



## Business partnerships with migrants' countries of origin: sharing the diversity advantage

By Oliver Freeman

### Migration, development & integration

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#### *Migration and development*

In recent years the debate about the nexus between international migration and development has gained considerable momentum. Since the United Nations convened a first High-Level Dialogue on International Migration and Development in September 2006, a vast number of initiatives have been launched around the globe to harness the potential of migration for development

The perception of how diaspora communities contribute to the development of their home countries is often limited to the important amounts of money they send back to their home country. Such remittances have various effects. When they are used to pay school fees, health costs or other basic needs, they help improve education, health, housing and family welfare, and strengthen thereby the access to basic human rights. When spent on imported consumer goods, they increase the standard of living of the recipients but improve only marginally the living conditions of the population as a whole. When used to pay the travel costs of family members in working age who go abroad in search of new opportunities, they fuel illegal migration, human-trafficking and deprive sending countries of the most industrious workers they need to grow the home economy. Last, but not least, governments for which remittances constitute the largest single source of external financial inflows are often discouraged from making much needed economic investments and reforms to boost economic and human development.

Sometimes development programmes are intended mainly to reverse or slow down migration flows. There are indeed many policy initiatives that explicitly view development as a way of encouraging migrants to return to their home country. In other cases, they amount to a form of "self-assistance" in which diaspora communities have little to say, and which often benefit as much, if not more, to governments and suppliers in the donor country than to populations in the receiving countries. According to some critics of the development programmes implemented by some European governments, the driving principle behind such policies is the success of their major corporations in opening new markets and reducing production costs while avoiding any substantial technological transfer that could increase competition from abroad.

None of the scenarios outlined above are really conducive to sustainable economic development in the receiving countries. If the private funds sent there are not channelled towards productive investments or community development projects, there is a risk that they will finally increase social disparities and resistance to systemic change, and end up propping up inefficient economic structures and undemocratic political systems. Using development funds as an instrument to manage migration flows is meaningless without a radical, and rather

improbable, change of the rules that govern international trade. Development programmes that benefit more to the donor than to the receiving countries reinforce the international disparities that are one of the main causes of international migration.

### ***A changing world***

At the international level there is a fierce competition between countries, regions and cities to attract foreign investment and high-earning qualified migrants. This is not motivated by curiosity, openness, or respect for other cultures, but by purely economic considerations. Rich countries, regions and cities reap the benefits of “selective” immigration without doing much to counter negative consequences such as the “brain-drain”, the aggravation of income inequality or the increase of human-rights violations in the countries of origin.

However the bulk of the migrant population in Europe is not constituted by “expats” or “international populations” sent abroad by company headquarters or selected up front by headhunting companies. Nor is it formed by poorly educated persons who live on the fringes of society and rely on social aid to survive. In fact, migrant populations in Europe have quite similar profiles to those of the indigenous population. They are more or less educated, more or less entrepreneurial, more or less socially integrated and more or less respectful of cultural difference. However migrants and members of the host population have unequal chances to contribute to the economic and social development of the city they live in or of the country they come from. Migrants’ access to economic resources, social mobility and political rights is more limited and this often constitutes the main obstacle to the establishment of successful business operations. Indeed. It is precisely in these fields that integration policies based on the intercultural paradigm can have a decisive impact.

The debt crisis of the past few years and the unprecedented strain on public finances has led many European governments to be very defensive on the subject of migration and development cooperation. Such an attitude is reinforced by a fundamental shift in economic power relations whereby the wealth gap between Western Europe and some “developing” countries is closing. Some formerly “under-developed” countries are in fact becoming very serious competitors on the world markets and are starting to challenge the competitive advantage of the “developed” economies.

At the same time European countries are witnessing a rapidly growing number of private businesses arising from within the diaspora communities and that are flourishing despite virtually no public support. Some of these businesses have sometimes turned into big and influential companies that have an increasing share of the national market.<sup>1</sup> In most cases however, migrants are active within small and medium enterprises (SMEs) which, it should be recalled, form the real backbone of modern economies.

It is in such a context that policy-makers working at the national and international levels have become increasingly aware of the potential contribution of local authorities and diaspora communities to development. Most notably the [Joint Migration Development Initiative \(JMDI\)](#) advocates a “bottom-up” approach to migration in which diaspora communities and local authorities work hand in hand to set up and implement development projects in migrants’ countries of origin. This multi-stakeholder approach shares many common features with the Intercultural Cities’ paradigm.

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<sup>1</sup> Such is the case of Corendon Dutch Airlines, a fast growing airline company set up by a Turkish immigrant in the Netherlands and that has managed to thrive in an already overcrowded European aviation market (credit : Marcel La Rose).

### ***Migration - development - integration***

Dealing simultaneously and in a connected way with migration, business development and integration is intellectually challenging and sometimes quite confusing. This requires triangular thinking. Integration specialists are probably just as unfamiliar with topics such as economic development, enterprise creation or business models as business people are with the concepts of intercultural integration, urban planning or social inclusiveness. Migration specialists tend to concentrate on demographic trends or legal frameworks whereas integration specialists deal with the social, economic, cultural and political effects of migration.

In recent years however, some trends seem to indicate a progressive reconciliation between these very different mind-sets. The traditional discourse on integration based primarily on the idea of equality of rights has gradually shifted to incorporate more and more frequently references to the economic benefits of integration. Many cities have felt the need to set up integration offices that work in a transversal manner within the local administration and with civil society. Some cities, like those taking part in the Intercultural Cities Programme, have adopted integration strategies that give a central role to the participation and empowerment of migrant populations.

### **Intercultural integration and entrepreneurship**

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The Intercultural Cities Programme aims, amongst other things, to elaborate and enact strategies and policies that can help cities work with diversity as a factor of development. Indeed, migrants bring aptitudes which are different, and may, if managed well, prove complementary and add value to the skills of the host community. Large international corporations have country expert teams who are able to communicate effectively with people around the globe, are familiar with local contexts and trained to identify new market opportunities. Many migrants have similar competences but much less opportunities to make use of them. They know languages that are difficult to acquire. They master the communication codes needed to build the mutual trust that is necessary to launch successful transnational business initiatives. When arriving in their host country, they often retain connections with their homeland and have thereby access to information that is not readily available to outsiders. They are often aware of the cultural preferences and needs of people living in their home country but also of the potential risks and opportunities of doing business there.

The seminar looked at what cities can do to unlock the potential of migration for inclusive development, i.e. development in which migrants and their home countries are not considered as recipients of foreign aid but as providers of know-how and actors during the whole process that leads from prospective market research to profit-taking. Prior to the seminar, participants are asked to reflect on 9 questions:

- A. *What comparative advantages do cities have when it comes to developing business partnerships with migrants' countries of origin?*
- B. *What conditions have to be met by migrants and local authorities to ensure the effectiveness of such business partnerships?*
- C. *How can local authorities work with business development agencies to adopt a more balanced and inclusive approach to economic development?*
- D. *To what extent do local authorities in different countries need to cooperate to ensure the success of such business partnerships?*

- E. *What can local authorities do to provide easier access for migrant groups to the infrastructure and funding needed to develop business partnerships in their countries of origin?*
- F. *Do business partnerships with migrants' countries of origin contribute to the migrants' integration in European cities?*
- G. *How can cities communicate and raise awareness among the members of the public on the positive impact of inclusive Migration & Development initiatives?*
- H. *What are the potential risks and benefits of developing such business partnerships?*
- I. *Which indicators can be used to evaluate the impact of business partnerships on economic and social development in countries of origin and destination?*

The presentations and discussions failed to address questions E, G and I. The following section summarises the main points that emerged about the remaining questions as well as some other observations made during the seminar.

### **An intercultural approach to business development in migrants' countries of origin**

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*What comparative advantages do cities have when it comes to developing business partnerships with migrants' countries of origin?*

It is a well-known fact that migrant populations tend to concentrate in urban centres where they have access to more job opportunities and community networks that help facilitate their integration. Cities attract migrants with very different professional backgrounds and competences. Unlike small towns and rural areas, medium size and large cities can tap into a much larger range of competences and work with migrant organisations and networks to collect information or mobilise resources. They often have specialised administrative units that deal specifically with migration, integration, economic development and in some cases, like in Geneva, with international solidarity. Finally cities are less bound by formal international agreements and rigid bureaucratic rules than national governments. They can work with real people and imagine more easily pragmatic and innovative solutions.

### ***What conditions have to be met by migrants and local authorities to ensure the effectiveness of such business partnerships?***

It emerged from the presentations and discussions that migrants are more likely to play a transformative and beneficial role in the development of business partnerships with their countries of origin if they meet certain requirements:

- Experiences in the province of Murcia in Spain show clearly the contribution of migrants - of individuals and communities - to development in both their countries of origin and destination is largely conditioned by their level of integration in the country of settlement. A secure legal status, incorporation into the formal labour market, a good quality education and the capacity to communicate in the local language are all necessary conditions for migrants to be able to invest time and resources in developing viable business projects in their home country. Most newcomers lack the material, social and cultural resources to do this as they are largely absorbed by their own daily survival needs. Moreover their weak social integration within the local community makes it more difficult

for them to establish private businesses for markets that extend beyond their own community.

- Time needed for migrants to integrate often means that their knowledge about their home country becomes obsolete, especially if they do not maintain strong and frequent contacts there during the integration process. Even those who do are not naturally born “development agents” and rarely have the required management skills. Local authorities and development agencies can bridge the gap by organising “updating” courses and business development programmes for the most promising “would-be” migrant entrepreneurs. This was done, for example, within the Migrants S.T.E.P. project, a very successful initiative launched by regional development agencies and diaspora organisations in Italy, Belgium and Senegal to promote enterprise creation in Senegal.
- Community leaders, or “champions”, who can work with the local authorities to identify suitable partners within the community and in the country of origin, are an important asset. In effect, this means that business partnerships can only be developed if the migrant community concerned is relatively large and organised.
- Even when migrants fulfil the three requirements outlined above (integration, updated information, management competence), their capacity to develop transnational business relations can be severely limited by the local context and the general attitude of the local authorities and population with regards to cultural diversity. Policies based on assimilation are the least conducive to the development of such business partnerships insofar as migrants are expected to sever links with their countries of origin. For example, many middle-class well educated Somalis who arrived in the Netherlands wanted to set up small businesses. Instead they were expected to learn Dutch and accept very low qualified work until their knowledge of the local language was judged sufficient to enter the job market. After a while they decided to leave to the far less assimilationist United Kingdom where the businesses they set up there have been flourishing ever since.
- Another point that was stressed repeatedly was that local authorities need to interact positively with civil society and treat NGO’s, migrant associations and migrants in general as real actors of endogenous development rather than mere recipients of public subsidies or competitors for public recognition. The quality of this relationship is crucial to the establishment of the mutual trust without which no business relationship can develop.
- Local authorities need to have the capacity to identify potential project leaders and innovative ideas. They have to be prepared to open up to other people than institutionalised community leaders, many of whom seek power and influence but lack the necessary personal drive, entrepreneurial mind-set, and resources, to work on such projects. Local authorities need to be very pragmatic and choose partners according to their personal capacities and commitment to transnational business development rather than their “representativeness” of ethnic communities. That can prove quite problematic given the bureaucratic functioning of public organisations and the requirements of democratic accountability. To gain more flexibility, some cities, like Oslo for example, have chosen to detach the Agency for business development from the city administration and give it the status of a private company.

***How can local authorities work with business development agencies to adopt a more balanced and inclusive approach to economic development?***

Developing transnational business with the diaspora requires first and foremost a multi-stakeholder approach involving ideally the local office in charge of integration policy, a business development agency or chamber of commerce, migrant NGO’s, one or several

“champions” and other relevant partners. Development agencies are rarely aware of the potential of diasporas as they tend to concentrate their efforts on supporting already existing local companies and attracting foreign investment. They focus most often on endogenous development and do not consider the development of business in other countries as part of their mission. Local authorities, on the other hand, feel most strongly the impact of migration and are on the frontline of providing services to migrants and their families. They have the capacity, if there is the political will, to know about the aspirations and competences of migrants, and how they relate to their countries of origin. Migrant organisations and local authorities can beneficially collaborate by exchanging ideas and setting up common projects. In the economic sphere however, they will in most cases need the support of organisations or experts more accustomed to the intricacies of business development and management.

***To what extent do local authorities in different countries need to cooperate to ensure the success of such business partnerships?***

Cooperation between local authorities is very important at the initial stages of transnational business development. Cooperation between two local authorities in the field of business is somewhat easier than between two countries. They do not view themselves as competing against each other. On the contrary, if one local authority is in a country of emigration and the other in a country of immigration, there are fair chances that they will find a common interest in developing transnational businesses in cooperation with diaspora communities. Both partners should however have a clear and shared understanding of the advantages and difficulties of decentralised cooperation if they want to establish a long-lasting and meaningful partnership. This is not easy as cultural differences often make transnational communication quite problematic. In this respect well integrated community leaders or champions can play a central role in facilitating communication between partners by serving as intercultural mediators.

Cooperation with local authorities or development agencies in the migrants’ country of origin is also essential to make sure that there is a market for the proposed goods or services. This makes it possible to overcome the information gap and update the knowledge potential migrant entrepreneurs have of the conditions prevailing in their country of origin. Indeed, entrepreneurship implies minimizing risk and maximising profitability. Access to meaningful and reliable information is a core element of any business strategy. Local authorities in the countries of origin can find the information that potential entrepreneurs from the diaspora need to develop their projects if they are well connected with civil society and local business organisations.

***Do business partnerships with migrants’ countries of origin contribute to the migrants’ integration in European cities?***

Migrants are more likely to launch business initiatives in their home country when they consider themselves to be well integrated in their host societies. Inversely, their involvement in such projects can consolidate their integration within the host community. By doing so they will expand existing networks and develop new ones (social integration), consolidate their competences and acquire new ones (professional integration), become economically self-sufficient (economic integration) and gain recognition as full members of the society they live in (intercultural integration). Although such partnerships can be complicated to set up, they are very likely to give rise to a “win-win” situation which is beneficial to the development of countries of origin and destination as well as to the integration of the societies the migrants live in.

### ***What are the potential risks and benefits of developing such business partnerships?***

Promoting business partnerships with migrants' countries of origin is not without risk. As they present a clear advantage for the host country, they may attract public funds allocated previously to development programmes set up to reduce inequalities and poverty in the least developed countries. Case studies show quite clearly that business partnerships arise most often in countries of origin where the principles of local democracy and freedom of trade prevail and where the population has sufficient spending power to offer interesting prospects of return on investment. Such projects are less likely to be successful in poorer countries, in smaller cities or in rural regions. Hence such projects can potentially increase disparities within and between countries instead of reducing them.

In terms of development the main benefit of such projects is that they offer the prospect of endogenous growth in the migrants' countries of origin without the need of long-term external funding. This may require providing significant resources at the beginning of the process. The end result is however worthwhile as the new businesses should generate in due course new employment opportunities and trade relations.

#### ***Building trust***

There must be an underlying desire of all stakeholders to reach a high level of mutual respect, trust, cooperation /participation and responsibility. Showing respect for the other's culture, relying on the partner for certain actions and accepting to lose control over the process, consulting the partner with an open mind, and assuming joint responsibility for the successes and failures of the project as a whole, is much more than trust. It is what the Chinese refer to as *guanxi*. To attain *guanxi* requires considerable time and personal commitment. It is however absolutely essential if one wants to ensure the long-term success of such projects.

#### ***Cities working with their own diaspora***

Initiatives to develop business partnerships can also be taken by the countries of origin. In France, participants were told, there are 50 000 companies owned by people of Portuguese origin. The Mayor of Santa Maria da Feira in Portugal explained that he has started contacting Portuguese diaspora organisations throughout Europe to try and open new markets for the companies located in his city.

### **Conclusions**

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Given the diversity of situations and stakeholders involved in developing business partnerships with migrants' countries of origin, there is no *modus operandi* of the best way to proceed. The seminar did however shed light on some general principles that are worth taking into consideration when developing such projects:

- The most promising business partnerships result from projects developed at the regional level and supported by external funding. Such was the case for successful projects developed with the Senegalese diaspora in the region of Veneto and with the Moroccan diaspora in the province of Murcia. This is quite understandable as economic policy is a regional competence in most states. On the other hand, it is essentially at the local level that integration policies are implemented. Linking up economic development in migrants' countries of origin and the integration of migrants in cities requires therefore close cooperation between the local and regional tiers of government.
- Cooperation between the public and private sector is also of tantamount importance and often very difficult to achieve. For this reason, the main actors are in most cases development agencies or chambers of commerce. To a certain extent they act as brokers

between public and private actors, with their different, and often conflicting, strategic interests, values and organisational structures. With hindsight the seminar would have gained a lot by having an equal share of participants from the world of business or economic development and from the public sector. In this way it would have been possible to discuss ways of overcoming the inevitable tension that arises between organisations with such different mind-sets and strategic objectives.

- The development of business partnerships with migrants' countries of origin is a very complicated matter indeed. It requires overcoming many of the ideological and institutional barriers that exist in European societies, bridging the mental gap between the business world and the public sector, functioning within a loose and flexible network and not within a rigid and predictable hierarchy. First and foremost, it requires viewing diversity in terms of complementarity rather than adversity and considering migrants as potential agents of change rather than a systematic threat to the status quo. This is precisely what the Intercultural Cities paradigm is aiming to achieve.

## Background

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This paper is based on the presentation and exchanges at the Intercultural Cities' network seminar held in Geneva, 7-8 November 2013<sup>2</sup>.

The seminar is a follow-up of an earlier workshop of the Intercultural Cities' network held in San Sebastian in October 2012 and entitled [Business partnerships for the Intercultural City: making the diversity advantage real](#). The workshop in San Sebastian looked at initiatives and strategies that cities can put in place to help enterprises to leverage the benefits of cultural diversity ("diversity advantage"), and encourage them to support municipal policies of intercultural integration. The presentations and discussions focused on the potential benefits for the host city.

The Geneva seminar addressed similar questions but from an international perspective. It looked at what cities can do to promote business partnerships between migrants' countries of origin and host countries. The underlying claim was that diaspora communities can play an active role in the sustainable economic development of their home countries and that this, in turn, can have a positive economic and social impact in their home country. In other words, both host cities and home countries are liable to benefit from the diversity advantage. The seminar looked at the conditions that need to be met for initiatives in this field to be mutually beneficial, hence the title: *Business partnerships with migrants' countries of origin: sharing the diversity advantage*.

The 45 participants in the seminar came from Denmark, France, Germany, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Switzerland, Ukraine and the United Kingdom. They included local politicians and officials in charge of integration or local/regional development agencies, civil society organisations directly involved in developing business partnerships with migrants' countries of origin, as well as representatives of international organisations or academic institutions dealing with migration issues.

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<sup>2</sup> Credits: parts of this report are based on the presentations of Bruno Ciancio, Antonio García-Nieto, Francesco Pareti, Cécile Riallant, Marcel la Rose, Emidio Sousa and other participants in the seminar.



### Further reading

- *Business partnerships for the Intercultural City: making the diversity advantage real. Documents and presentations*  
[http://www.coe.int/t/dg4/cultureheritage/culture/cities/meetings/sebastian\\_en.asp](http://www.coe.int/t/dg4/cultureheritage/culture/cities/meetings/sebastian_en.asp)  
(accessed December 14, 2013)
  
- *Mapping local authorities' practices in the area of migration and development: a territorial approach to local strategies, initiatives and needs*  
Joint Migration and Development Initiative, 2013  
[http://www.migration4development.org/sites/m4d.emakina-eu.net/files/mapping\\_local\\_authorities\\_practices- jmdi 2013 - online version 2.pdf](http://www.migration4development.org/sites/m4d.emakina-eu.net/files/mapping_local_authorities_practices- jmdi 2013 - online version 2.pdf)  
(accessed December 14, 2013)
  
- *Migration for Development: A bottom-up approach*  
Joint Migration and Development Initiative, 2011  
[http://www.migration4development.org/sites/m4d.emakina-eu.net/files/jmdi\\_august\\_2011\\_handbook\\_migration\\_for\\_development\\_0.pdf](http://www.migration4development.org/sites/m4d.emakina-eu.net/files/jmdi_august_2011_handbook_migration_for_development_0.pdf)  
(accessed December 14, 2013)