



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
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Migrant entrepreneurs - what makes a successful migrant business?

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Why are we interested?

- Little known about migrant entrepreneurs
- Most desirable category of highly skilled newcomers
- Research design
 - Administrative data
 - Two phases



New Zealand's Entrepreneur policy

- Long term business visa (LTBV - temporary visa)
 - Introduced in 1999
 - Submit a “sound business plan”
 - 3 year visa
- Entrepreneur Category (resident visa)
 - Be self-employed for at least 2 years in a business “benefiting New Zealand”
 - Fast track residency option



Recent changes to the Entrepreneur policy

- Previous policy not working particularly well
 - Almost 40 percent of the businesses are in retail or hospitality sectors – low productivity sectors
- Policy change in March 2014
 - Points based system
 - Minimum capital requirement of \$100,000
- Points granted for
 - Business experience
 - Creating full-time positions
 - Unique products or services to NZ
 - Capital investment
 - Outside Auckland, etc...



What do we know about migrant entrepreneurs?

- Longitudinal Immigration Survey (LisNZ)
 - Migrants taking up residence in New Zealand between November 2004 and October 2005
 - Proportion of migrants earning self-employment 6, 18 and 36 months after residence
- Business migrants
 - 84% earning self-employment at 6 months
 - Halved to 42% at 36 months
- Skilled and family partner migrants
 - Increased to 7-9% at 36 months

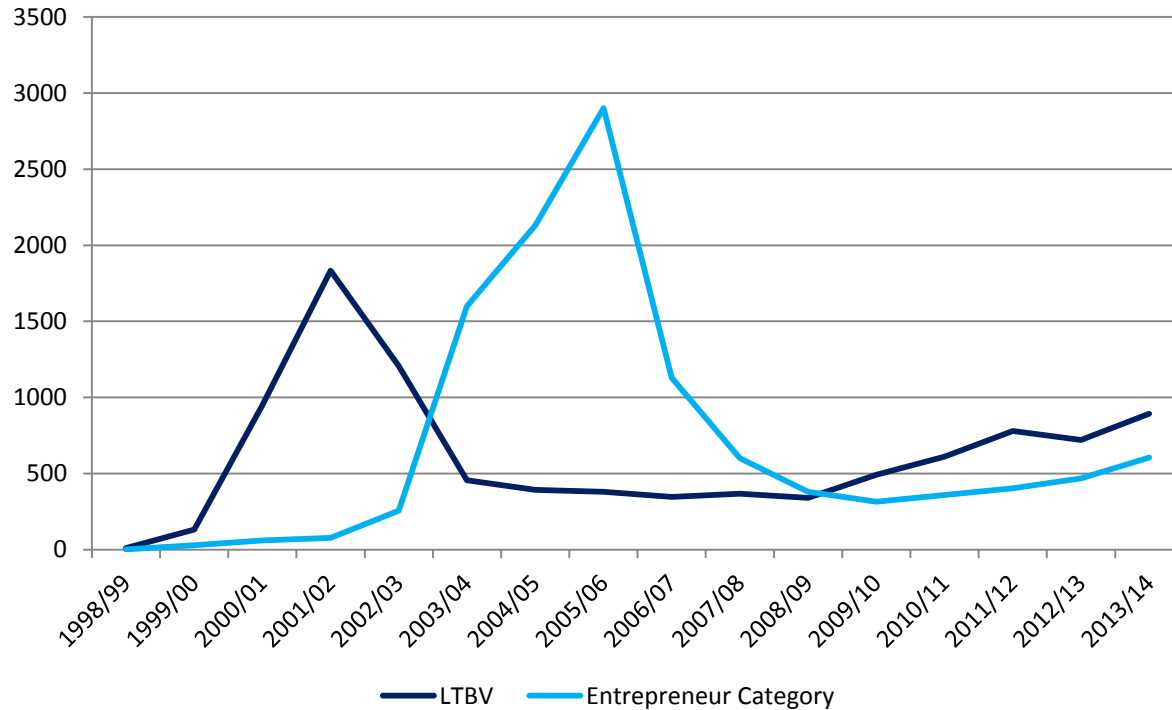


Visa approval analysis



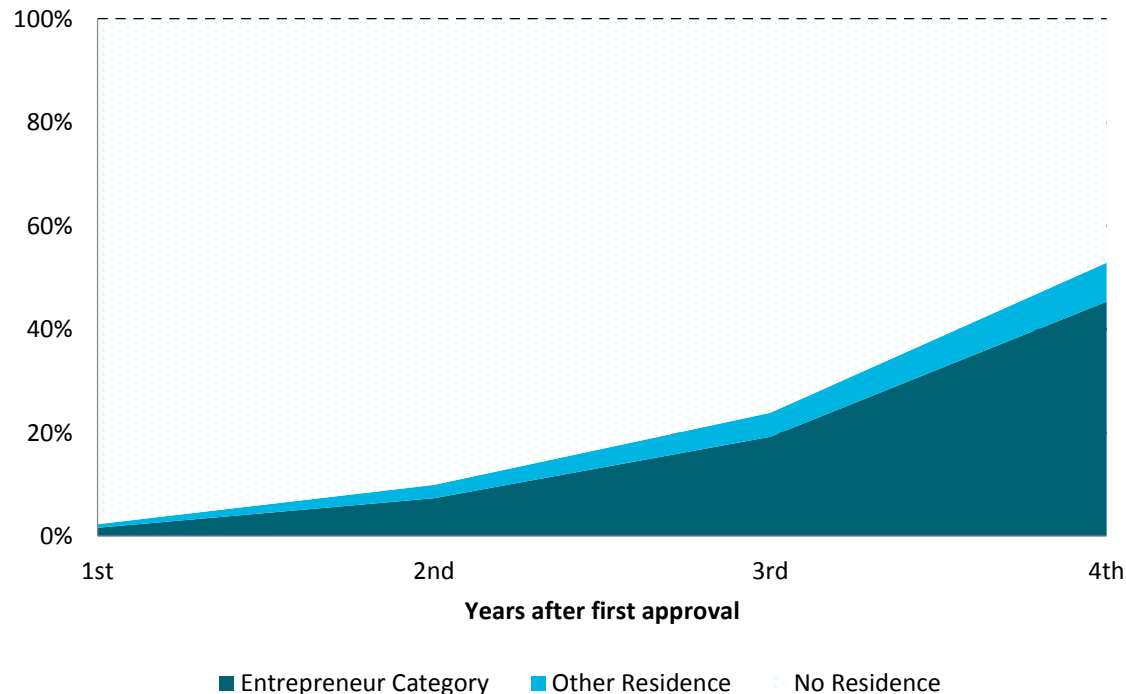
Entrepreneur Policy approvals over time

- LTBV (temporary) visas
- Entrepreneur Category (residence) visas



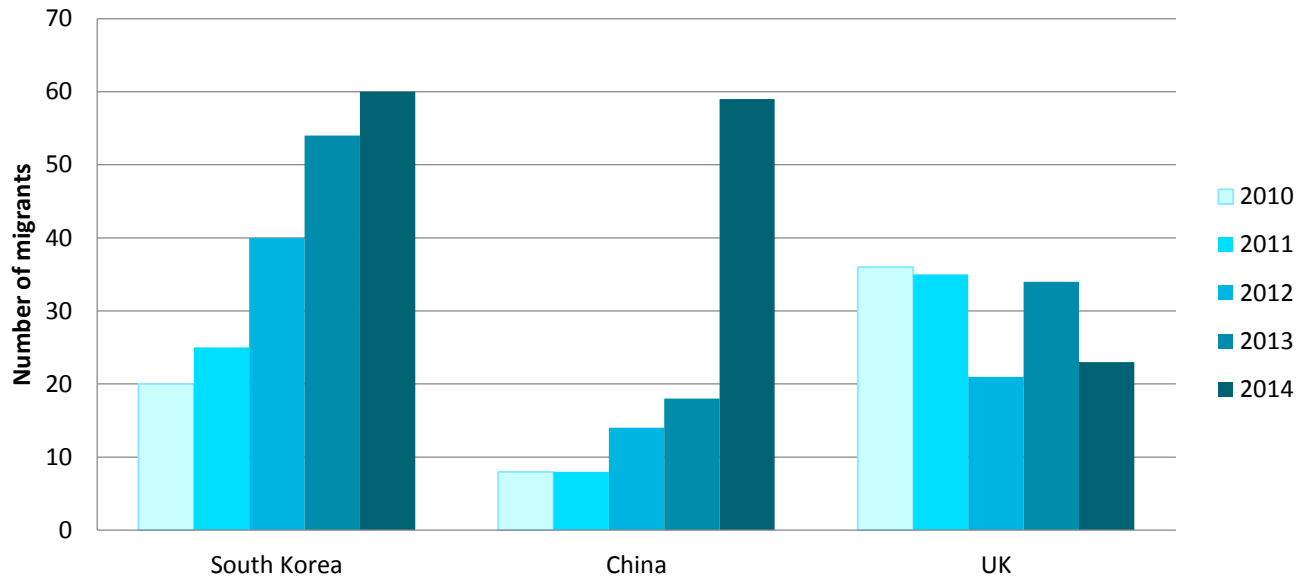
Transition to Entrepreneur Category

- 53% transition from LTBV to Residence
 - Higher rates for South Korea (67%) and China (58%)
 - 86% gained residence through the Entrepreneur Category



Entrepreneur Category approved applications

- Recent increases from South Korea and China

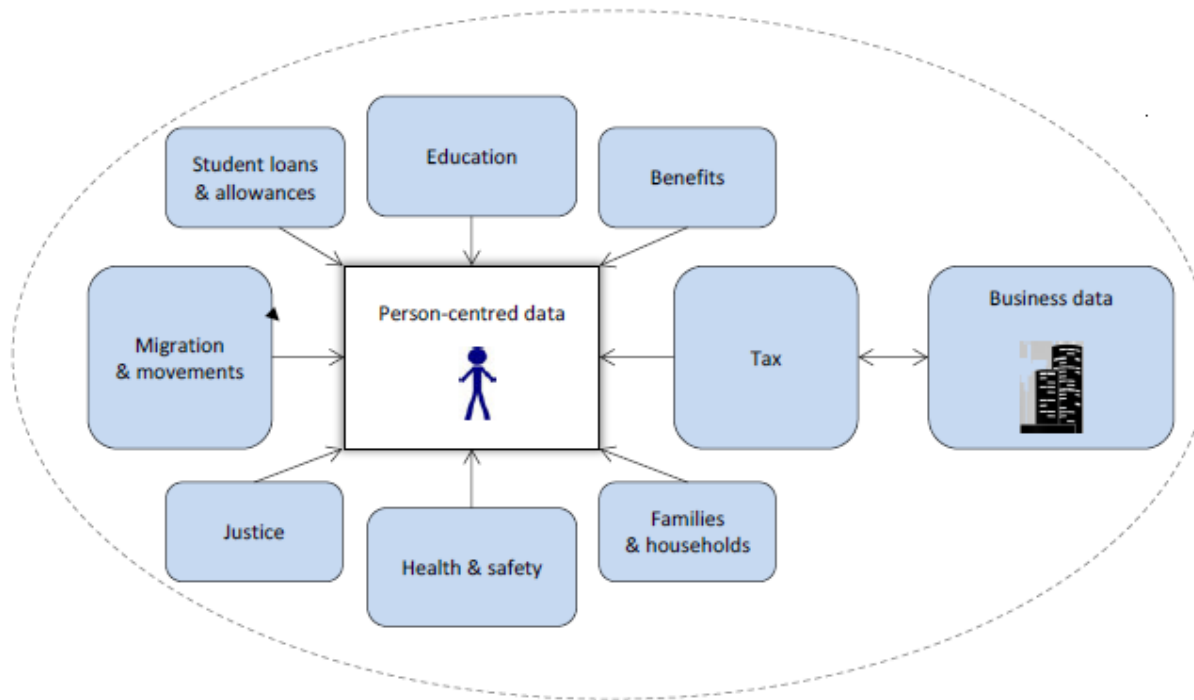


- 47% of principal applicants are 40-49 (22% are 50-59)
- 32% of principal applicants are female

The Integrated Data Infrastructure (IDI)

- Developed by Statistics New Zealand
- Linked longitudinal dataset

Integrated Data Infrastructure subjects



Disclaimer

The results in this paper are not official statistics, they have been created for research purposes from the Integrated Data Infrastructure (IDI) managed by Statistics NZ.

The opinions, findings, recommendations and conclusions expressed in this paper are those of the author(s). Statistics NZ and the NZ Ministry of Business Innovation and Employment take no responsibility for any omissions or errors in the information contained here.

Access to the data used in this study was provided by Statistics NZ in accordance with security and confidentiality provisions of the Statistics Act 1975. Only people authorised by the Statistics Act 1975 are allowed to see data about a particular person, business or organisation. The results in this paper have been confidentialised to protect individual people and businesses from identification. Careful consideration has been given to the privacy, security and confidentiality issues associated with using administrative data in the IDI. Further detail can be found in the Privacy Impact Assessment for the IDI available from www.stats.govt.nz.

The results are based in part on tax data supplied by Inland Revenue to Statistics NZ under the Tax Administration Act 1994. This tax data must be used only for statistical purposes, and no individual information may be published or disclosed in any other form, or provided to Inland Revenue for administrative or regulatory purposes. Any person who has had access to the unit-record data has certified that they have been shown, have read, and have understood section 81 of the Tax Administration Act 1994, which relates to privacy and confidentiality. Any discussion of data limitations or weaknesses is in the context of using the Integrated Data Infrastructure prototype for statistical purposes, and is not related to the data's ability to support Inland Revenue's core operational requirements.

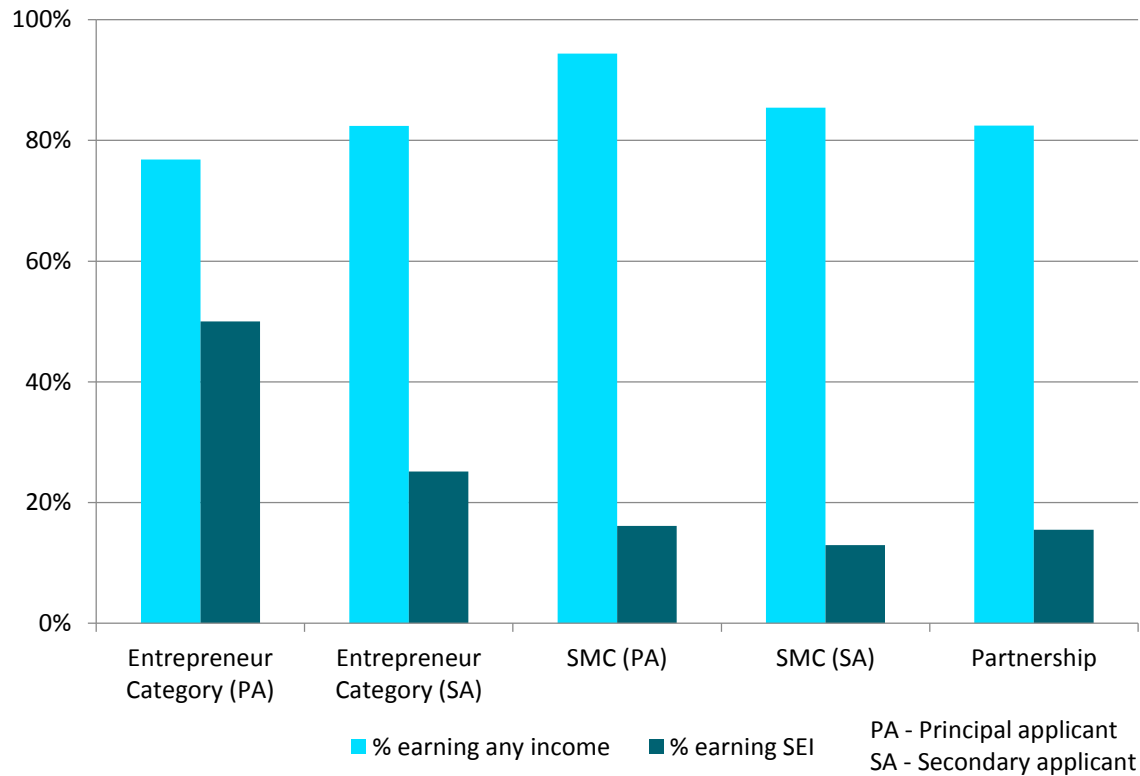


Self-employed migrants



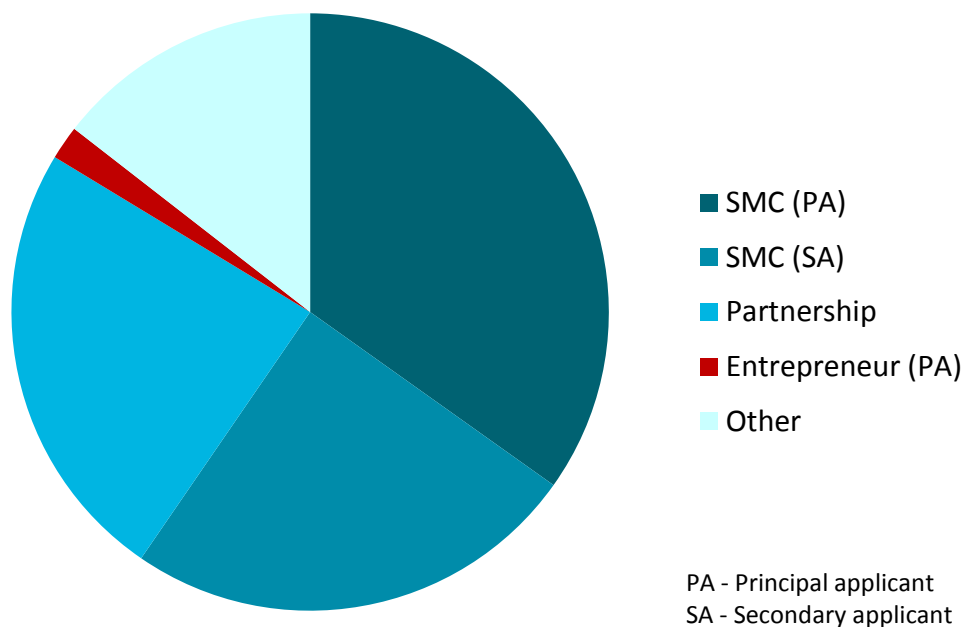
Migrants earning self-employment income

- Cohort of migrants gaining residence in the 2007 and 2008 tax years and still in NZ in 2012 tax year



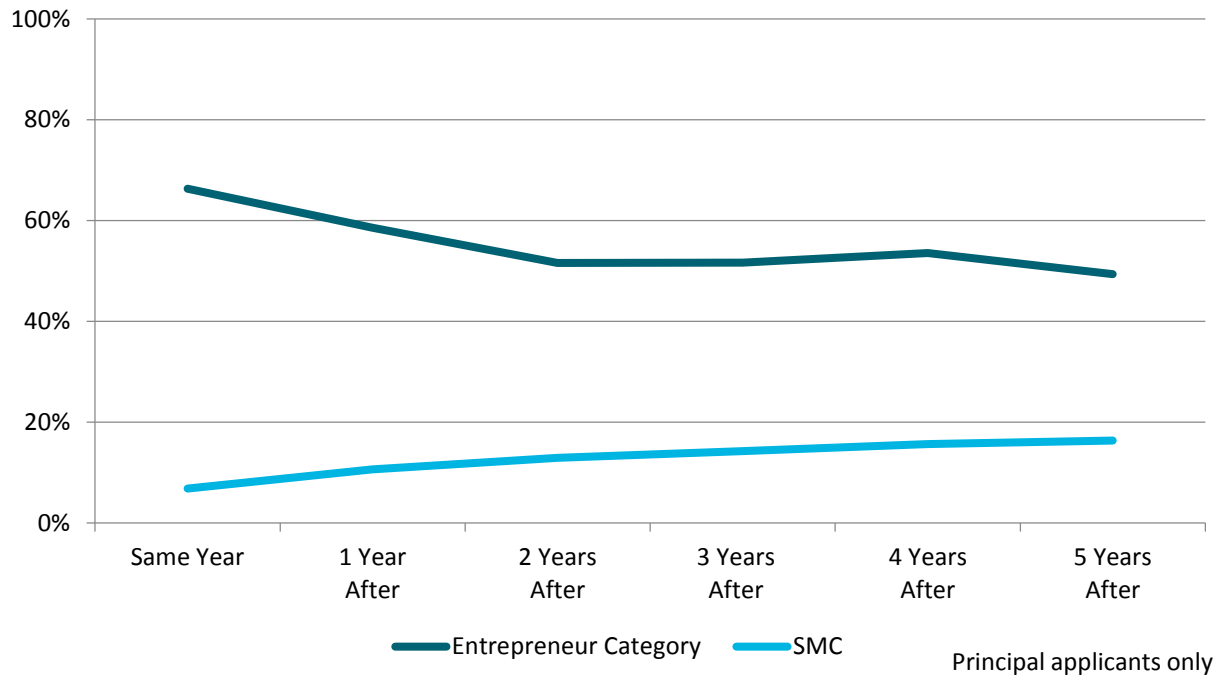
Migrants earning self-employment income

- But those from the Entrepreneur Category are a small proportion of migrants earning self-employment income



How does the proportion earning self-employment income change over time?

- Increases over time for skilled migrants

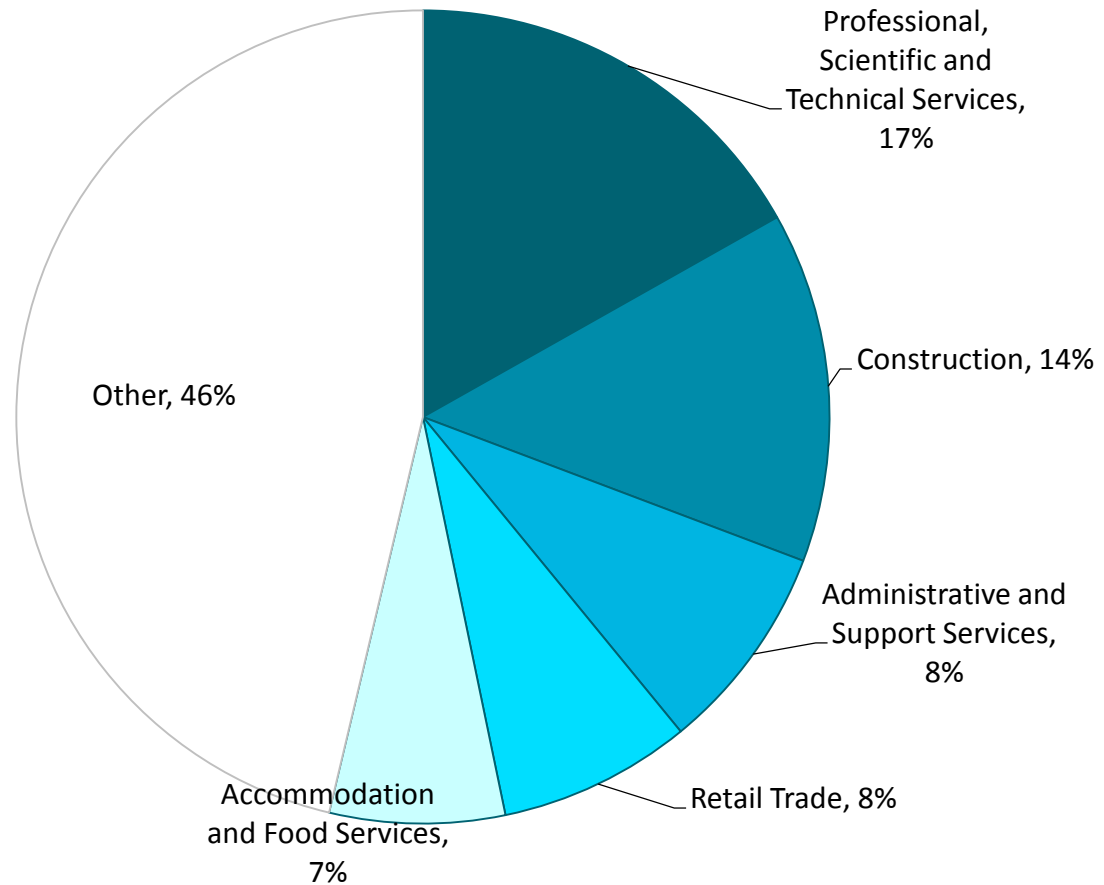


What countries do those earning self-employment come from?

Top source country	Entrepreneur Category	All
1st	UK 34%	UK 34%
2nd	South Korea 20%	South Africa 8%
3rd	China 17%	India 8%
Total people	123	6693



What main industries do migrants earning self-employment income work in?



What are the top Industries by Resident Category?

Top industry	Entrepreneur Category	Skilled Migrant Category	Partners
1st	Retail Trade (23%)	Professional, Scientific and Technical Services (21%)	Professional, Scientific and Technical Services (15%)
2nd	Accommodation and Food Services (18%)	Construction (16%)	Construction (12%)
3rd	Construction (10%)	Health Care and Social Assistance (10%)	Administrative and Support Services (9%)

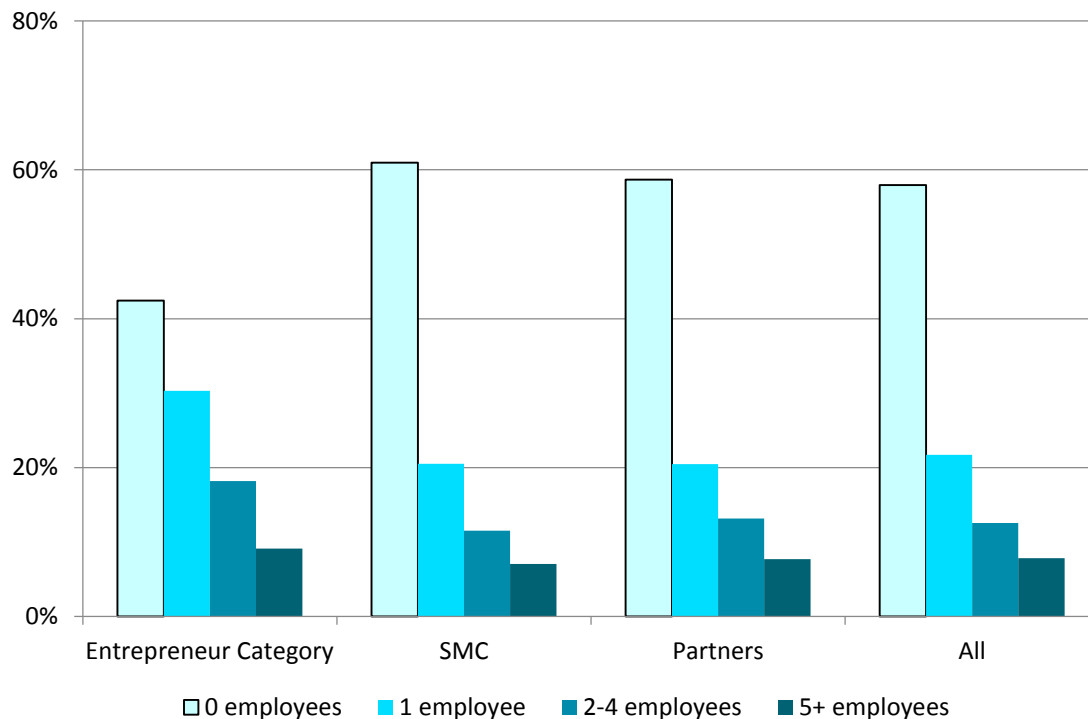
What is the top source country in each industry?

Industry	Top source country
Professional, Scientific and Technical Services	UK (43%)
Construction	UK (43%)
Administrative and Support Services	UK (21%)
Retail Trade	India (26%)
Accommodation and Food Services	China (31%)



Most migrant businesses do not employ anyone

- 58% of migrants' businesses have no employees



Summary

- Only 2% of those earning self-employment income have gained residence through the Entrepreneur Category
- Many migrants coming through the Entrepreneur Category have set up businesses in low productivity industries
- Self-employed migrants from different countries have very different business profiles
- Most migrant businesses do not employ anyone
- Next step is to look at migrant business success

