that says that the Durbin-Watson statistic should be a value between 1 and 4. The Tolerance and VIF statistics indicate that there is no multicollinearity. Furthermore, there are no clear patterns on the scatterplot that allow us to consider homoscedasticity. With 76 respondents, there are more than 5 times as many observations as variables in the model, which confirms the sufficient number of observations.

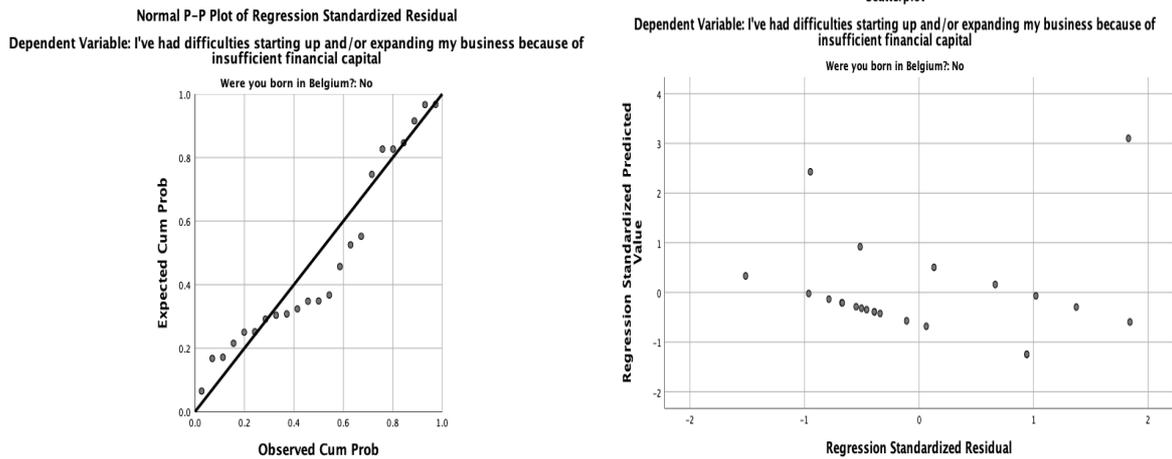


Figure 8: Normal P-P Plot & Scatterplot Sub-question 2

The conditions are met so the multiple linear regression analysis can be performed. The R-square of the model is .737 which indicates that the model can explain about 73.7% of the variance in the business conduct. The ANOVA table shows a significance level smaller than .05 ($p=.000$) which allows us to assume that the model has explanatory power. In other words, the variance explained by the model is greater than the variance explained by the residues. Next, we obtain information about the regression coefficients β_1 , β_2 and β_3 in the coefficients output:

Coefficients^{a,b}

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.801	.139		12.980	.000
	ACCES_FINANCIAL_CAPITAL	.699	.122	.747	5.746	.000
	FAMILY_FRIENDS	-.364	.096	-.470	-3.777	.001
	LACK_OF_REQUIREMENTS	-.081	.124	-.085	-.648	.524

Table 11: Multiple Linear Regression Immigrants Sub-question 2

The coefficients table shows that the factors ‘access to financial capital’ and ‘family & friends’ have a significant effect on the business conduct. When we look at the standardized beta-coefficients, it is important to note that all Likert scale questions that were formulated

negatively have been re-coded in the positive sense. The questions related to ‘access to financial capital’ were formulated in a negative way in the survey, whereas the questions related to ‘family & friends’ were formulated in a positive way. A significant positive effect in the coefficients table therefore means that these variables have a significant negative impact on business conduct and the other way around. With a positive beta coefficient of .747, the factor ‘access to financial capital’ can be seen as the main difficulty within the barrier of ‘access to entrepreneurship’ and has a significant negative effect on the business conduct. In addition, the factor ‘family & friends’ with a negative beta coefficient of -.470, therefore has a positive significant effect on the immigrant entrepreneurs’ business conduct.

3.2.4. Natives

Next, a brief comparison is made with the results of native entrepreneurs.

		Coefficients^{a,b}				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.162	.410		5.279	.000
	ACCES_FINANCIAL_CAPITAL	.877	.258	.579	3.396	.003
	FAMILY_FRIENDS	-1.366	.654	-.361	-2.090	.051
	LACK_OF_REQUIREMENTS	.319	.302	.187	1.057	.304

Table 12: Multiple Linear Regression Natives Sub-question 2

The coefficients table shows that only the factor ‘access to financial capital’ has a significant effect on the business conduct of native entrepreneurs, with a beta coefficient of .579. This implies that also ‘access to financial capital’ imposes a significant negative effect on natives’ business conduct. However, as we can see, the ‘family & friends’ factor no longer has any significant influence on natives in their business conduct. Consequently, we can conclude that family & friends are a specific source of help and support, with respect to immigrants.

3.2.5. Conclusion

In the study, a factor analysis was used to distinguish the various difficulties within the barrier 'access to entrepreneurship'. These difficulties turned out to be 'access to financial capital', 'family & friends' and 'lack of requirements'. 'Access to financial capital' appears to have a significant negative influence on business conduct for both immigrants and natives. Furthermore, 'family & friends' have a significant positive influence on the business conduct for immigrants, although not for natives. We can state that 'family & friends' are a specific source of support for immigrants when they experience difficulties in their access to entrepreneurship. However, the factor 'lack of requirements' does not have a significant influence on the business conduct for both groups that were analyzed.

3.3.Sub-question 3

Do 'social networks' form an additional barrier for immigrant entrepreneurs compared to native entrepreneurs?

In order to give an answer to sub-question 3, an independent samples t-test will be performed. It may be interesting for organizations such as MicroStart to find out if there is a difference between immigrants and natives in perceiving the social network as a source of support. If there would be a difference between these two groups, more attention can be devoted to the social network of the entrepreneurs. The social network could thus be used more as a fallback when granting microcredit or be brought to the attention of entrepreneurs in difficult situations.

In order to analyze the 'social network' and to compare its effect between immigrants and natives, the following statements were questioned in the survey:

- 'If I need information or knowledge, I first turn to friends and acquaintances'
- 'I was influenced in my choice of business by people I know, who have a similar business'
- 'I've learned a lot about doing business through friends, family or acquaintances'

3.3.1. Independent Samples T-test

Based on an 'Independent Samples T-test', it was tested whether the average score on the statements of the immigrant entrepreneurs differs from those of the natives. Before interpreting the output of the t-test, it is necessary to test the conditions of equal variance. This is done using the Levene's test. The null hypothesis of this test is accepted for the three statements, this can be seen in the figure below. This implies that for the three different statements the variances are equal. As a result, the line 'equal variances assumed' is interpreted. Here, however, the two-sided significance level is shown. From the hypothesis stated for sub-question 3, we can see that this is only stated in the positive direction. As a result, we have to divide the two-sided significance level by 2 in order to obtain the one-sided significance level. As a result, the p-values for the displayed statements are respectively .032, .191 and .408. It seems that only for the first statement 'If I need information or knowledge, I first turn to friends and acquaintances' the alternative hypothesis is accepted, the average scores of immigrant entrepreneurs and native entrepreneurs differ significantly for this statement. For the other two statements the null hypothesis of the t-test is accepted, the average score of immigrant entrepreneurs and native entrepreneurs do not differ significantly from each other.

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
If I need information or knowledge, I first turn to friends and acquaintances	Equal variances assumed	1.135	.290	1.884	74	.063	.553	.293
	Equal variances not assumed			1.884	72.536	.064	.553	.293
I was influenced in my choice of business by people I know, who have a similar business	Equal variances assumed	3.778	.056	.879	74	.382	.289	.329
	Equal variances not assumed			.879	69.795	.382	.289	.329
I've learned a lot about doing business through friends, family or acquaintances	Equal variances assumed	.008	.927	.234	74	.816	.079	.337
	Equal variances not assumed			.234	73.728	.816	.079	.337

Figure 9: Independent Samples T-test Sub-question 3

3.3.2. Conclusion

If we take a look at the group statistics in the figure below, we can conclude that for each statement the average score is higher for immigrant entrepreneurs compared to natives.

Group Statistics					
	Were you born in Belgium?	N	Mean	Std. Deviation	Std. Error Mean
If I need information or knowledge, I first turn to friends and acquaintances	No	38	3.61	1.366	.222
	Yes	38	3.05	1.184	.192
I was influenced in my choice of business by people I know, who have a similar business	No	38	2.76	1.601	.260
	Yes	38	2.47	1.246	.202
I've learned a lot about doing business through friends, family or acquaintances	No	38	2.92	1.514	.246
	Yes	38	2.84	1.424	.231

Figure 10: Independent Samples T-test Sub-question 3

However, it is only on the statement 'If I need information or knowledge, I first turn to friends and acquaintances' that a conclusion can be drawn, since the other two statements do not differ between the two groups examined. From the first statement we can therefore conclude that immigrant entrepreneurs use their social network significantly more to gather information. The literature review also explicitly mentions this. However, this significant difference only applies to information gathering and not to the other factors: the influence to start a business and learning a lot about doing business. Therefore, we can state that in general there is no significant positive effect of the social network in doing business compared to native entrepreneurs. Only when immigrant entrepreneurs are in need of information they will turn, significantly more than native entrepreneurs, to their social network.

3.4. Sub-question 4

To what extent does the 'institutional environment' hinder immigrant entrepreneurs in starting up and running a business?

In question 24 of the survey, 3 statements concerning the barrier 'institutional environment' were questioned. The analysis of this sub-question did not include a factor analysis, as the low number of statements surveyed would not allow this. The two statements:

- 'I am sufficiently informed about Belgian rules and legislation'
- 'The rules and legislation in Belgium are overly complex'

represent the factors that influence the business conduct of entrepreneurs when facing the Belgian rules and legislation as a barrier. These statements will be named as the factors 'information legislation' and 'complexity legislation'. With the help of a multiple linear regression, the influence of these statements on the business conduct of immigrant and native entrepreneurs when facing the Belgian rules and legislation as a barrier is examined.

3.4.1. Multiple linear regression

By conducting a multiple linear regression analysis, the measures in which the business conduct is determined by the two defined factors of institutional environment, can be determined. The model is as follows:

The business conduct = $\beta_0 + \beta_1$ Information_Legislation + β_2 Complexity_Legislation + ϵ

In which the variables 'Information_Legislation' and 'Complexity_Legislation' represent the factors of the institutional environment.

To clarify 'the business conduct' within this sub-question, this variable is defined with the following Likert-scale question, which was questioned in the survey: 'Belgian rules and legislation pose a large barrier to me'. The question represents the dependent variable that is tried to be explained using the scores for the two predetermined factors of the barrier 'institutional environment'.

3.4.2. Immigrants

The requirements for conducting a multiple regression analysis are then checked separately for immigrant and native entrepreneurs, as outlined in sub-question 1. The 'normal probability plot' was used to check linearity. We see that the standardized residues are close

to the line given, with some minor deviations. Thus, the data is normally distributed and linearity verified. Next, the lack of multicollinearity was tested. The Durbin-Watson statistic gives a value of 1.879 and thus complies with the rule of thumb that says that the Durbin-Watson statistic should be a value between 1 and 4. The VIF statistics give a value of 1.020, which is below the rule of thumb that says that this value should be lower than 2. There are no clear patterns on the scatterplot that allow us to consider homoscedasticity. With 76 respondents, there are more than 5 times as many observations as variables in the model, which confirms the sufficient number of observations.

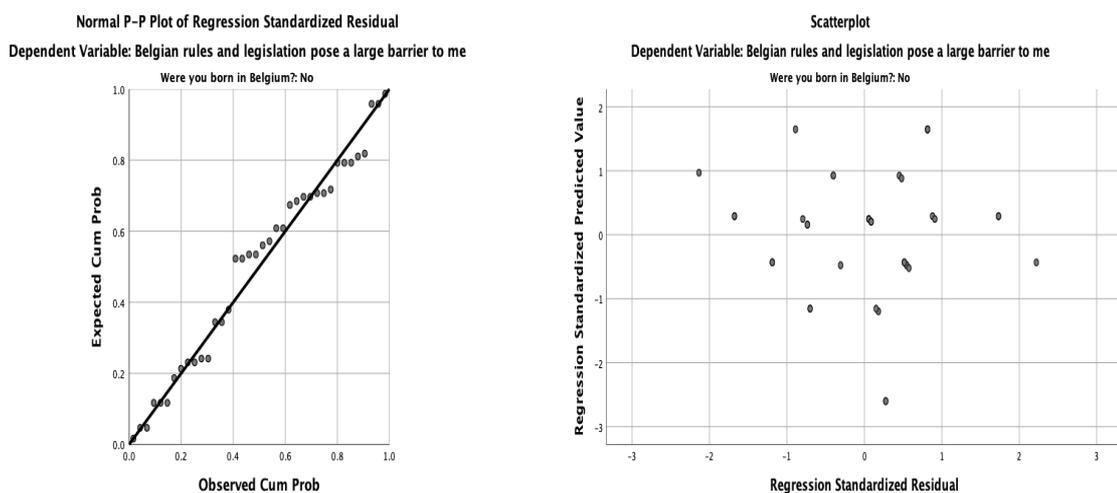


Figure 11: Normal P-P Plot & Scatterplot Sub-question 4

The conditions are met so the multiple regression analysis can be performed. The R-square of the model is .325 which indicates that the model can explain about 32.5% of the variance in the business conduct. The ANOVA table shows a significance level smaller than 0.05 ($p=0.001$) which allows us to assume that the model has explanatory power. In other words, the variance explained by the model is greater than the variance explained by the residues. Next, we obtain information about the regression coefficients β_1 and β_2 in the coefficients output:

		Coefficients^{a,b}				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.434	.798		-.543	.590
	Information Legislation	.573	.170	.472	3.369	.002
	Complexity Legislation	.538	.192	.392	2.799	.008

Table 13: Multiple Linear Regression Immigrants Sub-question 4

The coefficients table shows that both the factors ‘information legislation’ and ‘complexity legislation’ have a significant effect on the business conduct when experiencing difficulties caused by the institutional environment. When we look at the standardized beta-coefficients, it is important to note that all Likert scale questions that were formulated negatively have been re-coded in the positive sense. The dependent variable and the question related to ‘complexity legislation’ were formulated in a negative way in the survey. A significant positive effect in the coefficients table therefore means that being informed on, and the complexity of the rules and legislation in Belgium, have a significant negative impact on business conduct. With a positive beta coefficient of .472, the factor ‘information legislation’ can be seen as the main difficulty within the barrier ‘institutional environment’ for immigrant entrepreneurs.

3.4.3. Natives

Next, a brief comparison is made with the results of native entrepreneurs.

		Coefficients^{a,b}				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.473	.511		2.881	.007
	Information Legislation	.264	.144	.282	1.832	.076
	Complexity Legislation	.408	.184	.341	2.212	.034

Table 14: Multiple Linear Regression Natives Sub-question 4

The coefficients table shows that for native entrepreneurs, only the factor ‘complexity legislation’ has a significant effect on the business conduct when experiencing difficulties

caused by the institutional environment, with a standardized beta coefficient of .341. This implies that the complexity of legislation in Belgium imposes a significant negative effect on natives' business conduct. Furthermore, we see that the factor 'information legislation' no longer has a significant effect, which would imply that this factor forms a specific barrier to immigrant entrepreneurs when experiencing difficulties coming from the institutional environment, compared to natives.

3.4.4. Conclusion

The statements concerning the barrier of the institutional environment were split over 2 factors, which were information & complexity of the legislation in Belgium. A multiple linear regression was then performed on these factors, and their effects on the dependent variable 'the business conduct' or 'Belgian rules and legislation pose a large barrier to me' for this sub-question. The 'complexity of legislation' appears to have a significant negative influence on business conduct for both immigrants and natives. The effect of 'being informed on legislation' seems to form a specific barrier to immigrant entrepreneurs when experiencing difficulties coming from the institutional environment, compared to natives.

3.5. Sub-question 5

Do discrimination and cultural differences, as part of the societal environment, have a significant impact on the conduct of a business for immigrant entrepreneurs in Belgium?

In question 25 of the survey, 4 statements concerning the barrier 'societal environment' were questioned. The analysis of this sub-question did not include a factor analysis, as the low number of statements surveyed would not allow this. However, the statements are split over 2 predetermined factors, which are 'cultural differences' and 'discrimination'. With the help of a multiple linear regression, the influence of these factors on the business conduct of immigrant and native entrepreneurs when facing negative perceptions is examined.

3.5.1. Multiple linear regression

By conducting a multiple linear regression analysis, the measures in which the business conduct is determined by the two defined factors of the societal environment, can be determined. The model is as follows:

The business conduct = $\beta_0 + \beta_1 \text{ Cultural_Differences} + \beta_2 \text{ Discrimination} + \epsilon$

In which the variables 'Cultural_Differences' and 'Discrimination' represent the factors of the societal environment.

To clarify 'the business conduct' within this sub-question, this variable is defined with the following Likert-scale question, which was questioned in the survey: 'Negative perceptions (e.g. discrimination) have a negative impact and form a major barrier for me.' The question represents the dependent variable that is tried to be explained using the scores for the two predetermined factors of the barrier 'societal environment'.

Subsequently, the variables 'cultural differences' and 'discrimination' must first be explained. The factor 'cultural differences' is computed and explained by the average of the scores on the following statements: 'I frequently experience cultural differences in the workplace' and 'Cultural differences make it difficult to do business in Belgium'. The statements represent the difficulties that cultural differences cause within the conduct of business when they are experienced as a result of the societal environment. Next, the factor 'discrimination' is computed and explained by the average of the scores on the following statements: 'I feel that natives or other ethnic groups sometimes have negative perceptions about immigrant entrepreneurs' and 'I sometimes experience discrimination at work, coming from natives or other ethnic groups'. The statements represent the difficulties that discrimination can cause within the conduct of business when these are experienced as a result of the societal environment.

3.5.2. Immigrants

The requirements for conducting a multiple regression analysis are then checked separately for immigrant and native entrepreneurs, as outlined in sub-question 1. The 'normal probability plot' was used to check linearity. We see that the standardized residues are close to the line given, with some minor deviations. Thus, the data is normally distributed and linearity verified. Next, the lack of multicollinearity was tested. The Durbin-Watson statistic gives a value of 2.599 and thus complies with the rule of thumb that says that the Durbin-Watson statistic should be a value between 1 and 4. The VIF statistics give a value of 2.159, which is above the rule of thumb that says that this value should be lower than 2. However,

multicollinearity diagnostics such as the Condition Index and the Tolerance indicate that there is no to little sign of multicollinearity. Furthermore, there are no clear patterns on the scatterplot that allow us to consider homoscedasticity. With 76 respondents, there are more than 5 times as many observations as variables in the model, which confirms the sufficient number of observations.

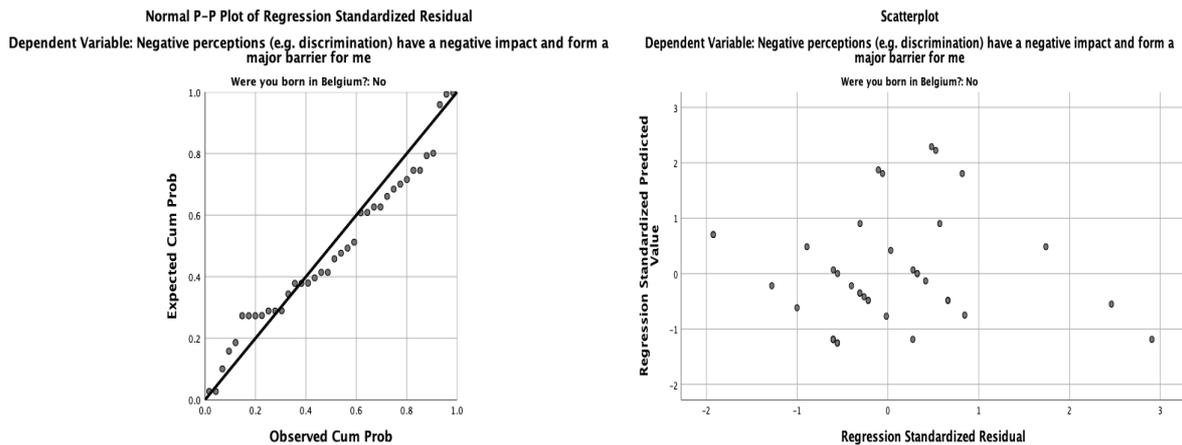


Figure 12: Normal P-P Plot & Scatterplot Sub-question 5

The conditions are met so the multiple regression analysis can be performed. The R-square of the model is .340 which indicates that the model can explain about 34% of the variance in the business conduct. The ANOVA table shows a significance level smaller than 0.05 ($p=0.001$) which allows us to assume that the model has explanatory power. In other words, the variance explained by the model is greater than the variance explained by the residues. Next, we obtain information about the regression coefficients β_1 and β_2 in the coefficients output:

		Coefficients^{a,b}				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.023	.483		2.119	.041
	CULTURAL DIFFERENCES	-.105	.224	-.096	-.471	.640
	DISCRIMINATION	.770	.241	.650	3.199	.003

Table 15: Multiple Linear Regression Immigrants Sub-question 5

The coefficients table shows that the factor ‘discrimination’ has a significant effect on the business conduct when experiencing difficulties caused by the societal environment. When we look at the standardized beta-coefficients, it is important to note that all Likert scale questions that were formulated negatively have been re-coded in the positive sense. The questions related to ‘discrimination’ were formulated in a negative way in the survey. A significant positive effect in the coefficients table therefore means that these variables have a significant negative impact on business conduct and the other way around. With a positive beta coefficient of .650, the factor ‘discrimination’ can be seen as the main difficulty within the barrier ‘societal environment’ and has a significant negative effect on the business conduct. Furthermore, we see that the factor ‘cultural differences’ has a negative standardized beta-coefficient, which would imply that this factor has a positive influence on business conduct. Unfortunately, as there is no evidence of significance, it is not possible to draw conclusions and make statements concerning this factor.

3.5.3. Natives

Next, a brief comparison is made with the results of native entrepreneurs.

		Coefficients^{a,b}				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.925	.634		1.460	.153
	CULTURAL DIFFERENCES	.152	.194	.131	.784	.438
	DISCRIMINATION	.655	.222	.494	2.954	.006

Table 16: Multiple Linear Regression Natives Sub-question 5

The coefficients table shows that for native entrepreneurs, only the factor ‘discrimination’ has a significant effect on the business conduct when experiencing difficulties caused by the societal environment, with a standardized beta coefficient of .494. However, the effect on native entrepreneurs seems to be more moderate compared to the effect of discrimination on immigrant entrepreneurs. Nonetheless, this implies that ‘discrimination’ also imposes a significant negative effect on natives’ business conduct. Furthermore, we see that the factor

'cultural differences' has a positive standardized beta-coefficient, which would imply that this factor has a negative influence on business conduct when experiencing difficulties coming from the societal environment. This is a different result than what we have obtained from immigrant entrepreneurs. It seems that natives have a more negative view on cultural differences compared to immigrants, though it is not possible to make any statements on this since the factor has no significant explanatory power.

3.5.4. Conclusion

The statements concerning the barrier of the societal environment were split over 2 predetermined factors, which are 'cultural differences' and 'discrimination'. A multiple linear regression was then performed on these factors, and their effects on the dependent variable 'the business conduct' or 'Negative perceptions (e.g. discrimination) have a negative impact and form a major barrier for me' for this sub-question. 'Discrimination' appears to have a significant negative influence on business conduct for both immigrants and natives. The effect of 'discrimination' on native entrepreneurs seems to be more moderate compared to the effect of 'discrimination' on immigrant entrepreneurs. Finally, it seems that natives have a more negative view on cultural differences compared to immigrants, though it is not possible to make any statements on this since the factor has no significant explanatory power.

3.6. Sub-question 6

Which barriers are of the greatest importance in starting up or running a business?

3.6.1. Frequencies

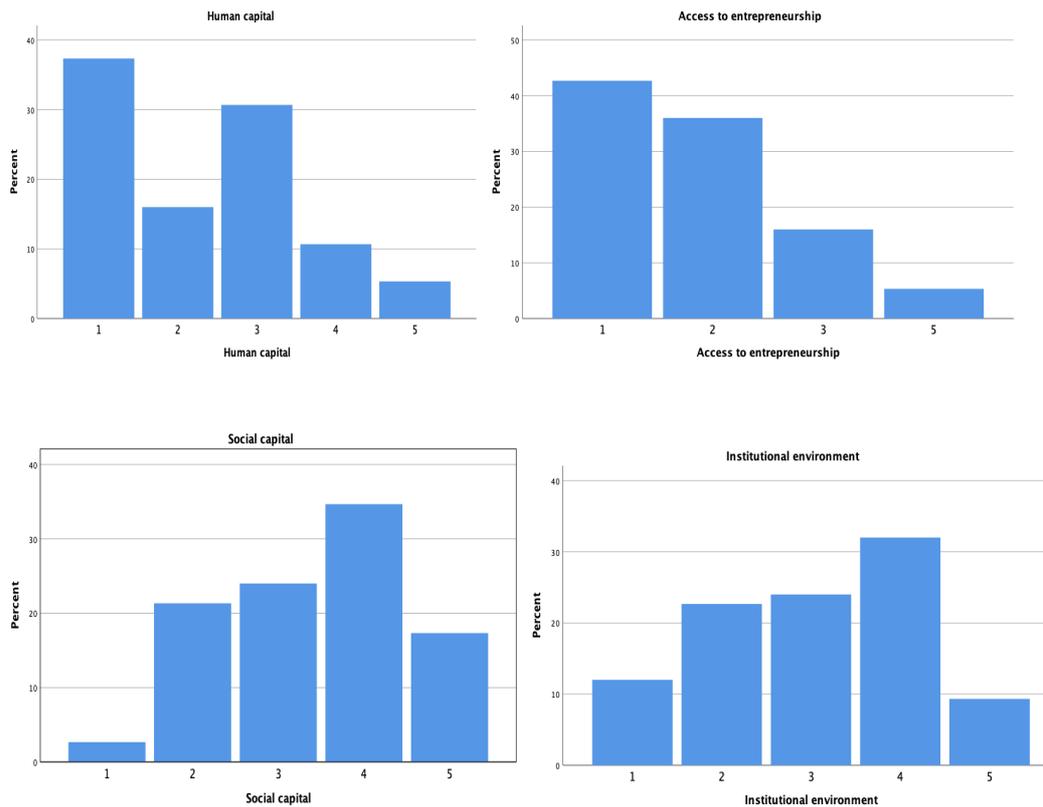
Frequency tables and bar charts were used to observe which barriers were ranked first, second, third, fourth and fifth. This allows me to make statements on the barriers that are of the most importance in starting up and running a business for both immigrant and native entrepreneurs. The frequency table shows that access to entrepreneurship has the highest average ranking (M = 1.89). Human capital (M = 2.31) is ranked second. Institutional environment (M=3.04) and social capital (M=3.43) are ranked third and fourth respectively with a small difference. Eventually, the societal environment has the lowest average ranking (M=4.33). These observations are again confirmed and supported by the bar charts in the

figure below. In the second bar chart for the barrier 'access to entrepreneurship', 42.1% of the respondents ranked this barrier first. On the fifth bar chart for the societal environment, an opposite observation is visible. In this case the barrier was ranked last by 61.8% of the respondents. The remaining bar charts show the ranking frequencies for human capital, social capital and institutional environment.

Statistics

		Human capital	Access to entrepreneurship	Social capital	Institutional environment	Societal environment
N	Valid	75	75	75	75	75
	Missing	1	1	1	1	1
Mean		2.31	1.89	3.43	3.04	4.33

Table 17: Frequency statistics Sub-question 6



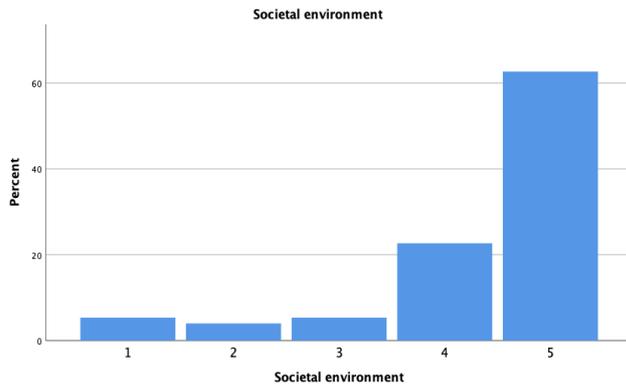


Figure 13: Bar charts Sub-question 6

3.6.2. Paired Samples T-Test

Subsequently, a 'Paired Samples T-test' was used to validate these observations statistically. The results of this test are presented in the table below. Here it is clear that for pairs 1 and 8 the barriers do not differ significantly from each other, respectively ($p=.063$) and ($p=.094$). Both p -values are greater than .05. This implies that the difference in average ranking between human capital and access to entrepreneurship do not differ significantly from each other (Pair 1). Thus, there is no significant difference between the first and the second ranked barrier. Furthermore, we can conclude that the difference in average ranking between social capital and institutional environment do not differ significantly from each other (Pair 8). Thus, there is no significant difference between the third and the fourth ranked barrier.

		Paired Samples Test							
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Human capital – Access to entrepreneurship	.413	1.897	.219	-.023	.850	1.887	74	.063
Pair 2	Human capital – Social capital	-1.120	1.740	.201	-1.520	-.720	-5.576	74	.000
Pair 3	Human capital – Institutional environment	-.733	1.927	.222	-1.177	-.290	-3.296	74	.002
Pair 4	Human capital – Societal environment	-2.027	1.910	.221	-2.466	-1.587	-9.189	74	.000
Pair 5	Access to entrepreneurship – Social capital	-1.533	1.563	.180	-1.893	-1.174	-8.499	74	.000
Pair 6	Access to entrepreneurship – Institutional environment	-1.147	1.698	.196	-1.537	-.756	-5.848	74	.000
Pair 7	Access to entrepreneurship – Societal environment	-2.440	1.687	.195	-2.828	-2.052	-12.529	74	.000
Pair 8	Social capital – Institutional environment	.387	1.972	.228	-.067	.840	1.698	74	.094
Pair 9	Social capital – Societal environment	-.907	1.741	.201	-1.307	-.506	-4.510	74	.000
Pair 10	Institutional environment – Societal environment	-1.293	1.738	.201	-1.693	-.893	-6.444	74	.000

Figure 14: Paired Samples T-Test Sub-question 6

3.6.3. Conclusion

Some 42.1% of the sample surveyed consider 'access to entrepreneurship' to be of the greatest importance when starting or running a business. This barrier is followed by 'human capital' in second place. However, from the paired samples t-test we can conclude that the difference between the first and second barrier does not differ significantly. We can therefore consider a shared first place in this case. Furthermore, institutional environment and social capital are ranked third and fourth, respectively, but no significant differences are noticeable in this respect, which can be derived from the paired samples t-test. Finally, fifth and last place is held by the societal environment. This result is significant, with about 61.8% of the respondents finding this the least important barrier. It can be argued that the respondents rank rationally instead of emotionally. The access to capital, obtaining diplomas, insufficient knowledge of the market and access to information are the most important barriers, while more emotional barriers such as discrimination and cultural differences are only considered at the end.

4. Conclusions and recommendations

Based on the preceding analysis some conclusions can be drawn, the sub-questions and the central research question can be answered, and recommendations can be formulated. The analysis of the survey showed that there are a number of factors within the 5 main barriers that are significant in explaining the business conduct of immigrant and native entrepreneurs.

First, it can be concluded that for immigrant entrepreneurs there are no factors that significantly influence business conduct, within the barrier concerning human capital. However, this does seem to be the case for native entrepreneurs. The proficiency of the language turns out to exert a negative effect and the knowledge of the market a positive effect on the business conduct of native-born entrepreneurs when they experience difficulties as a result of the human capital barrier. When native entrepreneurs are faced with a challenge, they appear to overcome it with the help of their current knowledge of the market of their company. Although this factor does not have a significant effect on immigrants, a clear difference is noticeable and should not be underestimated. From this point of view, it is therefore advisable for MicroStart and similar organizations to stimulate

the knowledge of their customers. This can be achieved through organizing workshops around specific sectors, meetings for similar businesses in which they can easily share knowledge and information or create 'communities' for people who own a similar company. This undoubtedly adds value and lowers the threshold for immigrant entrepreneurs to seek help from the civil society or government agencies. This result can be connected to the results obtained for sub-question 3. Here, the influence of the social network in doing business was compared with natives. It was found that immigrant entrepreneurs use their social network significantly more, compared to natives, to gather information. The recommendations on stimulating entrepreneurs' knowledge described above therefore fit perfectly within this reasoning. In order to form an answer to sub-questions 1 and 3, the following can be said. The human capital barrier does not appear to have an overall significant negative effect on the business conduct of immigrant entrepreneurs compared to natives, and only the language proficiency factor has a significant negative effect. However, this is only the case for native-born entrepreneurs. Furthermore, the social network does not constitute an additional barrier for entrepreneurs. However, immigrant entrepreneurs appear to receive more support from their social network when they seek to gather information.

Secondly, it can be concluded that within the barrier of access to entrepreneurship, the access to financial capital has a significant negative impact on business conduct for both immigrant and native entrepreneurs when they encounter difficulties in this respect. This outcome was to be expected and also results from the literature review. Furthermore, it is the main barrier within this research and MicroStart's activities. About 42% of the respondents therefore ranked the barrier of access to entrepreneurship, and thus mainly access to financial capital, as the most important barrier. It also appears that family and friends are a specific source of support for immigrant entrepreneurs when they experience financial difficulties. It seems that immigrants turn significantly more to family and friends when financial capital is needed, compared to natives. This result can also be explained from the literature review and the results for sub-question 3, where it is stated that immigrant entrepreneurs turn significantly more to the social network for information and in hard times. Even though family and friends do not have a significant effect on natives, this can certainly be addressed more. Based on these results, I would recommend that MicroStart and similar organizations try to use alternative ways of securing deposits. MicroStart already offers the possibility to set a security

to another person, friend or family, in case one cannot comply with the repayment. In my opinion, this could be implemented more in the traditional banking sector, partly because the survey shows that entrepreneurs feel that banks do not pay enough attention to the personal aspects when trying to obtain a loan. This would also encourage native entrepreneurs to turn more to their social network in times of financial uncertainty. Commercial banks in Belgium should dedicate more effort to bringing immigrant entrepreneurs into the traditional banking system. In order to achieve this, the current requirements to obtain a loan could be reviewed and lowered for immigrant entrepreneurs. The use of community officers, as MicroStart does, would undoubtedly encourage more immigrant entrepreneurs to obtain credit through the traditional banking system and lower the existing threshold. The factor concerning the lack of requirements does not have a significant influence on doing business, but this was only questioned among people who required it in order to do business. As a result, we can exclude this factor in answering the second sub-question. Although this factor has no significant explanatory power in the survey, it is recommended for the Belgian government to remove the mandatory business management exam in Brussels and Wallonia, which is something MicroStart already strongly seeks to achieve with their current influence. Access to entrepreneurship in general has a significant negative impact on the business conduct of entrepreneurs. Access to financial capital is the most important factor, while family and friends are a specific source of support for immigrant entrepreneurs.

Thirdly, a number of conclusions can be drawn with regard to the institutional environment as a barrier and an answer can be formulated to sub-question 4. For instance, it appears that the complexity of the Belgian legislation has a significant negative influence on the business conduct of immigrant and native entrepreneurs, when they encounter difficulties as a result of the institutional environment. Furthermore, it appears that being informed on the Belgian legislation constitutes a specific additional barrier for immigrant entrepreneurs compared to native-born entrepreneurs. These conclusions are then interpreted. Both immigrant and native entrepreneurs, who consider the institutional environment to be a barrier, find that this is due to the excessive complexity of the Belgian legislation. This was an expected result, as about 72.3% of all respondents at least agree with the following statement: 'The rules and legislation in Belgium are overly complex'. Even those entrepreneurs, who do not consider the institutional environment to be a barrier in doing business, feel that the legislation in

Belgium is overly complex. To tackle this issue, I recommend MicroStart and similar organizations to address this complexity and knowledge of the current legislation. In order to improve the knowledge of immigrants and reduce the complexities of current legislation, MicroStart and similar organizations could recruit volunteers who are specialized in this matter. In turn, this also lowers the threshold for entrepreneurs to ask for information or clarification from government bodies. Based on the literature review, it can be concluded that there exists a gap between the immigrant entrepreneurs and the official government institutions. It is therefore up to the civil society to reduce this gap, and take over the role of the Belgian government in this matter. The lower threshold experienced when approaching civil society organizations, such as MicroStart, leads to the formation of networks, formal or informal. As a result, immigrant entrepreneurs obtain more and more opportunities to develop themselves more effectively and rapidly. As we have seen in the literature review concerning the functioning of MicroStart, they already deploy community officers. It is from this point of view that I recommend similar organizations to employ community officers, making it easier for immigrant entrepreneurs to seek help through civil society organizations.

Lastly, some conclusions can be drawn from the analysis concerning the fifth and sixth sub-question. Discrimination and cultural differences are the two factors that form the influence of the societal environment. The analysis of the fifth sub-question shows that discrimination is the only factor within the societal environment that has significant explanatory power. Discrimination has a negative influence on the business conduct of entrepreneurs, although this influence is lower for native entrepreneurs. Furthermore, it appears that natives have a more negative view on cultural differences, although this difference cannot be explained as the factor has no explanatory power. Based on the analysis of sub-question 6, we can conclude that the barriers of access to entrepreneurship and human capital are the most important barriers for entrepreneurs in starting or running a business. The influence of the societal environment as a barrier is considered the least important.

The conclusions presented above constitute the answer to the central research question "What are the challenges that immigrant entrepreneurs face in Belgium and how does business differ with natives? I believe that the results of the research, as well as the

formulated recommendations, offer an added value for civil society organizations and the government in supporting and guiding immigrant entrepreneurs in Belgium.

5. Limitations of the research

To conclude this thesis, it is essential to take another critical look at the research. Throughout the study I have experienced a number of limitations.

The main limitations stem from the COVID-19 crisis, during the months of March, April and May in Belgium. As a result of the measures taken by the government, it was no longer possible for me to conduct interviews on location. On top of that, the digitalization of MicroStart's customers is lower, their use of digital tools is lower, and they have less knowledge about it. However, these interviews could have provided more personal and qualitative insights, and would have certainly contributed substantially to the formulation of recommendations for MicroStart and similar organizations. Also due to the COVID-19 crisis, the response rate of the research was low. This is partly due to the fact that entrepreneurs, in these difficult times, were primarily concerned with the survival of their business. Surveys are often not considered as primary compared to other daily essential tasks. Despite these limitations, I strongly believe that the obtained results and formulated recommendations offer a surplus in the field of research concerning the topic of immigrant entrepreneurship.

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Appendices

Appendix 1: Survey

Immigrant Entrepreneurship: A study in cooperation with MicroStart

Start of Block: Introductory questions

Q1 Dear respondent,

As a student of the Faculty of Business and Economics at the University of Antwerp, I would like to invite you to participate in this survey, with regard to my masters thesis: 'Immigrant Entrepreneurship: A study in cooperation with MicroStart'. It only takes 5-10 minutes to complete the survey. By filling out this survey you will contribute to improving the advice and tools MicroStart and other organizations offer.

Through this survey, in collaboration with MicroStart, I try to gain insight into the main barriers that immigrant entrepreneurs experience in Belgium, compared to native entrepreneurs.

The results of the research will be incorporated in my masters thesis. Would you like to receive the results of the research or do you have any other questions? You are welcome to send an e-mail to senne.stessens@student.uantwerpen.be.

Thank you in advance for your response.

Page Break

Are you an entrepreneur? (Someone who has set up a business or businesses)

Yes (1)

No (2)

Skip To: End of Survey If Are you an entrepreneur? (Someone who has set up a business or businesses) = No

Q22 What's your age?

Q23 What's your gender?

Male (1)

Female (2)

Other (3)

Were you born in Belgium?

Yes (1)

No (2)

Display This Question:

If Were you born in Belgium? = No

Q21 In case you weren't, where were you born?

Display This Question:

If Were you born in Belgium? = Yes

Q24 Were your parents born in Belgium?

Yes (1)

No, they were born in: (2) _____

Q25 Are you the only shareholder of your company?

Yes (1)

No (2)

Display This Question:

If Are you the only shareholder of your company? = No

Q27 What nationality does/do the other shareholder(s) have? Please fill in below.

Display This Question:

If Are you the only shareholder of your company? = No

Q28 What relationship do you have with the other shareholder(s)? Please select all that apply.

- Family (1)
 - Friend (2)
 - Acquaintance (3)
 - Only as business partner (4)
 - Other: (5) _____
-

Where is your business located in Belgium? Please select all that apply.

- Flanders (1)
 - Brussels (2)
 - Wallonia (3)
-

Were/are you guided by MicroStart in the start-up of your business?

- Yes (1)
 - No (2)
-

Page Break

To which sector does your business belong? Please select all that apply.

- Horeca (1)
- Tourism (2)
- Wholesale and retail (3)
- Personal services (e.g. barbershop, beauty salons, ...) (4)
- Construction, installation and infrastructure (5)
- Transport, logistics (6)
- Real estate (7)
- Food / Tobacco (8)
- Other: (9) _____

End of Block: Introductory questions

Start of Block: Access to entrepreneurship: financial capital

To what extent do you agree with the following statement:

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
I've had difficulties starting up and/or expanding my business because of insufficient financial capital (1)					
It is difficult to obtain a bank loan (2)					
The requirements for a bank loan are too high (3)					
I have asked family to finance my business (4)					
I have asked friends to finance my business (5)					
Banks focus only on the financial and not on the personal aspects (6)					
Difficult access to financial capital is the biggest barrier for starting a business (7)					

End of Block: Access to entrepreneurship: financial capital

Start of Block: Access to entrepreneurship: lack of requirements

What educational diploma do you have?

None (1)

High school diploma (2)

Higher education or university degree (3)

Other - please specify: (4) _____

Before I could start a business in Belgium, I had to pass a mandatory business management exam

Yes (1)

No (2)

In order to do business in Belgium, I have to have a diploma and/or licenses

Yes (1)

No (2)

Skip To: End of Block If In order to do business in Belgium, I have to have a diploma and/or licenses = No

To what extent do you agree with the following statement:

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
I found it difficult to obtain a diploma or a licence in Belgium (1)					
Not obtaining a diploma or a license has hindered me in the past (2)					

End of Block: Access to entrepreneurship: lack of requirements

Start of Block: Human capital: Lack of knowledge

Which national language(s) of Belgium are you proficient in? Please select all that apply.

Dutch (1)

French (2)

German (3)

None of the above (4)

Are you proficient in English?

Yes (1)

No (2)

To what extent do you agree with the following statement:

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
My insufficient knowledge of one of the national languages or English is an obstacle to doing business (1)					
Most of my clients speak the same language as me (2)					
I have enough knowledge of the Belgian market in my sector of business (3)					
Not knowing how my business's market works in Belgium is a large barrier to me (4)					

End of Block: Human capital: Lack of knowledge

Start of Block: Human capital: difficult access to information

To what extent do you agree with the following statement:

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
In Belgium, it is difficult to find the right information to start a business (1)					
There are plenty of organisations in Belgium that provide advice to entrepreneurs (2)					
Belgian government authorities are unclear in providing information (3)					
Information from public authorities should be available in more languages (e.g. Arabic, Spanish, ...) (4)					

End of Block: Human capital: difficult access to information

Start of Block: Social capital: social networks

To what extent do you agree with the following statement:

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
If I need information or knowledge, I first turn to friends and acquaintances (1)					
I was influenced in my choice of business by people I know, who have a similar business (2)					
I've learned a lot about doing business through friends, family or acquaintances (3)					

End of Block: Social capital: social networks

Start of Block: Institutional environment

To what extent do you agree with the following statement:

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
I am sufficiently informed about Belgian rules and legislation (1)					
The rules and legislation in Belgium are overly complex (2)					
Belgian rules and legislation pose a large barrier to me (3)					

End of Block: Institutional environment

Start of Block: Societal environment

To what extent do you agree with the following statement:

	Strongly disagree (1)	Somewhat disagree (2)	Neither agree nor disagree (3)	Somewhat agree (4)	Strongly agree (5)
I frequently experience cultural differences in the workplace (1)					
Cultural differences make it difficult to do business in Belgium (2)					
I feel that natives or other ethnic groups sometimes have negative perceptions about immigrant entrepreneurs (3)					
I sometimes experience discrimination at work, coming from natives or other ethnic groups (4)					
Negative perceptions (e.g. discrimination) have a negative impact and form a major barrier for me (5)					

End of Block: Societal environment

Start of Block: Comparative questions

Rank these 4 barriers for entrepreneurs according to their importance in starting up or

running a business: (most important at the top)

- _____ Human capital (lack of language skills, difficult access to information) (1)
- _____ Access to entrepreneurship (lack of financial capital, lack of diploma/licenses/education) (2)
- _____ Social capital (social networks: getting help or advice from friends, family or acquaintances) (3)
- _____ Institutional environment (laws and regulations, bureaucracy) (4)
- _____ Societal environment (cultural differences, discrimination) (5)

End of Block: Comparative questions

Start of Block: Solutions

Q26 If you wish, you can explain here how you have overcome one or more barriers (e.g. guidance, training, help from friends/family, ...).

End of Block: Solutions

Start of Block: End of survey message

Q20 Thank you for filling in this survey!

If you have any questions or you would like to provide more information during a video or telephone interview, please send an email to senne.stessens@student.uantwerpen.be.

End of Block: End of survey message

Declaration on word of honour



Universiteit Antwerpen

Declaration on word of honour

I hereby declare that I know what plagiarism entails, namely to use another's work and to present it as my own without attributing the sources in the correct way.

I acknowledge that copying someone else's assignment or essay, or part of it, is wrong, and declare that this is my own work.

I have used the American Psychological Association (APA) as the convention for citation and referencing. Each significant contribution to, and quotation in, this essay/report/project/... from the work, or works of other people has been attributed and has cited and referenced.

This Master's thesis is my own original work and has not yet been handed in at any other university, nor had it been published.

I am aware of the consequences of fraud as stated in the exam regulation of the University of Antwerp.

Date	05/06/2020
Name	Senne Stessens
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Signature	