

## Business Coaching for Ethnic Minorities, Denmark

*This case study presents an entrepreneurship coaching project for entrepreneurs from ethnic minority groups. The case study discusses the objectives, rationale, activities and impact of the project. It also presents the challenges faced in delivering the project and the conditions for transferring this project to another context.*

### Objectives

The objective of the business coaching scheme in Vejle, Denmark, is to coach potential entrepreneurs from ethnic minority groups that are residents of the town. The coach provides information services not only about business support but also about issues related to immigration, health, housing and other aspects of living in a foreign country like Denmark. Referrals are made to formal business support organisations and to other service providers when appropriate. The project does not provide any financial support but is able to refer clients to other providers and give advice on presenting business plans to lenders.

Vejle has a growing ethnic minority community which, back in the 1990s, was mainly from Turkey, with other immigrants from parts of North Africa, especially Tunisia, Morocco, and Algeria. In recent years, and especially since 2003, the range of countries from which immigrants come has increased. There are increasing numbers from the new European Union Member States, notably the Baltic States and Poland.

The coaching project started in 2004 and continues to support entrepreneurs from ethnic minority groups. It began as an informal initiative, building on the experience of its founder, Muhsin Türkyilmaz, who was already advising friends and contacts on an informal basis. Since he could speak Danish, he was often asked to accompany people on visits to public offices, where he either acted as an interpreter or explained the situation to the authorities. He became trusted within his community in this role. Increasingly he found that, because it was so difficult for immigrants to go into mainstream employment, many were instead seeking to start their own businesses. Some of them had been business owners in their home country, and had already shown entrepreneurial zeal by moving to another country.

### Rationale

Immigrants' backgrounds are extremely diverse. Some will have arrived as refugees fleeing war or repression. Migrants in this group are often unsure of their rights concerning work during the many stages that it takes to move from being an asylum seeker to a refugee to achieving citizenship. There is a natural reluctance to risk their status by going to a public office. Others will have come for economic reasons or through family

connections, either as part of an existing family or through arranged marriages and other arrangements. This extremely heterogeneous group presents a challenge for public services, especially business support services. Most business advisors have little knowledge about immigration issues, work permits and social integration challenges, which hinders their ability to provide relevant support to immigrant entrepreneurs. Business advisers need to be more sensitised to these issues and have some familiarity with other agencies that work in these areas.

In addition, immigrants typically have difficulty navigating the institutional and regulatory environment in their new country because it is different from their home country. Examples include knowledge of how to get housing, understanding what is needed to access health services, which public office performs which functions, as well as other issues which come up in everyday life. Even European Union citizens from the new European Union Member States find that many assumptions from their home country are not transferable to other Member States.

As a result, immigrants rely on friends and family (who may be in a different country) for advice. This advice from family and friends can be wrong and mistakes are made as a result. These missteps can drain the self-esteem and confidence of the immigrant and lead to depression and despair.

On the service delivery side, few ethnic minorities work for the public services in Denmark, although this is beginning to change in the larger cities. This makes public services less appealing to immigrants because it is more difficult for them to gain trust in the front line support staff. In some cases, language also acts as a barrier. The lack of sufficient interpretation services in many public administrations means that encounters with officials are frequently halting, strained and frustrating for both the immigrant and the official. It is not uncommon for the children of the family to end up interpreting in meetings with officials; however, while the children might have picked up enough Danish to communicate, they often have no knowledge about technical words, generating further misunderstandings and confusion. The problem is more serious where the parents' personal issues, such as money, health and marital relations, are being discussed.

Although language is important, another communication challenge is trust. The issue of respect is often linked to language, although there may be other prejudices that are more entrenched. Migrants are extremely sensitive to disrespect. There is a universal tendency to regard people who do not speak your country's language well as being unintelligent. Most often the problem is not of intelligence but of comprehension. Most immigrants to Denmark arrive without being able to speak Danish. While children might pick up the language through total immersion at school in a few months, it is much harder for adults, some of whom may speak only a little Danish even after several years in the country.

Empathy is critical for building trust in a relationship. For example, many immigrants would be quite reluctant to answer questions about their financial resources honestly, often because they do not really know how the tax system operates and fear that they might have transgressed in some way. But this can be a major sticking point for a potential business plan, as the adviser then cannot judge which real resources exist to start up the business. Financial channels within diaspora communities are often quite complex. A person may have diaspora kinship links to people in a range of countries from which money can be sought. Many refugees leave their countries with nothing, but are able to build up connections and resources over time. A skilled coach understands the sensitivity

of these issues, and is able to phrase questions about finance in such a way that a more honest answer is given.

The reduced economic performance in many immigrant communities compounds the problems of service delivery and the lack of empathy and trust. Although quite variable between groups and by gender, immigrant communities often demonstrate lower employment rates and activity compared to the host population. This is especially true for women, and in particular women from Muslim backgrounds in Denmark. The economic immigrants mentioned above often migrated for a specific job in a factory. When for whatever reason that position ends, they may find themselves unable to find an equivalent job and start to think of self-employment as a necessity.

## Activities

The project works on two main levels, group information sessions and one-on-one coaching. Information sessions are delivered throughout the year to provide information on business creation, self-employment and available support services. The information sessions also act as marketing for the more intense one-to-one coaching. Coaching concentrates on identifying whether potential entrepreneurs are ready to start a business, and assistance to ensure that more of them are successful. The project focuses on ethnic minorities in the town. Initially, those receiving aid were mostly of Turkish origin, however now the participants come from a broader range of areas, including North Africa, the Horn of Africa, and Central and Eastern Europe.

The Vejle model relies on face-to-face support combined with approximately 6 outreach meetings to local associations each year. The individual coaching element begins with an intake interview that lasts up to 2 hours. This is much longer than the typical 30 minute interview offered in mainstream business support organisations. The coach's goal is to gain in-depth information about his client's situation. In many cases, the client has already started their business in a small-scale way and has received support through family connections, many of whom are based outside of Denmark.

The role of the coach is to provide professional advice pertaining to the regulatory and social norms in the new country and to build and strengthen ethnic minority social networks. This helps to shift the business advisory role from family and friends to professional coaches and counsellors, making the advice more effective. Consultations are provided through informal and flexible arrangements. The initial focus is on the business plan to identify and develop the central elements of the business idea such as the opportunity, the market, financing needs and the competences of the entrepreneur. Based on these discussions, the coach refers participants to formal business and entrepreneurship training provided by regions and municipalities.

Following business start-up, participants can continue to receive coaching and mentoring to help them develop and grow their business.

The project's approach relies on respect and understanding. In the Vejle model, the coach takes a holistic approach to ascertain if there are other employment-related issues that will prevent the business from being a success. Poor health might be a barrier to starting up a business for example. This is especially true for those who have arrived as refugees and have experienced deep traumas in their country of origin. Women face particular barriers to entrepreneurship in some ethnic communities as well, especially where religion or culture prescribe a role focused on home life.

This project started in the Municipality of Vejle but projects are now running across Denmark.

**Box 7.1. A Business Coaching for Ethnic Minorities participant profile:  
Maria, psychologist**

Her business idea was to import goods from Poland. Further questioning revealed that it was her husband's idea but he could not speak Danish and so therefore Maria was proposing the business. Muhsin asked her whether she wanted to be going to her office as a psychologist or running the import business 5 to 10 years in the future. He advised her that she should do what makes her happy. She replied "Are you the psychologist, or am I the psychologist?".

**Box 7.2. A Business Coaching for Ethnic Minorities participant profile:  
A refugee shoemaker**

A refugee shoe maker from Iraq was told by the Danish business adviser that he visited that shoes in Denmark were made in factories and that he cannot work as a shoemaker. But he got a job in an orthopedic shoemaker and subsequently bought the company with the guidance of a coach. This business now employs five people. The role of the coach was to help the entrepreneur apply their skills in another context and to identify opportunities.

## Challenges encountered

The largest challenge that the project faces is obtaining financial support. In the past two years (2012-14), the project received support from the European Social Fund under the national programme. Prior to this, the municipality was not prepared to pay a person to coach ethnic minorities but preferred them to participate in the mainstream business support system. But, the mainstream system did not work well for ethnic minorities, which consequently led to a lack of expressed demand from ethnic minority entrepreneurs. The coach has successfully changed this dynamic by going into the communities and by demonstrating that this addition to the mainstream service can work without creating a parallel system.

## Impact

This is a low-cost project which achieves good results for the money spent. It has won several awards, including a European Enterprise Award in 2007. The programme has supported more than 250 entrepreneurs at a cost of about EUR 2 000 per individual supported. It is estimated that approximately 50% of those coached go on to create a business. The programme self-reports that nearly all entrepreneurs who receive coaching survive at least one year.

## Conditions for transfer

This low-cost coaching model can be easily adapted for different target groups and/or regions. The keys to successfully transferring the experience are:

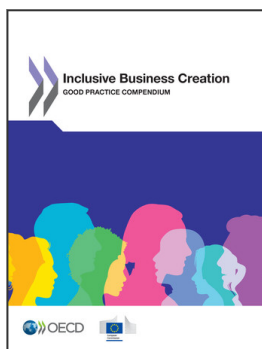
1. *Use advisers from within the client's community group.* The use of business advisers and coaches who belong to the client group improves the ability to attract potential clients to

the support offering. It can also increase the speed at which trust can be built between the coach and the client because they are more likely to share the same cultural values and attitudes. Advising and coaching can also be more relevant because the coach is likely to understand the challenges that they client faces.

2. *Use professional advisers.* The objective of the project is to improve the quality of advice that entrepreneurs receive. Research shows that ethnic minority entrepreneurs avoid using public business development services and instead rely heavily on family and friends (e.g. Ram and Smallbone, 2003). The use of a professional adviser improves the quality of business counselling provided.
3. *Aim to develop personal relationships.* This project relies on a personal approach that was developed and refined by an individual coach. The personal relationships were essential for motivating clients and for building a trusting relationship.
4. *Ensure flexibility in the relationship.* Allowing for flexibility in terms of meeting frequency, length and location improves the ease of access to support and increases the likelihood of take-up within the client group. This is especially true for entrepreneurs who may have family care responsibilities to manage in addition to running a business.

### **Reference**

Ram, M. and D. Smallbone (2003), "Policies to Support Ethnic Minority Enterprise: The English Experience", *Entrepreneurship and Regional Development*, Vol. 15, No. 2, pp. 151-166.



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